

HOUSE TAXATION COMMITTEE MEETING MINUTES
March 10, 1981

A meeting of the House Taxation Committee was held on Thursday, March 10, 1981 at 8:00 a.m. in Room 102 of the State Capitol. All members were present. HOUSE BILL 499 and SENATE BILL 284 were heard and EXECUTIVE ACTION was taken on HOUSE BILLS 230, 561, 523, and 305 and SENATE BILL 41.

The first bill to be heard was HOUSE BILL 499, sponsored by Rep. Danny Oberg. The meeting was turned over to Vice Chairman Rep. Bob Sivertsen, in order that Chairman Nordtvedt might speak on the bill. Several handouts were distributed. Montana's roads are cussed and discussed more than almost any other areas except the weather. Finding a solution to the problems is difficult. Gas taxes haven't been able to meet demands because: (1) the highway system is getting old and traffic is increasing, and (2) fuel tax revenue hasn't been able to keep up with inflation and the rate of deterioration of the highways. The critical state of Montana's highways is one of the sponsor's and Montana's highest priorities and that is why he introduced the bill at this time. Raising the tax is the only way to solve the problem, he decided. The gas tax is a use tax, and this is how the roads should be maintained. This bill is a vehicle for a gas tax; the figures are flexible, and he fully expects they will be discussed.

He went over the methods of funding the highways. He pointed out that Exhibit "A" and other statistics showed that the people demand better interstates.

Gov. Schwinden proposes using 90% of the interest from the Coal Severance Tax Trust Fund for this; this would avoid raising the gas tax. In many ways this approach is more palatable. Many convincing arguments can be made that it would strengthen the argument in favor of the coal tax.

His figures on gas tax revenues have been revised and he went over the new figures; see Exhibit "B." Gas tax revenues are down 12.1%, and that is why the figures had to be adjusted. He expressed hope that the Committee would accept these figures as a base to work from. He went over the estimated needs of the Highway system; see Exhibit "C." He explained that Exhibit "D" listed the income and expenditures of the Highway Department.

Bill Olson, Montana Contractors Association, then rose in support of a 3¢ gas tax. This bill actually provides for a 2¢ increase, because the repealer takes care of the 1¢ temporary tax increase. He said the need for better roads was definite, and many accidents could be avoided if the roads were in better shape.

The gas tax in 1979 would have brought in \$5.3 million in revenue, and now this figure is less, because of inflation. At the same time, costs are increasing. It is the responsibility of State government to come up with a long-range plan for highway needs. He rose in support of the Governor's transportation message (see Exhibit "E"). However, at present, the only "game in town" is HB 499. Perhaps if the Highway Patrol was funded from the General Fund, a tax increase wouldn't be

necessary. The people of the State and the contractors for the Highway Department need funding. In the absence of adequate funding, he supports this increase in the gas tax.

Dan Mizner, Montana League of Cities and Towns, then rose in support of the bill. The tax distribution to local governments was last done in 1967. That money today is buying almost 50% less than it bought in 1967. In the next two years there will be even less repairs to the roads. The only increase in the distribution of the gas tax is being taken away with the repeal of the one cent increase. The only options the Committee has to take care of local governments and take care of the roads is to have an increase in the tax and transfer some of that money to the local governments or transfer the burden to the property tax. He feels the first approach is the proper one. He suggested that the Committee change the title of the bill to include Section 15-70-101 of the Codes, which allocates the \$6.5 million to the local governments. He also suggested that the Committee amend Line 19 and change it to 12¢. By changing the amount of 12¢, the increase in reality is being made 3¢. Also the 13¢ would have to be changed to 14¢. That additional money should be distributed on a proportionate basis to the Cities and the Counties. He stated that he had to come to beg the Committee to take a hard look at the problem at the local level.

John Braunbeck, Intermountain Oil Marketers Association, then rose in support of the bill. While talking about a tax increase is never popular, they believe that the need exists. While the Governor's proposal is very attractive, at this time this bill is the only option available.

Rep. Nordtvedt then rose in support of the bill. He stressed that he wasn't speaking for any groups or caucus. He presented a chart in support of his testimony; see Exhibit "F." Today the gas tax is 3.6¢ vs. 6.7¢ in 1967 minus the inflation factor. He doesn't consider the gas tax a tax; he considers it a fee, because the person doesn't receive any return from a tax but on a fee they do. It is somewhat ironic that the fairest fee has been cut in half over the past fourteen years, while most taxes have skyrocketed. The taxes used to distribute money from one group to another have gone up and fees have tended to go down; he doesn't know why this is the case. The assumption that the State needs substantially more revenue for highway repair and updating and that the Highway Department is efficient and will spend funding efficiently justifies an increase in the gas users tax. It is the height of irresponsibility to tax the General Fund for highways, which is being done when the Highway Patrol is moved into it. He stated that the poll was taken asking people if they wanted higher income taxes or property taxes. The poll should have asked if the highways needed more money, and where the person thought the money should come from. The majority would probably say the fairest way would be through taxes on gas. Although he can see logic to using some of the coal money for roads as a capital expenditure, before the General Fund is tapped, the users should be charged more like what they used

to pay to support the roads.

Gary Wicks, Director of the Department of Highways, then rose in OPPOSITION to the bill. The necessity for improving the highways is increasing, inflation is increasing, and the Highway Department is hit hard because everything they do is affected by the cost of energy. \$1 million in 1971 would build a lot more than now. At the same time, revenue is down substantially because of the decrease in gas sales. The federal government revenues will probably also decrease. President Reagan will probably reduce the budget by \$12.6 billion over the next several years. Many State programs will be cut out entirely. Montana will be the hardest hit because the State gets back more than it puts into the fund. He submitted that the Highway Department cannot make it through the next two years without additional money if the proposal to fund the Highway Patrol out of earmarked funds is passed, even if only half is approved. Regarding Exhibit "D," the decline in gas tax revenues will be 11% between 1980 and 1981 and 4% between 1981 and 1982. People are conserving gas, and the corresponding revenue drop has been dramatic. The best appropriation information they have available to date is that \$85 million worth of expenditures has been budgeted in 1982 and \$89 million in 1983; these amounts do not include federal funds. There is a significant difference between revenues and expenditures, therefore. The Legislative Fiscal Analyst and the Appropriations Committee members feel the difference can be made up by spending the cash balance. If the balance is spent to "0," the Department can make it for two years more. If the Highway Patrol is funded, however, they will be \$6 million in the hole by 1983. Even a "0" balance is unacceptable.

The Department needs money for emergencies, for more federal revenue matching money, and other areas where federal money is not available and State money is needed. If these situations arise, they have two alternatives: (1) reduce the amount of construction money and not be able to match federal dollars, or (2) emergency assistance from the Legislature. They couldn't come in with a budget amendment and the impact of this is not just on the Highway Department, it is also on the construction industry and other related jobs. Furthermore, other States who have tried to operate on a "0" balance have run into serious difficulties. A cash balance avoids problems and it is needed; the Department has agreed to reduce it, but they still need some funds for emergencies. He suggested that the Director of Financing in New Mexico be contacted if the Committee wanted to substantiate his statements, because New Mexico has gone through this situation and tried to operate with a cash balance of "0." They feel a cash balance of \$10 million is minimal and with 1/2 funding for the Highway Patrol, they need \$15 million. The needs will not be that great if the Highway Patrol is funded from the General Fund. If the Highway Patrol could be funded out of the General Fund, no gas tax increase would be necessary. The Governor has proposed taking the Patrol out of the earmarked account. The first step is to use the gas tax for highways, and not to pay the Patrol, which they feel is remotely related to the Highway Program. Every State dollar brings in 8 federal dollars.

He doesn't feel the only alternative to the gas tax increase is a property tax increase. He spoke up in support of the Governor's plan. Over the next ten years, the Governor has proposed that 90% of the Coal Tax Trust Fund interest be contributed to the program and this would be good for the transportation system of the State. A tax increase may be in order for the future, but the time is not now. The Governor's proposal could be implemented through the appropriations process.

Harold Paulsen, Secretary of the Montana Highway Users Federation then testified. The Federation is in opposition to the bill because: it is their opinion that if part of the surplus on hand is spent down and funding for the Patrol is moved into the General Fund, a gas tax increase will not be needed this biennium. They have opposed the diversion of earmarked funds. They believe the gas tax should be used for roads. It has been suggested that the Patrol be funded 50% from the Trust Fund and 50% from the General Fund. If this is done, the State should look to using the interest from the Coal Trust Fund.

They are in support of a long-range plan. He feels this would be a good use of the Coal Tax. Two years ago they supported the gas tax increase because the money would be used to complete the interstate system. But, in the closing days of the Legislative session, the money was given to the Patrol and the end result was a big surplus. In view of the other testimony and the large surplus in the General Fund and looking at the idea of using the Coal tax interest, they feel this bill isn't necessary.

Jim Manion, Montana Automobile Association, then rose in opposition to the bill. Their membership feels very strongly about the gas tax and diversion of highway funds. They conducted a survey, and one of the questions asked if funding was found insufficient to complete the interstate system, would the respondent support an increase in the gas tax. Even under these conditions, people said they couldn't support one. They asked if people would support using other monies than the gas tax to finance construction and repair of the highways, and 72% favored that proposal. 94% of the respondents are against diversion of funds from the Highway Trust Account. Only 30% felt that funding the Highway out of these monies was a good idea. In light of the survey, they feel there are other alternatives to funding the highway system than raising the gas tax. At this time, they cannot support a tax increase when figures indicate that one is not needed and they will not support a tax increase when part of that money is diverted away from construction and maintenance of highways.

Ben Havdahl, Montana Motor Carriers Association, then spoke. He affirmed that Association's and the industry's support for the position taken by the Montana Highway Users Conference. Historically, the trucking industry has fully supported the highway program and they maintain this position; they feel they are paying their fair share of the tax. Both the Senate and the House have passed SB 346, which realigns and increases fees assessed on the trucking industry and the increase will

be \$2 million in revenue to the State. When this is added into present projected income, the percentage the trucking industry is assessed with is more than 50% of the total taxes and fees collected, and this is not including federal taxes.

He pointed out that in a recent survey the taxes assessed on a typical five-axle tractor-trailer truck in Montana are the 6th highest in the nation. He also pointed out that there are more than 12 bills seeking relief for automobile and light truck taxes, and there are no bills seeking relief on taxes on over-the-road trucks. Even though the tax is based on the fuel they consume, in all cases that tax is not recoverable in the rates they charge their shippers. In addition, for exempt commodities hauled by the trucker industry, there is no fuel surcharge feature and even when they do have the surcharge option, they are always behind. They don't see any justification for a difference between diesel fuel and regular gas and the State seems to have taken that position that this difference be maintained.

Mike Rice, President of Transystems of Great Falls, then spoke. They have already taken a \$2 million tax increase in their industry this year. Those increases will be born predominantly by the Montana agricultural carrier. They supported this increase but another is coming up with this bill, and the whole approach seems patchwork. If there is going to be a major funding effort they want to get it out in the open.

Right now the State doesn't have any transportation planning. He stressed that the State should not repair roads that had access to railroads that didn't exist, etc. Until what is wanted to be done to the highways can be determined, funding is like the cart before the horse.

Keith Anderson, Montana Taxpayers Association then spoke; see written testimony Exhibit "G." 18% of their membership was in favor of funding the Highway Patrol. 54% were in opposition to funnelling money back to the Counties. But if an additional gas tax would be used fully for highway maintenance, construction etc., 56% were in favor of an increase. But this is all wiped out if funds are being earmarked for the Highway Patrol or other purposes besides building highways.

Jim Hughes, representing Mountain Bell Telephone and the Montana Highway Users Federation, then rose in opposition to the bill.

Questions were then asked. Rep. Nordtvedt asked Mr. Wicks why, with decreasing highway travel, he was requesting more patrolmen. He replied that it was GVW patrolmen that were being asked for, and they would probably pay for themselves.

Rep. Nordtvedt then asked Mr. Mizner if he wasn't deceiving the Committee when he said that the only alternative to more State money was through increased property taxes, when during the last session of the Legislature a local option gas tax was enacted. Mr. Mizner said that with the reduction of dollars they were receiving this year, to absorb

the impact, local property taxes would have to be increased. However, a 2% gas tax increase could be approved by the people, also.

Rep. Nordtvedt then asked Mr. Paulsen if he believed that income taxpayers, through the General Fund or other sources, should be used to keep the highways going, when the amount of the users tax is in real terms falling. Mr. Paulsen replied that the matter was a philosophical one.

Rep. Vinger wanted to know why there was such a disparity between the cost of highway construction in North Dakota and Montana. Mr. Wicks said he didn't know the answer, but agreed to find one and get back to Rep. Vinger, and if there wasn't a good reason for the difference, he would do something to change this.

Rep. Bertelsen wondered why highway taxes couldn't be kept in line with highway use. Mr. Wicks agreed that the highway users should pay for highway maintenance. He is objecting to using the increase for funding what should be a General Fund appropriation; namely, the Highway Patrol. He believes that if the Patrol could be removed from the earmarked revenue account, then the gas tax could be looked at, if it wasn't appropriate to look at the Governor's package. An increase in the fuel tax will mean an increase in the cost of goods and services; therefore, the tax will affect everyone, not only those who drive vehicles. Mr. Rice rose in agreement with Mr. Wicks, and reiterated that the issue was with the Highway Patrol funding.

Rep. Bertelsen said it seemed to him that in most cases something was being talked about in terms of percentage. But, if this is done with highway fuel, 13-14% was being gotten in revenue in 1967 and now the percentage is much lower. Mr. Rice said that if the percentage basis had been adopted, the federal tax would be 35¢ today, if it was indexed to the retail price of gas.

Rep. Zabrocki wanted to know who was going to collect the tax. He submitted that when the price of fuel is raised, the price of everything else would go up, too. There is no mention of the fact that the dealers of fuel will be collecting the taxes and they won't be getting any credit for this. They are just glorified tax collectors. He rose in opposition to the bill.

Rep. Devlin asked Mr. Olson about the disparity between the cost of highway construction in North Dakota and Montana. He replied that the only reason that he could get for the variation would be in the cost of labor, and declined to expand on it any further.

Rep. Switzer asked Mr. Wicks if new Highway Department personnel would be going into existing facilities. Mr. Wicks said they would be, and more people would mean more hours per day the facilities would be used.

Rep. Roth asked Mr. Wicks if he had any indications that federal funds might be drying up. He said there was an indication that they would be reduced, but the Department was uncertain of the impact. President

Reagan has proposed that funding be reduced by \$12.6 billion, but he had also proposed that money for other programs be dropped completely and if that is the case, they will have more money for the primary and interstate system but no money for the secondary system. It is clear that the President is committed to continue the Highway Program until 1987 or 1988, so the ratio will remain fairly high for several years yet.

Rep. Vinger wanted to know what was currently being done to take advantage of federal funds. Mr. Wicks said the federal money was being taken advantage of, and in fact they had, with the 1¢ increase, been able to capture a substantial amount of federal dollars. They got about \$100 million, but if they hadn't had to fund the Highway Patrol they would have been able to get even more federal money.

Rep. Vinger wanted to know if the State was still on schedule as far as completion of the Interstate system. Mr. Wicks replied that he thought the State was falling back--the dollars don't go as far now. There are about 90 miles of interstate left, and it will cost about \$2 million per mile; therefore, it will cost about \$200 million to finish the interstate system. Also, this year Congress passed a bill withholding 20% of federal monies available till August 1, 1981, so in reality they have only had about 80% of the money normally available. In August, they will try to get the funding they can. These problems have increased the cost to financing the interstate.

Rep. Vinger wanted to know what year he thought the Interstate would be completed, and he said that money was the big problem; he thought it would probably be completed by 1986.

Rep. Sivertsen asked if engineering and planning had to be done before funding could be gotten, and wanted to know if, in the past, the State was able to take advantage of the funds based on the amount of engineering done at the time.

Mr. Wicks said it was true the project had to be approved first, and up until that point, State funds are expended. In the last biennium, they were able to capture more federal monies than normally would have been available to them. Rep. Sivertsen requested that information regarding this be provided to the Committee. He submitted that Highway contracts have had gross inequities in the past, and this issue should be scrutinized, because much of the interstate already needed repair; he requested that Mr. Wicks look into this issue very seriously.

Rep. Asay asked Mr. Anderson if the result of his poll might not be indicative of a lack of confidence in the Highway Department. Mr. Anderson said he felt this was true, and felt the general public distrusted the Highway Department.

Rep. Brand asked Mr. Havdahl how the amount of highway use in Montana related to the industry's statement that Montana was the 6th highest taxing State. He replied that his testimony was referring to the tax

assessed on a 5-axle truck combination, but didn't have the answer to Rep. Brand's question.

Rep. Brand asked Mr. Wicks what the gas tax was in surrounding States. He requested that this be presented to the Committee. Mr. Wicks said he felt that they were roughly comparable in the surrounding area.

Rep. Brand wanted to know if there would be a reduction in employment in the Highway Department when the Interstate system was completed. Mr. Wicks said that if there was no more work to do, they would look at reducing more employees. However, the federal government is talking about recognizing the need for reconstructing the interstate, and he would presume that reconstruction would not take as many people or as much money, and therefore probably at the end of the Interstate Program they would have less personnel working on it. However, if they do start working on the secondary system, those people will be used to do that. He intends to implement several efficiencies in the Highway Department which are necessary. He pointed out that he had taken several steps already in this direction. He hoped to be able to report some progress in this area in 1983.

Rep. Brand said he would like to have some figures on the number of employees in the Highway Department and the amount of highway maintenance for the Committee, also. If it is true that less people will be using the highways, he wanted to know if the Highway Department predicted that maintenance costs would be reduced in the future. Mr. Wicks said they didn't predict this. Unless more money is put into the repair work, maintenance costs will continue to rise.

Rep. Brand wanted to know how many people were involved per mile of highway maintenance, and wanted this broken down, further than had been done with the information presented to the Committee. Mr. Wicks agreed to provide this information.

Rep. Harp asked Mr. Wicks: (1) Is the Highway Department now going to go into a new formula for funding projects. Mr. Wicks said it was true that the Department had already gone to partial funding of the system. This was instituted in May, 1980. It allows the Department to initially start out with doing more projects on a "pay as you go" basis. (2) Have there been any benefits from this. Mr. Wicks said he felt this was reflected in the budget. It allows the Department to draw the cash balance down. (3) Is it true that the Highway Department, as far as contract services go, negotiates with private firms rather than accepting bids. Mr. John Prebil, Centralized Services Division, Department of Highways, said that the Department solicited proposals and the proposals were reviewed by a board and the best one was selected. Rep. Harp submitted that, therefore, these contract services were not handled the same way as other things; the lowest bid is not necessarily taken.

Rep. Harp then wanted to know if it was true that when the State pay plan was enacted, the Highway Department was so high in some of the

pay areas, that some of these people have not been raised since it was instituted. Mr. Prebil pointed out that this had also happened in other Departments.

Rep. Bertelsen said he wasn't talking about the percentage of fuel prices, he was talking about CPI percentages. He doesn't think the gas tax needs to fluctuate.

Rep. Roth wanted to know, if the General Fund was taken from, would it cause a positive impact on funding for secondary roads. She was told that if the Governor's proposal was adopted, the Highway Patrol would be funded out of the General Fund and the Coal tax money would be used and that money would be dedicated to primary and secondary roads and not the Interstate. However, if the President's proposal became reality, then the money being spent by the State would be used for secondary roads, because that is where the greatest need would be because there would be no federal dollars available.

Rep. Nordtvedt asked Mr. Havdahl, considering that highways are built to take heavy truck loads, and considering that cars are getting lighter and trucks heavier, did he think he was paying an undue portion of his share on the cost of highways. Mr. Havdahl questioned Rep. Nordtvedt's basic assumptions, and said he didn't feel they were paying an undue portion; they were paying their fair share, and they would continue to do this. He felt that by 1983 information would be available from the Department of Transportation on the matter. He expressed agreement to providing information that would show that trucks do not provide as much of an impact on the roads as Rep. Nordtvedt had suggested.

Rep. Oberg then closed. He stressed that the Committee look at long-term funding of the highways. Everyone is concerned about highways and if the Legislature keeps the funding, it will be forgiven for raising the tax. He said the Committee needed to consider the fact that there was a \$2 billion investment in the highways, and if maintenance was not done, costs would become much greater. He stressed that the Committee not forget that the highways needed help. He expressed willingness to work on a proposal. He added that the Appropriations Committee's action would be significant on this Committee's action on the bill. The hearing on HOUSE BILL 499 was closed.

SENATE BILL 284, sponsored by Senator Lawrence Stimatz, was then heard. He explained that this bill corrects a now-existing conflict in the law pertaining to airports. The Codes say that no County may incur an indebtedness more than \$40,000 without the approval of the electors. Another section of the Codes says that no money may be borrowed without an election. Therefore, the general law says there is a \$40,000 cap and the other law says there is a "0" cap. This bill takes out the specific law.

The money comes from the fuel tax on gasoline. The airport lending program has been in effect for many years. The Program is well-used,

and the bonding people were interested in clearing up this discrepancy.

Dave Kneedler, Montana Aeronautics, was available to answer any questions.

There were no OPPONENTS to the bill. There were no questions. The sponsor reiterated that the bill was simple but necessary, and the question had arisen with the Attorney General and the funds are being shut off without an election. An election costs a lot of money.

The hearing on SENATE BILL 284 was then closed. The Committee took a five-minute recess.

The Committee reconvened and went into EXECUTIVE SESSION. Rep. Sivertsen moved that HOUSE BILL 561 DO PASS. Motion carried unanimously.

HOUSE BILL 292 was then considered. Rep. Nordtvedt said he believed that SB 255, also concerning the inheritance tax, was coming to this Committee. The fiscal impact of the other bill might be a little greater than this bill if the effective date was changed. Rep. Williams requested that the Committee not act on this bill until the other bill was heard. The Committee members agreed to delay action on the bill.

HOUSE BILL 230 was then considered. Rep. Nordtvedt said that this bill would repeal the State deficiency levy. He explained the bill. He sensed a clear intent to fund the Foundation Program fully in the past several years and submitted that the thought had been that if there was a deficiency, a supplemental could be passed.

Rep. Harrington stated that supplementals needed funding, but if there was a shortfall, the burden would fall on the local taxpayers. He felt there should be a vehicle such as the deficiency levy available. In the future, with federal cutbacks, there would be many problems the State would have to face, and he didn't want this option for funding taken away.

Rep. Nordtvedt said this bill was designed to take care of shortfalls out of the General Fund instead of the local taxpayers having to take up the shortfall.

Rep. Harrington expressed concern that the entire amount needed to be provided by the supplementals.

Rep. Sivertsen pointed out that the deficiency levy could be imposed by the Superintendent of Public Instruction and the people wouldn't have anything to say about it. He felt the Legislature needed to be able to review this and see why there was a deficiency. As it has been in the past, the Legislature ignored it because it was in the Superintendent's domain. Now, the Legislature is asking why the deficiency levy was needed, because there was a \$40 million surplus. Therefore, he would like to see the General Fund used to take care of this. Rep. Williams said that the Department didn't impose the levy

with the idea that there was a \$40 million surplus, and this needed to be taken into consideration. He submitted that the Governor should have provided those figures to them.

Rep. Sivertsen said the Department of Public Instruction had done the figuring themselves. Rep. Williams submitted that the matter wasn't coordinated properly. He said that until that incident, there hadn't been any problems with the deficiency levy. The best way to make up a deficiency is by having everyone in the State to help make it up. He submitted that supplemental financing was not a popular mechanism. He felt this bill was evading the real issue.

Rep. Nordtvedt said the unwritten essence of the bill was that the Legislature is put in a position of being irresponsible if there was a deficiency.

Rep. Bertelsen brought up the fact that the levy hadn't been abused in previous years, and rose in opposition to the bill.

Rep. Nordtvedt moved that HOUSE BILL 230 DO PASS.

Rep. Burnett submitted that the current system provided for deliberate shortchanging of the Foundation Program because the levy could be fallen back on.

Rep. Brand expressed faith in the Office of Public Instruction.

Rep. Harrington expressed concern that the deficiency wouldn't be funded at 100% in supplementals. He felt this would be very irresponsible. He pointed out that there hadn't been that big of a problem with miscalculations.

Rep. Nordtvedt said one of the messages the Legislature was hearing was that education received too much of its support from the property tax and the bill would prevent added loads on the property tax; instead the burden would be taken up by the General Fund. In addition, the Legislature would have to be more honest about appropriating money; therefore this bill should pass.

Rep. Williams said he thought it would be irresponsible for the Legislature to attempt to fully fund the Montana School System. He rose in support of local control of funding.

Rep. Bertelsen said that appropriation was a rather imprecise science, and nowhere in the State did it create more effects than the school systems when there wasn't enough money. The present law is a leveling influence and this bill could create a shortfall.

Rep. Sivertsen said his only problem was that if a mistake is made in calculating and there is a deficiency levy; no one knows about it. It only came to the Legislature's attention recently because of the Montana Taxpayers' Association lawsuit.

The question was then called for and there was tie vote of 9 - 9 on

the motion of DO PASS; see roll call vote.

Rep. Nordtvedt then moved that HOUSE BILL 523 DO NOT PASS; Rep. Williams seconded the motion. Motion carried unanimously.

HOUSE BILL 305 was then considered. Rep. Nordtvedt rose in opposition to having one value for the entire year. He moved to amend the bill to change the applicability date to January 1, 1981 but before December 30, 1982.

Rep. Williams stated that regardless of what was passed in the area of vehicle fee bills, there would still be vehicles that would have to be accounted for under this bill.

Rep. Switzer suggested putting July and January assessment dates in the bill. This would make it consistent with the language in the Committee bill on motor vehicle fees.

Mr. John Clark, Department of Revenue, stated that there would be administrative problems if the bill passed, concerning putting more Blue books out; but on a semiannual basis of putting the Books out, there shouldn't be as much of a problem. What happened in 1980 should not have any effect.

Rep. Switzer moved that the Blue Books be replaced on a semiannual basis. Mr. Oppedahl (Legislative Council) agreed to work up the amendment.

Rep. Dozier pointed out that there would be an impact on local governments with the amendment.

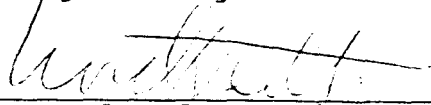
The question was called for on the motion to amend the bill to use comprehensive, semiannual values; motion carried with Reps. Dozier and Hart opposed.

Rep. Dozier then moved that HOUSE BILL 305 DO PASS AS AMENDED, and added that the motion was to include changing the applicability date of the bill to January 1, 1981; see Exhibit "H." Motion carried unanimously.

SENATE BILL 41 was then considered. Rep. Harp moved that it DO PASS. Motion carried unanimously.

Rep. Harp agreed to carry SB 41. Rep. Dozier was assigned to carry SB 34; Rep. Harrington was assigned to carry SB's 54 and 55.

The meeting was adjourned at 10:45 a.m.



Rep. Ken Nordtvedt, Chairman

Date 3/10/81

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

PUBLIC ATTITUDES ON GAS TAX

Source:

Attitudes toward Highway Conditions, Operations
& Taxation, a Department of Highways Survey,
November 15, 1980.

1. Would you support passage of a special tax on fuel with the revenue collected earmarked to complete the Interstate Highway system in Montana?

Yes - 38.7% No - 55.6%
2. How much additional fuel tax would you be willing to pay to fund completion of the Interstate Highway System?

Nothing - 49.5% 1-2 cents - 30.2%
3-5 cents - 11.6% More than 5 cents - 1.3%
3. Would you support passage of a special tax on fuel with the revenue collected earmarked for reconstruction of the Primary Highway System in Montana.

Yes - 38.7% No - 52.9%
4. How much additional fuel tax would you be willing to pay reconstruction of Montana's Primary Highway System

Nothing - 47.5% 1-2 cents - 30.8%
3-5 cents - 10.6% over 5 cents - 1.3%
5. If a proposal were to be developed to increase the fuel tax, how would you prefer to see it implemented?

Through a vote of the state legislature - 14.8%
Through a vote of the people - 79.2%

Source: Montana Automobile Association (AAA)
Survey of December 15th

1. If future road use tax income is fully studied and found insufficient to adequately maintain Montana's highway program in the future and complete the Interstate would you support an increase in the gasoline tax of five cents to six cents per gallon?

favor - 44.3% oppose - 51.9%

Current Proposed Budget Per DOH

	<u>1982</u>	<u>1983</u>
Total Funds at Current Tax Levels	\$72,700,000 <i>70,600,000</i>	\$72,800,000 <i>70,800,000</i>
Total Expenditures Without Highway Patrol and Travel Promotion	<u>79,395,337*</u>	<u>83,520,599*</u>
Projected Deficit	(7,695,337)*	(10,720,599)*
Add: 1/2 Highway Patrol	(10,500,000)*	(10,500,000)*
Adjusted Proj. Deficit	(18,195,337)*	(21,220,559)*
Add. Promotional Unit	?	?

*Does not consider effect of pending legislation.

Available cash reserves \$25,845,156

Additional Tax needed to fund without depletion of cash reserves.

1982 (without HP) \$ 7,695,337 = 1 1/2¢

1982 (with 1/2 HP) 18,195,337 = 3 3/4¢

1983 (without HP) 10,720,599 = 2¢

1983 (with 1/2 HP) 21,220,559 = 4 1/4¢

Total need 1982 & 1983 without HP = 2¢

Total need 1982 & 1983 with 1/2 HP = 4¢

* Latest Highway Department Estimate
3-9-81

MONTANA DEPARTMENT OF HIGHWAYS

1981-1991 ESTIMATED NEEDS SUMMARY
FEDERAL AID SYSTEM EXCLUDING URBAN SYSTEM

March 6, 1981

TOTAL ESTIMATED NEEDS SUMMARY - F.A. SYSTEM EXCLUDING URBAN SYSTEM

Interstate System (1192 miles)

Present needs:

Completion (72 miles) = \$225 Million

3R (769 miles) 200 Million

Accruing needs: (10 years) 100 Million

Total Interstate needs 1981-1991 \$525 Million

Primary System (5486 miles)

Present needs:

Reconstruction (464 miles) \$232 Million

3R (2,063 miles) 165 Million

Accruing needs: (10 years) 75 Million

Total Primary needs 1981-1991 \$472 Million

Secondary System (4699 miles)

Present needs:

Reconstruction (823 miles) = \$370 Million

3R (1,768 miles) 124 Million

Accruing needs: (10 years) 70 Million

Total Secondary needs 1981-1991 \$564 Million

On System Bridges (2,200 bridges)

Present needs: (279) \$ 75 Million

Accruing needs: (10 years) 50 Million

Total On System Bridge needs 1981-1991 \$125 Million

Funding: based on the present Federal Aid Program

	<u>1981-1991 Needs</u>	<u>*Federal-Aid</u>	<u>State Funding</u>
Interstate Needs	\$ 525 Million	\$ 440 Million	\$ 85 Million
Primary Needs	472 Million	199 Million	273 Million
Secondary Needs	564 Million	99 Million	465 Million
Bridge Needs	125 Million	42 Million	83 Million
Totals	\$1686 Million	\$780 Million	\$ 906 Million

*Based upon present level of funding.

Funding: based on President Reagan's proposals:

	<u>1981-1991 Needs</u>	<u>Federal-Aid</u>	<u>State Funding</u>
Interstate Needs	\$ 525 Million	\$ 478 Million	\$ 47 Million
Primary Needs	472 Million	368 Million	104 Million
Secondary Needs	564 Million	-0-	564 Million
Bridge Needs	125 Million	-0-	125 Million
Totals	\$1686 Million	\$846 Million	\$ 840 Million

NOTES:

1. Above projections do not include inflation.
2. Projection does not include the Urban System needs.
3. Definition of "3R" is a Federal abbreviation for Restoration, Rehabilitating and Resurfacing.
4. "Accruing needs" includes the highway needs that are anticipated during the 1981-1991 projection.
5. It is not clear what President Reagan's highway program will be; however, the information furnished to date leads us to believe only the interstate and primary road systems will receive Federal-Aid assistance.

HIGHWAY EARMARKED REVENUE BUDGET

<u>Income</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
GW Income	\$ 19,800,000	\$ 21,100,000	\$ 22,300,000
Gas Taxes	35,000,000	33,600,000	32,600,000
Diesel Taxes	11,400,000	11,400,000	11,200,000
Mineral Royalties	3,100,000	3,400,000	3,600,000
Accts. Receivables	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
Total Income	\$ 70,400,000	\$ 70,600,000	\$ 70,800,000
<u>Expenditures</u>			
General Operations	\$ 5,684,306	\$ 6,195,927	\$ 6,276,354
Construction	22,525,512	20,950,044	22,198,939
Maintenance	30,888,089**	36,011,400	37,854,616
Travel Promotion	616,164	- 0 -	- 0 -
Preconstruction	3,205,346	2,984,485	2,927,567
Equipment	900,000	2,646,000	2,513,000
Headquarters Building	569,380	578,047	577,097
Highway Buildings	1,920,434	848,450	- 0 -
Highway Patrol	7,902,649	5,200,000	5,200,000
Dept. of Revenue	525,130	589,334*	589,334*
Cities and Counties	6,725,000	6,650,000	6,650,000
Highway Traffic Safety	49,639	73,742*	73,742*
City-County Distr. (1974)	53,244		
10% Salary Increase		2,260,700	4,747,470
Highway Services Rev.		<u>86,237</u>	<u>60,847</u>
Total Expenditures	\$ 81,564,893	\$ 85,074,366	\$ 89,668,966
Beginning Cash Balance	\$ 10,335,563	\$ 23,645,156	\$ 10,868,912
Add Loans Payback	\$ 24,474,486		
Sub. Motor Pool & Equip.			
Sales Payback		\$ (302,491)	
Sub. Hanger Payment		(59,387)	
Add GW Adjustments			
(Add 17 F.T.E.)		510,000	\$ 510,000
Add S.B. 346		2,000,000	2,000,000
Sub. H.B. 47		(200,000)	(200,000)
Sub. H.B. 522		<u>(250,000)</u>	<u>(250,000)</u>
Ending Cash Balance	\$ 23,645,156	\$ 10,868,912	\$ (5,940,054)

No contingencies projected.

Pay back \$24,474,486 loans to Earmarked Rev. from Fed. & Pvt. Acct.

Leave - \$5,500,000 loans in Fed. & Pvt. Acct.

Contractor payments estimated to be \$100 million in 82 & 83, this amount will depend on availability of Federal Funds.

Gasoline tax and diesel tax estimated to decrease as projected by the Energy Division of DNR.

Federal and State ratios may vary depending on the amount of Interstate work accomplished.

* Salary increase not projected.

** This program has been increased by \$2,712,849 for excess equipment rental costs as we are anticipating legislative approval of a budget amendment for this amount.



TED SCHWINDEN
GOVERNOR

State of Montana
Office of the Governor
Helena 59620

TRANSPORTATION
EXHIBIT "E"

March 3, 1981

To the Members of the 47th Legislature:

"Passengers suffered the rigors of cramped quarters, jolting rides, extreme heat and cold, asphixiating dust, and swarms of insects. But, since the coaches offered the only commercial method of travel, people learned to endure the hardships."

The above passage from Montana: A History of Two Centuries by Michael Malone and Richard Roeder, describes a typical stagecoach ride in the 1860s in Montana. Back then, Montanans endured those discomforts while fervently hoping the completion of railroads in Montana would soon improve the Territory's transportation situation.

Today, more than 100 years later, railroads have come --- and gone --- in Montana. Yet, many contemporary Montanans fare little better than their early counterparts who jostled along rutted roads in horse-drawn wagons and stage-coaches.

Montana's transportation system is in trouble, and the prognosis is not good. Montanans are fed up with potholes and rutted roads that jar their teeth and wreak havoc with their vehicles. Montanans are frustrated by escalating ticket prices on non-competitive airlines. Montanans are tired of paying increasing freight rates to transport their products while they watch rail services continue to decline.

Though our transportation systems are diseased, I do not believe the illness is incurable. But we must act now, not two years from now. We must act now to reverse the trend toward deterioration and decline.

Today I will begin that process by delivering to you this Transportation Message, which briefly describes the problems and suggests some solutions. Unfortunately, we can't wave a magic wand, invoke a magic spell and expect our transportation problems to disappear. But we can begin now to address those problems and give transportation the priority consideration it deserves.

Sincerely,

A handwritten signature in cursive script, reading "Ted Schwinden".

TED SCHWINDEN
Governor

INTRODUCTION

Montana's economy depends on the basic industries of agriculture, wood products, mining and tourism. The health of these industries is directly related to the health of Montana's transportation system.

Over the past several decades, Montana's transportation growth has been closely aligned with its economic progress. But in the 1980s, growth of our transportation system has come to a halt. Our ability to transport goods and people is eroding. The impact of that erosion on our economic health could be devastating.

All areas of our transportation system need attention. Montana's 9,300 miles of highway are deteriorating at a faster rate than we are repairing them. Ten years ago, three transcontinental railroads served Montana; today there is one. Rail passenger service has been halved and is now threatened with total elimination. Between 1975 and 1980, nearly two-thirds of the state has lost major commercial air service.

A new urgency has been added to our need to resolve our transportation problems. The Reagan budget proposes massive cuts in transportation funding, particularly for highways, air and rail services. We cannot, therefore, expect any "gifts" from the federal level to help improve Montana's transportation situation.

HIGHWAY SYSTEM

Montana's highways are the foundation of our overall transportation system. They are the most frequently used transportation route in the state. During the past decade, two formidable problems have surfaced. First, our highways are aging and at the same time being used more heavily. Second, we are not spending the dollars necessary to keep our \$2 billion investment in highways from turning into potholes and cracked pavement.

Approximately, 2,600 miles of primary and 2,600 miles of secondary highway are currently in disrepair. We are 72 miles short of completing our 1,200 mile interstate system and already 200 miles of that system are in need of repair. At the current rate of fuel tax collections, we can afford to reconstruct 23 miles of primary and 26 miles of secondary highway per year.

Diversions --- expenditures for non-highway programs funded by fuel taxes --- have increased by more than 500 percent. Every year, the gap between what we need to do and what we can do grows wider.

As our highways deteriorate, so does our ability to repair them. In the past 10 years, fuel tax revenues have increased fifty percent while maintenance, reconstruction and construction costs have increased 200 percent. Even more than other areas of the economy, Montana's highway system is losing the race against inflation.

In 1971, \$1 million constructed 2.3 miles of interstate highways or 6.4 miles of primary highways, or maintained 660 miles of Montana highway. Today, \$1 million will fund the construction of only .8 mile of interstate highway or 1.5 miles of primary highway; or pay for maintenance of 350 miles of Montana highway. (See charts A and B.)

Federal red tape and insensitivity to state needs also prevent us from getting the most for our tax dollar. For example, between 1972 and 1980, the Federal Highway Administration required Montana to spend \$8 million moving the guardrail on 475 miles of interstate back two feet from the driving lane. That same \$8 million could have paid for 16 miles of new interstate highway.

Montanans have responded conscientiously to the need to reduce their fuel consumption. Decreased fuel consumption, however, also means decreased fuel tax revenues --- revenues upon which we depend for highway improvements. Twenty percent of Montana's 1981 federal highway funds have been held back

with no certainty that they will be released to Montana. Furthermore, the Reagan Administration has indicated it intends to cut \$12.6 billion over the next five years from the federal highway aid program.

In addition, if the President's proposal to eliminate funding for secondary, urban, bridge and safety programs is approved, Montana will have to make up the difference of approximately \$30 million a year if we want to maintain the existing program at current levels. Whatever the outcome of the Administration's proposal, it is clear that Montana will have to shoulder more of the burden in the future.

RAIL SYSTEM

Railroads are essential to the development of the State of Montana. Currently, trains move about 89,000 tons of commodities to and from Montana stations daily. For that amount of business, we must depend almost entirely on one carrier. With the merger of the Great Northern and the Northern Pacific and with last year's pullout by the Milwaukee Road, Burlington Northern now enjoys a practical monopoly in Montana.

Montana's branchline rail system has experienced extensive deterioration. Skyrocketing operating, maintenance and construction costs, combined with deregulation and a lack of competition, have eliminated the railroads' desire to serve rural communities with branchline operations (See chart C). In the past, branchline collector traffic was essential to Montana's rail operations. But current efforts by the railroads to maximize their profits encourage centralized collection and bulk unit movement --- and increased reliance on short line truck haul.

Continued reduction of branch and feeder lines seems inevitable. Freight rates can more accurately be described as "fright rates" in this state. In fact, until recently every fourth bushel of grain sold in the state has paid for the

transportation costs of moving that grain to market. The public will bear the costs of increased collector road and highway use, while shippers and merchandisers will absorb transfer rate increases or pass them on to consumers over the counter.

Clearly, Montanans need a revitalized rail system. Legislative efforts to improve the available state rail bonding authority to finance rail cars and upgrade rail facilities deserve support.

The state has initiated a rail planning effort to minimize the impact of current shocks to the system. Among other things, this planning effort has evaluated the impact and feasibility of centralized grain collection and bulk unit train movements. Preliminary results show that such operations would increase rail profits at the expense of Montana's existing rural elevator system.

We are faced with yet another shock to the system --- a federal executive proposal to cut off all federal resources for rail planning. Again, we will learn the lesson the hard way. We cannot rely on the federal government for help with our critical transportation problems.

URBAN TRANSPORTATION

And so it is with urban transportation. Public transportation systems in our cities have grown considerably during the past few years. Public bus systems have been developed in Billings, Butte, Helena and Missoula, and transit service will soon be available in Great Falls.

The benefits of public transit are many --- less energy consumption, less wear on streets and highways, and better service for Montana's elderly, handicapped and young people.

Existing transit systems face decreasing local, state and federal assistance. It is uncertain whether public urban systems can be maintained in the face of

increasing fares, or whether other Montana communities will be able to initiate much needed systems.

At the same time, local governments are struggling to finance the construction and upkeep of local streets and roads.

AIRLINES

Airline service, too, has deteriorated in Montana. The air transportation industry is our lifeline with the rest of the nation and the world. Since enactment of the Airline Deregulation Act of 1978, major airlines have pulled out of 10 Montana cities and have reduced service in other cities throughout the state (See chart D). Commuter airlines have partially filled the void, but many airports in smaller communities lack the necessary navigational and instrumental landing aids to service the commuter airlines.

The loss of major air carrier service has, in turn, reduced collections of landing and rental fees, a major source of airport revenue. This reduction in revenues from air carriers can only increase the financial burden on those cities that have financed the construction of new airline facilities with local development bonds or mill levies.

RECOMMENDATIONS

Montana's transportation problems won't be solved overnight. Our problems have been years in the making; they will be years in the mending.

Answers to problems of this magnitude are never easy and seldom popular. But Montana's transportation situation cannot withstand inaction or further delay. We have to act now. Long-term and short-term solutions are needed.

To that end, I intend to take the following steps at the Executive level:

1. Create a Governor's Transportation Advisory Council. This Council would report directly to the Governor and would be charged with evaluating major transportation problems and developing a comprehen-

sive coordinated plan for dealing with our rail, air and highway needs. The council would be composed of representatives from the transportation industry, the users, the general public and the Legislature. It would be required to make recommendations to me by September 1, 1982, for submission to the 1983 Legislature.

2. Implement a maintenance management and project planning system in the Department of Highways to increase the efficiency of tax dollars spent on highways. The Department would work with the Legislature to develop systems we can begin to implement before 1983. I am also insisting that the Department of Highways improve personnel and program management.
3. Urge the Reagan administration to relax the federal regulatory stranglehold on state highway operations. This process has already begun. On February 18, I sent a letter to U.S. Transportation Secretary Drew Lewis asking him to reconsider a Federal Highway Administration recommendation to withhold federal funds if Montana does not change its practice of issuing permits for oversize truck loads. We must pursue our attempts to reduce federal red tape at both the state and regional levels. Transportation concerns are, after all, a regional problem for all Westerners.

In the interest of better transportation for Montana, I am urging the Legislature to consider the following recommendations:

1. Create a Division of Transportation within the proposed Department of Commerce. Non-highway transportation functions now performed by the Department of Agriculture, the Department of Highways and the Department of Community Affairs would be consolidated in the Department of Commerce. Montana's transportation system is composed of

several interrelated parts; consolidation will enable orderly planning and provide a focal point for responsibility and accountability. I am requesting that the Legislature appropriate an additional \$300,000 a year to the Division of Transportation to enable Montana to hold its own in rail planning, abandonment and rate litigation.

2. Examine closely legislative options to advance rail banking of abandoned lines in Montana. Legislation is currently in draft stage to authorize and appropriate a Montana rail banking authority.
3. Fund the Highway Patrol and Travel Promotion Bureau from the general fund instead of from fuel taxes collected by the Department of Highways. It is imperative that we eliminate the drain on highway revenue. It is still possible through the appropriations process, to free up this \$23 million per biennium for highway construction and maintenance.
4. Adequately fund the Montana Travel Promotion Bureau to create a positive business climate for major and commuter air carriers. Tourism currently provides the margin of passengers that makes airline service to and from Montana profitable. We must not back down on our commitment to promote one of Montana's major industries.
5. Authorize a major state highway construction and reconstruction program over the next decade.

Montana's highway system will not be upgraded by talking about it.

Promises, pledges, plans and proposals do not build highways. Money builds highways. We must make an unprecedented commitment to our highway construction and reconstruction programs.

Recognizing that highways historically have been funded by user fees, we initially considered two major funding alternatives:

- A. A half-billion dollar bonding program backed by increased fuel taxes of about 10 cents.
- B. An increase in fuel taxes subject to public approval through referendum.

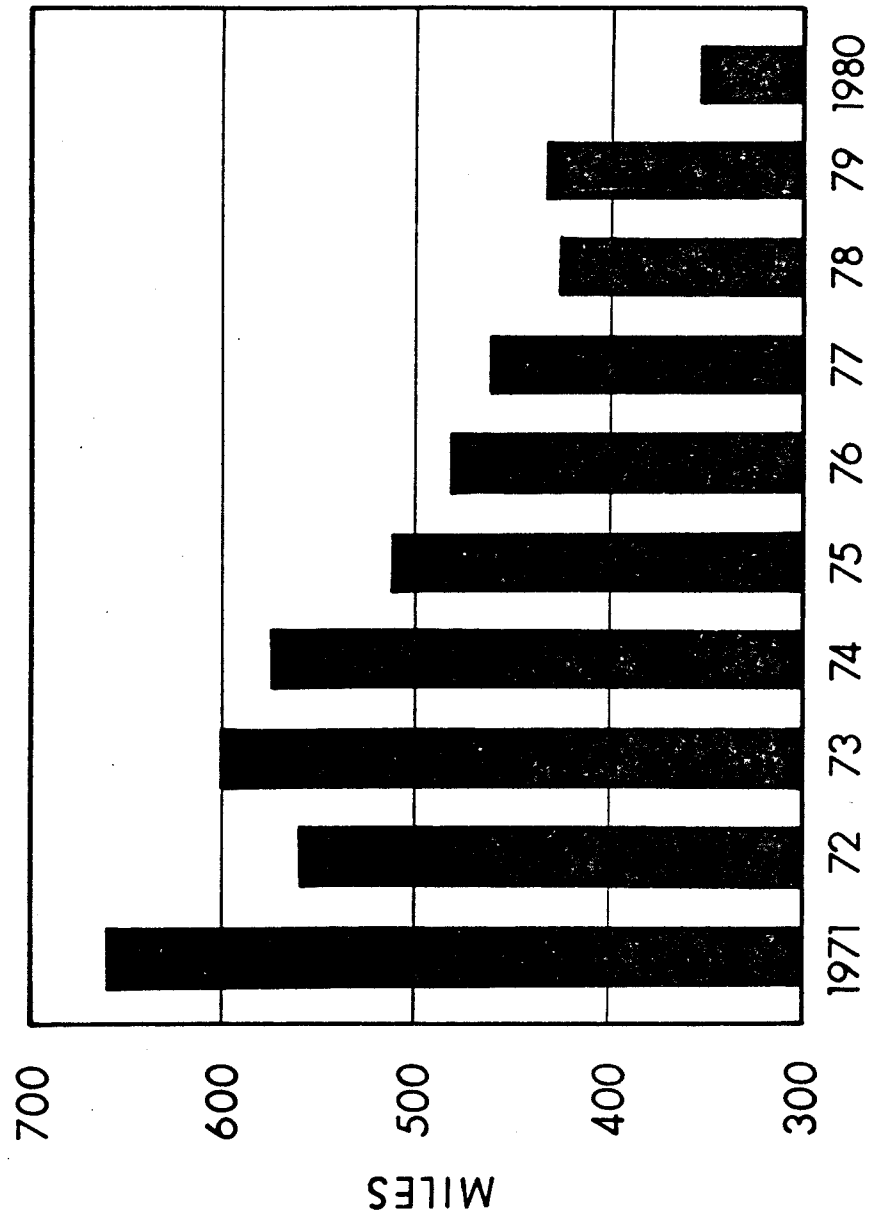
But complex problems demand innovative solutions. So we rejected the traditional approaches in favor of an approach that begins to address the magnitude of the problem.

I, therefore, recommend the dedication of 90 percent of the interest from the coal severance tax trust fund for reconstruction of the primary, secondary and urban highway systems for a ten-year period after the upcoming biennium. In the 1982-83 biennium, \$30 million would be appropriated for these programs with \$4 million of that going to local governments for highway purposes. Over the following ten-year period, more than \$600 million in total would be made available for highways.

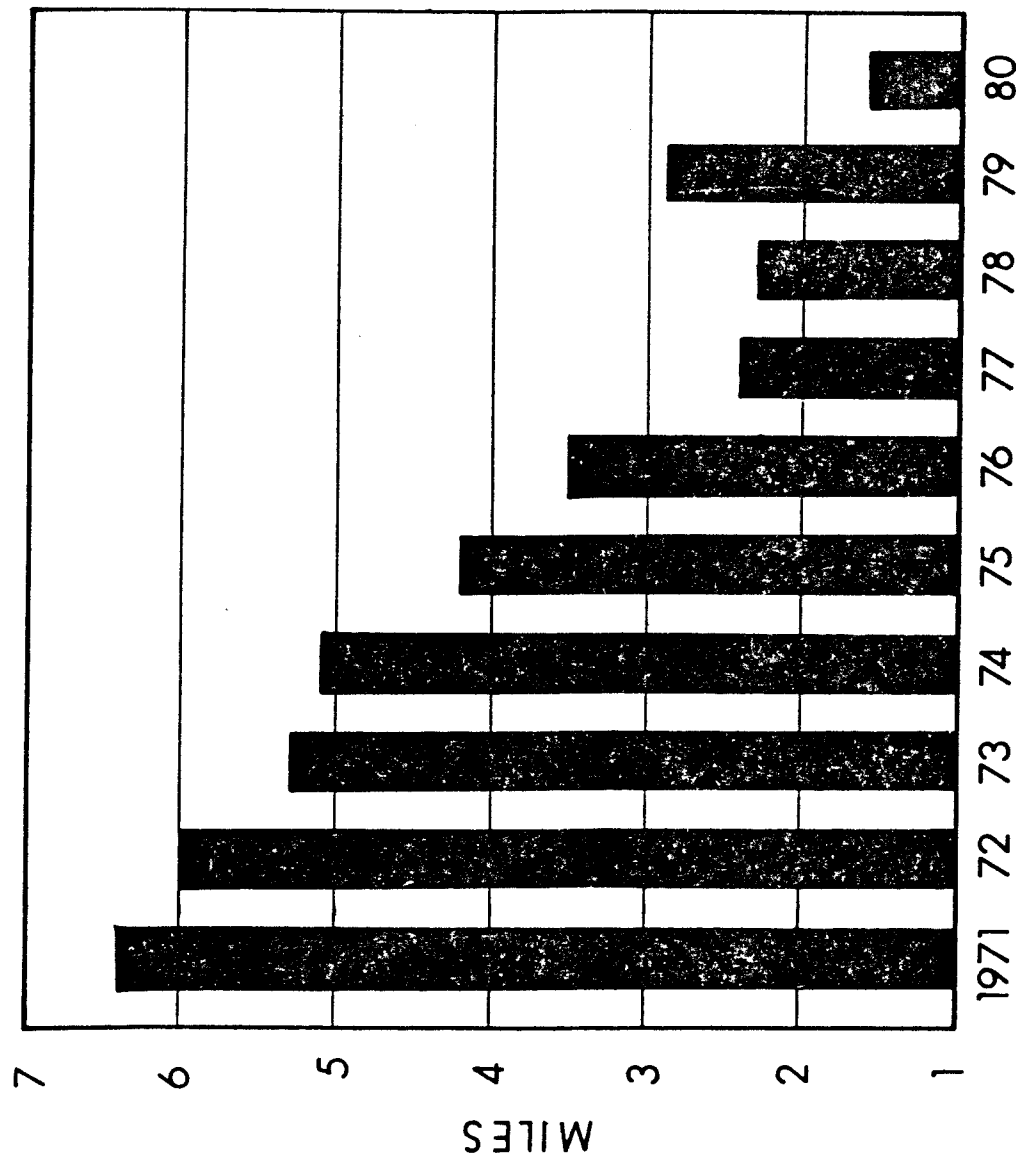
Utilization of the coal severance tax avoids increasing taxes on already skyrocketing fuel costs. It is consistent with the severance tax concept of using revenues to protect the long-run economic security of the state. And it removes the temptation to use severance tax interest for funding routine state government services or for short-term tax relief, while ensuring that our highway transportation needs will be addressed. In addition, it limits the number of programs that could be impacted by court or Congressional action that would significantly alter the severance tax and the constitutional trust, which is the source of the interest earnings.

I look forward to your prompt action on the specific proposals. What I have attempted to put forth in this message are some important first steps for coming to grips with transportation issues --- issues of critical importance to Montana's economy and people.

There may be better ideas, and I would welcome them. But the important thing now is the realization that we are faced with very real and difficult transportation problems. There are no quick fixes. We must roll up our sleeves and solve these problems because the future health and well-being of Montana's economy is at stake.



**MILES OF MAINTENANCE
PER ONE MILLION DOLLARS
ALL SYSTEMS**



**MILES OF CONSTRUCTION
PER ONE MILLION DOLLARS
PRIMARY**

CHART C

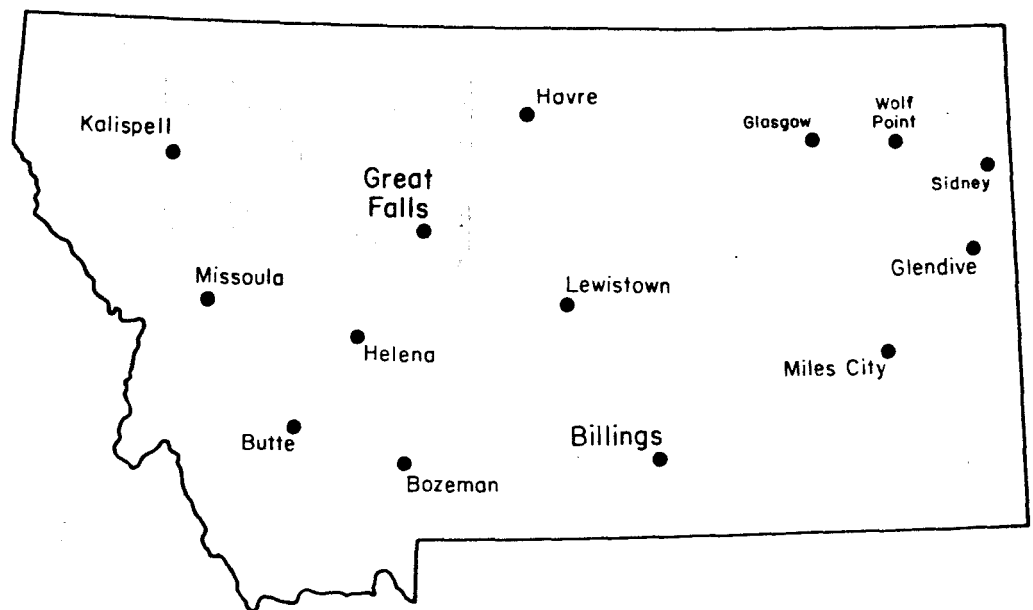
RAIL SERVICES AND COSTS



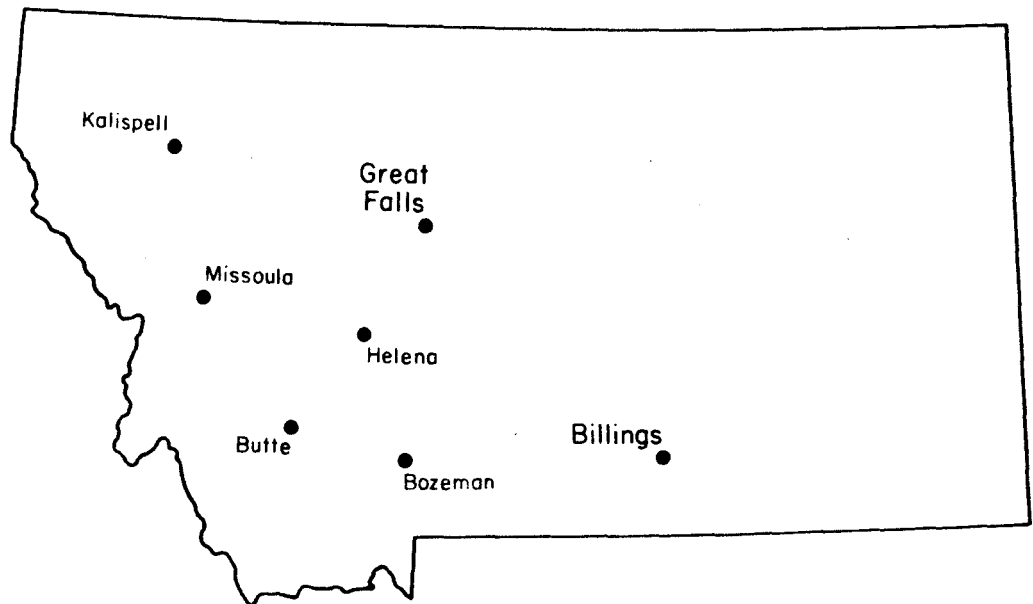
MAJOR AIR CARRIER SERVICE
TO MONTANA COMMUNITIES BY YEARS

CHART D

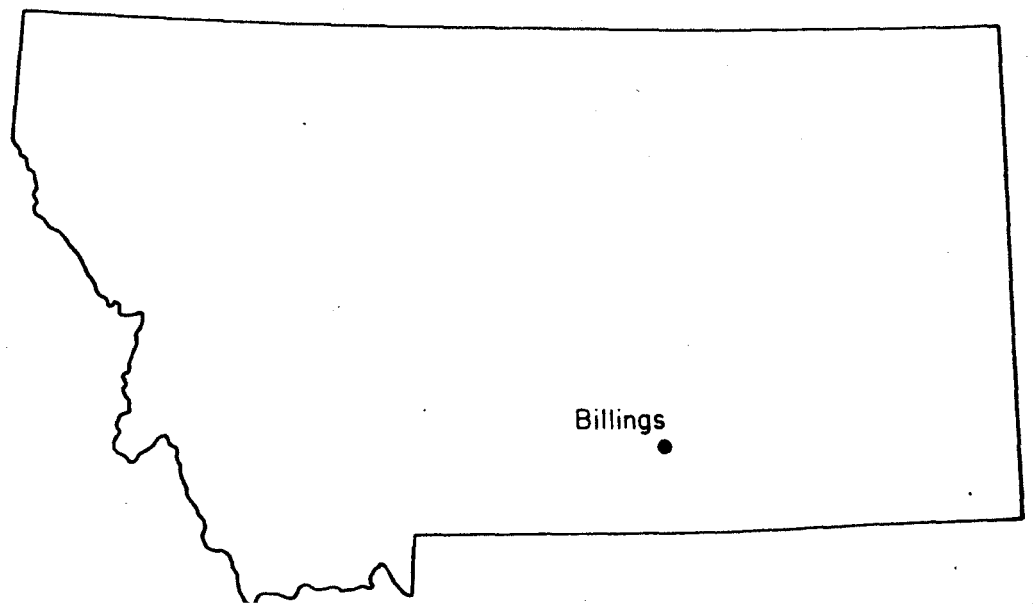
1975



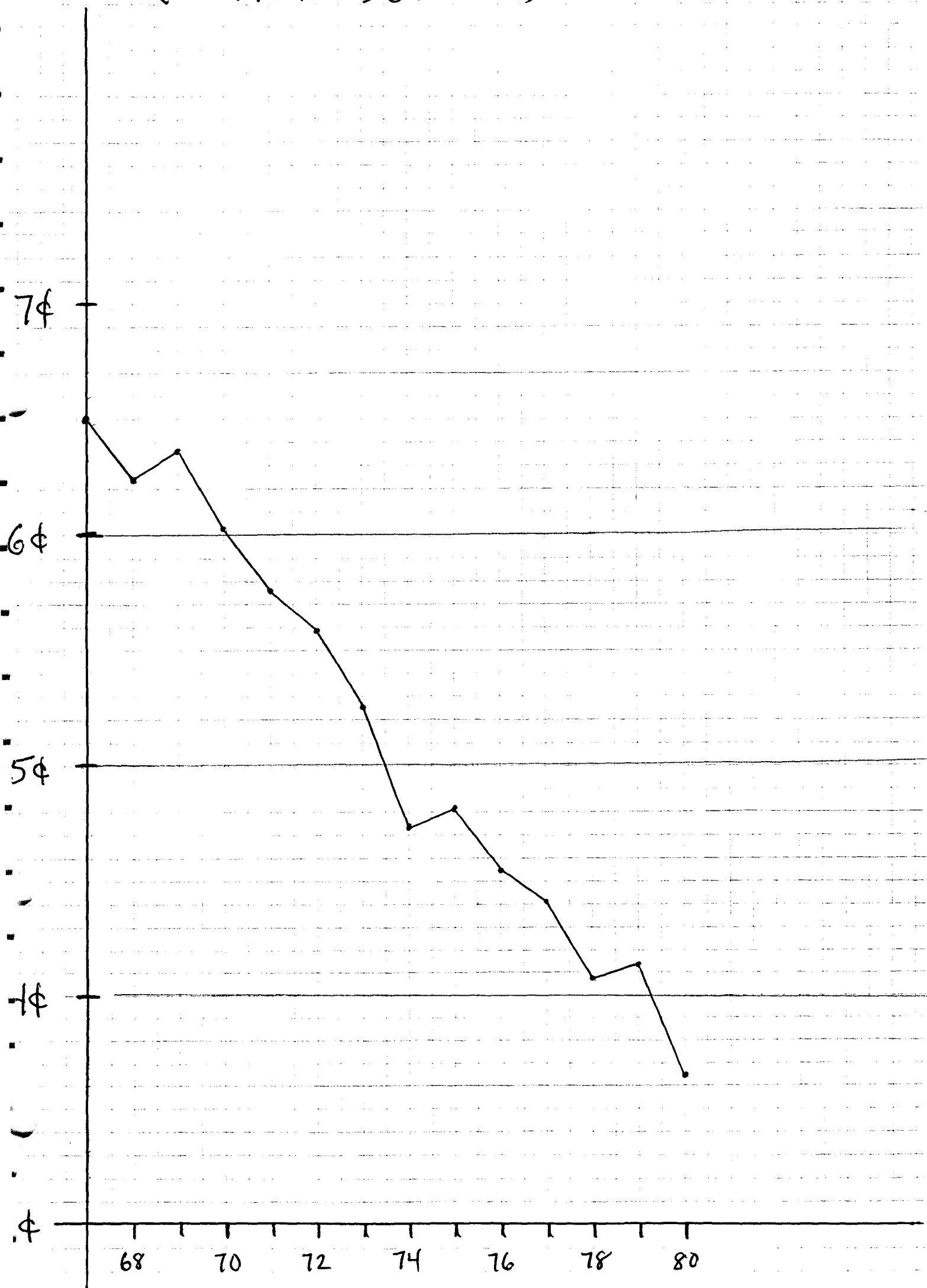
1980



1990
?



Montana Gasoline Tax (in 1967 Dollars)



NAME Keith Anderson BILL No. HB 499
ADDRESS Hilena DATE _____
WHOM DO YOU REPRESENT Montana Taxpayers Association
SUPPORT _____ OPPOSE XX AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

It is essential to the economic health of Montana that we have a long range building and maintenance plan for our highway system. As of this date such a plan has not been satisfactorily documented along with estimated costs. We are in opposition to any increase in motor fuel taxes until the actual needs of the state are set forth.

We oppose this legislation for another reason. As of this date it is evidently contemplated that the Montana Highway Patrol under the Department of Justice be funded in the amount of approximately \$22 million from motor fuel taxes next biennium. In our opinion this is a state general fund obligation and we are opposed to any motor fuel tax increases that will essentially assist in funding general fund obligations.

Until there is a plan for highway maintenance and development and until all highway revenues are dedicated to the construction and maintenance of highways we will remain in opposition to a motor fuel tax increase.

VISITORS' REGISTER

HOUSE

Taxation

COMMITTEE

PULL 55 284

Date 10 Mar. '31

SPONSOR Sen. Stinebaugh

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUSE BILL 305, introduced (white), be amended as follows:

1. Title, line 5.

Following: "USE"

Insert: "A SEMIANNUAL"

Following: "VALUE"

Strike: "AS OF JANUARY 1 OF THE ASSESSMENT YEAR"

2. Page 1, line 20.

Following: "using"

Insert: "the"

Following: "value"

Strike: "as of January 1 of the year of assessment"

Insert: "of the vehicle as contained in the most recent, comprehensive,
semiannual volume of the Mountain States Edition of the National
Automobile Dealers Association Official Used Car Guide"

3. Page 2, line 21.

Following: "(1)"

Strike: "A"

Insert: "Except as provided in subsection (3), a"

4. Page 3, line 17.

Following: "using"

Insert: "the"

Following: "value"

Strike: "as of January 1 of the year of assessment"

Insert: "of the vehicle as contained in the most recent, comprehensive,
semiannual volume of the Mountain States Edition of the National
Automobile Dealers Association Official Used Car Guide"

5. Page 3, line 23.

Following: "1,"

Strike: "1982"

Insert: "1981"

AND AS AMENDED DO PASS

STANDING COMMITTEE REPORT

March 27,

1981

MR. SPEAKER

TAXATION

We, your committee on

having had under consideration HOUSE Bill No. 499

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE GASOLINE LICENSE TAX, THE TAX ON DIESEL FUEL AND VOLATILE LIQUIDS, AND THE TAX ON SPECIAL FUELS BY 3 CENTS AND TO REPEAL THE TEMPORARY ADDITIONAL TAX OF 1 CENT; AMENDING SECTIONS 15-70-204 AND 15-70-321, MCA; AND REPEALING CHAPTER 632, LAWS OF 1979."

Respectfully report as follows: That HOUSE Bill No. 499

DO PASS

STANDING COMMITTEE REPORT

March 12, 1961

MR. SPEAKER

TAXATION

We, your committee on

having had under consideration SENATE Bill No. 284

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY WHEN A VOTE OF ELECTORS IS REQUIRED TO INCUR AN INDEBTEDNESS ON BEHALF OF A LOCAL GOVERNMENT FOR AIRPORT PURPOSES; AMENDING SECTION 67-10-402, MCA."

Respectfully report as follows: That..... SENATE Bill No. 284

BE CONCURRED IN

DO PASS