

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 19, 1979

The thirty-first meeting of the committee was held on the above date in Room 415 of the State Capitol Building, Chairman Turnage president.

ROLL CALL: Roll call found all members present with the exception of Senator Roskie, who was excused. Witnesses presenting testimony are listed on attached Register.

CONSIDERATION OF SENATE BILL 430: Senator O'Hara briefly presented his bill, turning detailed introduction over to Mr. Hjort. He said the bill provides gas tax rebate to cab owners in Montana of 8¢ per gallon used. He referred to the fiscal impact and the impact showed there would be approximately \$19,000 per year and approximately \$38,000 for the biennium. He stated cab operations in the state are regulated by the Public Service Commission and any rate changes must go through the PSC. He said the impending cost for gasoline is prompting the cab owners to seek the refund and are asking for relief for the cab companies through this avenue, rather than going through the PSC which takes a longer time. He said the alternative, without this refund, would be to raise the rates and they hesitated to do this because the people most affected by the higher rates would be lower income people and the elderly, people who could afford to pay higher rates the least.

Mr. Steiert spoke next, representing the Montana cab owners, and said there have been substantial increases in the operation costs. Mr. Hjort then presented a chart showing the nine states that now give gas tax refunds to cab companies, see Exh. #1, attached. He cited increase in gasoline prices, higher cost of insurance and higher cost of wages as reasons for the concern on the part of the cab owners. Mr. Harrington also spoke as a proponent and said from 15 cab companies in Butte some years ago, there was now but one company and volume was also down, to 18%.

Following his testimony the Chairman asked for other proponents, or opponents, and there being none, called for questions by the committee. They asked about privately owned bus services in the state and the witnesses present said they knew of none. The committee also asked about number of cabs in the state and they were told there were 65 cabs in the state. Following the brief questioning, the hearing was closed on SB430.

CONSIDERATION OF SENATE BILL 459: Senator Turnage said the bill came about because of a problem that had arised regarding a man who was purchasing gas at a retail station and claimed it as his second storage tank. He said the bill also deals with definition of agricultural use in order to exclude people who were "hobby ranchers." He then presented Mr. Nichols who further explained the bill. He distributed Exh. #2, showing the moneys currently being refunded under the options available in the present

Feb. 17, 1979

law. He pointed out portions of the bill where the Department was having problems both in interpretation and enforcement of the statutes. Mr. Miller then gave considerable testimony on the claims made under the options since 1978, to indicate the Department has paid out considerably higher refunds, many of them to companies doing relatively the same amount of business. He mentioned also several branches of the Federal government had average refunds before the law was changed, and pointed out how the refunds had changed since, remarking that the increase was not justified. He said there are also instances of the gasoline in some companies being used in company cars, by employees also, for on-highway use, yet they still were filing for, and receiving, their gas refunds.

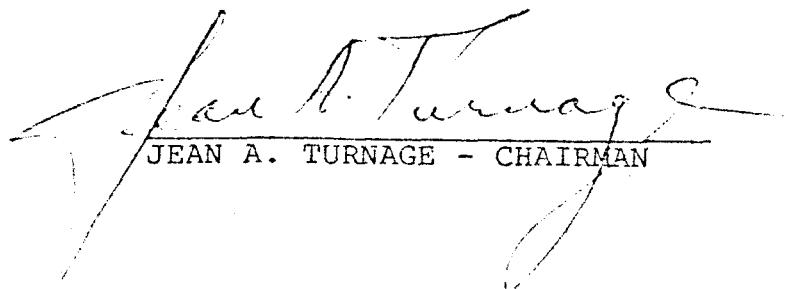
He pointed out another change the bill does and that is to put a 60% flat rate rather than a sliding scale, in computing amount of gas used, and tax refund for off-road use. The bill also defines more clearly that individuals using the two-tank system must have both tanks on the premises. The bill's proponents hope in these ways to tighten up the abuses of the law that are being perpetrated at present. Senator Watt asked if this bill would tighten up the refunds and Mr. Nichols replied he felt that with this legislation only agricultural claims could use option (1). Other industries would have to use other options. He said some large on-the-farm gas users would be hurt slightly, others would benefit from the flat rate.

Following their questions of the proponents, the members decided to move the bill.

Senator Towe Moved SB459 Do Pass. His motion carried unanimously.

The committee then heard the continuance of RID, SID and ID report as compiled by Researcher Terry Cohea. The report was compiled for the committee because of the many bills relating to the special improvement districts that have been heard, and remain in the committee. The Chairman had asked Mrs. Cohea to prepare the report for the committee's edification.

Following her explanation of the report, the meeting was adjourned.



JEAN A. TURNAGE - CHAIRMAN

Date FEB. 19-1979

ROLL CALL

SENATE   TAXATION   COMMITTEE

46th LEGISLATIVE SESSION - 1979

NAME	PRESENT	ABSENT	EXCUSED
SEN. GOODOVER (Vice Chairman)	✓		
SEN. BROWN	✓		
SEN. HAGER	✓		
SEN. MANLEY	✓		
SEN. MANNING	✓		
SEN. MCCOLLUM	✓		
SEN. NORMAN	✓		
SEN. ROSKIE			✓
SEN. SEVERSON	✓		
SEN. TOWE	✓		
SEN. WATT	✓		
CHAIRMAN TURNAGE	✓		

Each Day Attach to Minutes.

DATE FEB. 19, 1979

SEN. COMMITTEE ON TAXATION

BILL 430, 459

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Horace Nichols	Dept of Revenue	459	✓	
Horace Nichols	Dept of Revenue	430		
Jack Miller	Dept of Revenue	459	✓	
Jappy Host	Mont. Tax. Vouchers	430	✓	
James Stein	Yellow Cat Billings	430	✓	
Donald H. Zimmerman	CIT Tax Tribunal			
Robert Day	Diamond Cab Grant Falls	4130	✓	
Frank Thompson	Mont. Tax. Dept.	459		

# International Taxicab Association

11300 ROCKVILLE PIKE • ROCKVILLE, MARYLAND 20852 • TELEPHONE (301) 881-1332

8/9/78

## States Giving Gas Tax Rebates to Taxicabs

<u>State</u>	<u>Rebate/ Exemption</u>	<u>Full/ Partial</u>	<u>Amount</u>	<u>Date enacted</u>	<u>Other Comments</u>
Connecticut	rebate	full	5 1/2 ¢		retroactive to July 1, 1977
Delaware	rebate	full	7 ¢	July 1, 1976	
Indiana	rebate	full	8 ¢	Aug. 1, 1978	retroactive to July 1, 1978
Kentucky	rebate	full	7 ¢	July 1, 1978	
Michigan	rebate	full	9 ¢	July 1, 1974	
New York	rebate	partial	3 ¢		
North Carolina	rebate	full	8 ¢	July 1, 1978	
Virginia	rebate	full	9 ¢	July 1, 1974	
Wisconsin	rebate	full	7 ¢		

2-19-77

Exh. # 2

**STATE OF MONTANA**  
**DEPARTMENT OF REVENUE**

**MOTOR FUEL TAX DIVISION  
HELENA, MONTANA 59601**

**Application for Refund  
of  
Gasoline Tax**