

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981
SPECIAL SESSION

Date Nov. 19, 1981

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

MINUTES OF THE MEETING
SENATE TAXATION COMMITTEE
SPECIAL SESSION
47TH LEGISLATIVE SESSION

The first meeting of the Senate Taxation Committee for Special Session 1981 was called to order at 2:00 p.m., Nov. 19, 1981, in Room 415 of the State Capitol Building by Senator Pat M. Goodover, Chairman.

All members of the committee were present.

Senator Chet Blaylock, District 35, primary sponsor of the bill, said \$23 million federal dollars have been withdrawn from Montana's Highway program with 474 miles of primary roads in critical condition. A severe winter could affect the roads, in their present condition, in a most adverse way. He felt if action weren't taken at this time the problem would be even more serious in 1 1/2 years. New taxes estimated for an average Montana driver, driving from 15,000 to 20,000 miles per year, would be \$37.50 a year. While the proposed tax would be the highest in the nation, Montana also has the greatest stretch of miles to maintain of any state in the union. Highway earmarked revenue funds cannot sustain the basic highway services now provided. Sen. Blaylock said the complaint about the Highway Department being inefficient could not sustain itself. He called on Gary Wicks, Director of Highways, to address the committee.

Wicks said the bill would increase the tax on gasoline from 9 cents to 14 cents and on diesel fuel from 11 cents to 17 cents. One cent of the 9-cent existing tax is scheduled to be removed; this bill asks that the one cent remain permanent. The tax would raise the reconstruction fund account and do it outside of the financial district law. All money is to be used for construction. Federal money has always been used for interstate construction, but Mr. Wicks said the Department would have to re-prioritize. Wicks accompanied his presentation with various charts, tables and graphs showing the projected necessary road work. The goals will be to shift emphasis from the interstate and deal with critical problems on secondary and primary roads, and on maintenance rather than new construction. The Department is going on a partial-funding spending plan. One of the problems under partial funding is that the Highway Department has to begin to change their programs now in anticipation of the revenues they will have in 1984. The Governor's tax increase proposal would allow them to avoid the reductions in programs they would face in the next two years. The proposed increase would raise \$26 million a year. The advantage of a gas tax is that there would be a certain source of revenue to count on.

Proponents for the bill: Bill Olson, Montana Contractor's Association; Ben Havdahl, Montana Motor Carrier's Association;

Larry Tobiason, Executive vice-president, Montana Automobile Association; Dan Mizner, Director of Montana League of Cities and Towns; Mons Tiegen, Montana Stockgrower's Association; Don Judge, AFL-CIO, and Jan Dolan, Director of Administrative Services, City of Great Falls.

Opponents of the bill: Senator Elmer Severson, as a member of the Montana Cattleman's Association.

Questions from the Committee:

CRIPPEN: A suggestion has been made that the bill be amended to add money to provide funds for cities or counties.

WICKS: Any money available will be used to keep the highway operating. If cities, towns, and counties can convince the Legislature their needs are great, they should talk to them.

ELLIOTT: On page 2, section 3, Para. II, lines 16-19, is this in essence eliminating the financial district law?

WICKS: Absolutely no. The other section allows us to step outside financial district law to help deal with the highway problems. Instead of spreading it out on 12 different projects, we would be able to spend the money if it were in the reconstruction trust account.

ELLIOTT: What funds will go to the financial districts?

WICKS: The same funds as now, federal funds and state match.

ELLIOTT: How would you decide which road project you would do?

WICKS: The financial district law formula distributes all available money in accordance with the sufficiency rating of primary highways, and the department ranks them within each financial base.

ELLIOTT: What kind of assurance do some of the more sparsely populated areas in the state have? I don't feel that sure about your being objective.

WICKS: The system is based on need, and need will be the primary basis for distribution of these funds.

MANLEY: Have any other approaches, except gas tax, been looked at for funding the highway system?

HEALY: There is a transportation committee meeting at 7:00 p.m. tonight to consider that.

ELLIOTT: I have learned that the Dept. of Transportation is putting finishing touches on a highway allocation cost study. Preliminary results indicate the administration will request an increase in taxes with more taxes being paid by truckers and on diesel fuel. The truckers are not sharing in their full cost under this study.

S. BROWN: Has anyone looked to see if claims against the state have increased in the last 3 years and to see if any conclusions can be drawn? Sen. Brown asked Cort Harrington to get in touch with Mike Brown to see if anything had been done along this line.

GOODOVER: The bill doesn't address propane. There are whole fleets converting to propane; they're being told they can make up the cost of installation in one year. Is there a source of revenue there?

BLAYLOCK: That is a good point. There is also the problem of more and more diesel cars appearing. I am not against including those in the bill.

GOODOVER: More and more people are going to smaller cars which have less consumption and pay less tax. People will be more selective in their travels; this also will create a diminishing rate.

WICKS: That is the experience throughout the United States. Overall revenues from gas taxes have decreased. The trend is there, but it just means we will get less money than we got before.

GOODOVER: Prior to the special session, I sent out a questionnaire to 1,300 homes in my district. Their answer to the proposed gas tax increase was 73 no and 23 yes; in using the coal tax trust it was 57 no, 43 yes. I was a proponent last session for using coal tax funds for highways. There are less people opposed to using the coal tax trust than a gas tax. In Great Falls, because of tax delinquencies, the school district has a \$1 million short flow of cash, so they added 26 mills to the tax levies.

McCALLUM: This bill doesn't speak to work on the county roads.

MIZNER: We recognize the need for highways. I would add an amendment to the bill that some portion of that go to local governments.

McCALLUM: You are recommending that the cities or counties get the penny that is due to be sunsetted?

MIZNER: Yes.

McCALLUM: \$68 or \$71 million is going to be the allocation for the State of Montana. How much in state money is available right now?

WICKS: \$22 million.

McCALLUM: But aren't you still receiving the 9 cents gas tax?

WICKS: Yes.

McCALLUM: Of this \$68 million, how much for interstate?

WICKS: Federal stipulates so much for interstate, primary, 3-R, etc.

McCALLUM: You are in no danger of not being able to match the federal dollars?

WICKS: In this biennium we will have the opportunity to match.

McCALLUM: Will you go out on your own and take construction funds to build roads financing it entirely with state money?

WICKS: Yes, we have saved money on the 10th Ave. South project, on a project in Missoula, and anticipate other savings in the spring. The intention is to use the money saved in the maintenance department and the FTE's.

ELLIOTT: Does your department have any idea of what might be released in the way of federal funds in 1983?

WICKS: The bill coming out of the Senate is a 5-year authorization bill. Our figures are built into the figures I have shown you today.

HEALY: I am vice-chairman of the subcommittee investigating the highway department. The Audit committee was asked by the session to conduct a performance audit, and the Finance committee is also to perform an inspection of the highway committee.

Senator Blaylock closed saying that there is no more "cheap" energy. If this special session doesn't get anything significant done on our highways we won't be able to meet the problems until 1985. Maybe the truckers don't pay the full amount. But if we insist on that, the truckers will have to increase their freight rates to meet these costs.

Executive Session:

Senator Severson moved that Senate Bill 7 DO NOT PASS.

Sen. Towe made a substitute motion amending the bill so that the highway reconstruction program would receive a two-cent increase in gas tax and a five-cent increase in diesel fuel and the cities and counties would receive one cent from both gas and diesel tax.

A roll call vote on Sen. Towe's substitute motion failed 4 to 10.

A short recess was declared by the Chairman while members of the committee went to the Senate floor in order to form a quorum.

The meeting was called to order after the recess. Senator Steve Brown made a motion asking for a 3.5 cent increase from gasoline and 4.5 cents from the special fuel tax for a reconstruction program and for an increase of 1.5 cents in both gas and special fuels to be distributed to cities and counties, the tax to terminate after 1983.

A roll call vote showed a 7-7 vote, the motion failed.

A motion was made that Senate Bill 7 be given a DO PASS. The roll call vote was 7-7, the motion failed.

The meeting was adjourned at 4:30 p.m.


Sen. Pat M. Goodover, Chairman

SENATE COMMITTEE TAXATION

47th LEGISLATIVE SESSION -- SPECIAL SESSION

Date Nov. 19, 1981 SENATE Bill No. 7 Time 3:05 p.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN		✓
SEN. STEVE BROWN		✓
SEN. CRIPPEN	✓	
SEN. ECK		✓
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY		✓
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

7 - 10

Betty Dean
Secretary
Motion: _____

Pat M. Goodover
Chairman
Motion: _____

Senator Jome's substitute motion

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE

TAXATION

Date Nov. 19, 1981 Senate Bill No. 7 Time 4:28 p.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN		✓
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

7-7

Betty Dean
Secretary
Motion: Steve Brown's substitute motion.

Pat M. Goodover
Chairman

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date Nov. 19, 1981 Senate Bill No. 7 Time 4:37 p.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	XXXX	✓
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER		✓
SEN. SEVERSON		✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

7-7

Betty Dean
Secretary

Pat M. Goodover
Chairman

Motion: DO PASS.

(include enough information on motion—put with yellow copy of committee report.)

THE MONTANA STATE AFL-CIO SUPPORTS THE ADMINISTRATION'S CALL FOR
A GAS TAX ^{HIKE} TO FINANCE OUR HIGHWAY SYSTEM.

WE ARE RELUCTANT TO SUPPORT THIS MEASURE, AND WE ARE ANGRY THAT
PRESIDENT REAGAN AND THE CONGRESS HAS MADE THIS BILL NECESSARY.

THE REAGAN CUTS HAVE BEEN A MEAT-AXE APPROACH, CHOPPING ALL THOSE
WHO ARE NOT MALE, WHITE, WEALTHY AND OWNERS OF LARGE BUSINESSES. WE
ARE ANGRY THAT MONTANA IS FORCED INTO THE POSITION OF HAVING TO BAIL OUT
THE INCREDIBLE FAILURES OF THE REAGAN ADMINISTRATION.

SINCE RONALD REAGAN TOOK OFFICE, 1.1 MILLION WORKERS HAVE LOST
THEIR JOBS. SINCE HIS ECONOMIC PROGRAM TOOK EFFECT COMPLETELY,
AND DURING THE MONTH OF OCTOBER, OVER 550,000 WORKERS LOST THEIR JOBS!
THAT REPRESENTS 1 WORKER LOSING A JOB APPROXIMATELY EVERY 4.8 SECONDS!

REAGAN HAS SUPPORTED A POLICY OF HIGH INTEREST RATES TO BRING

DOWN INFLATION. THAT HAS LED TO A DELIBERATE RECESSION, AND AS A
RESULT, THE CONSTRUCTION INDUSTRY IS EXPERIENCING DEPRESSION LEVELS OF
UNEMPLOYMENT ----- 18% NATIONWIDE AND OVER 50% IN SOME CRAFTS IN

SOME AREAS OF MONTANA. SMALL BUSINESSES ARE GOING BANKRUPT

BECAUSE OF THE INTEREST RATES. FAMILY FARMS ARE BEING FORCED TO SHUT
DOWN OR SELL OUT.

IN ORDER TO FINANCE THE MASSIVE TAX CUTS TO THE WEALTHY AND
INCREASES IN MILITARY SPENDING, CUTS HAVE BEEN MADE WHICH ARE DETRIMENTAL
TO FARMERS, WORKERS, THE UNEMPLOYED, WOMEN, MINORITIES, VETERANS AND
PEOPLE WITH HANDICAPPING CONDITIONS.

HIGHWAYS ARE ONE OF THE VICTIMS. ACCORDING TO THE HIGHWAY
DEPARTMENT, MONTANA IS LOSING \$29 MILLION, DEPENDING ON CONGRESS'
ACTIONS. MONTANA FACES A 30% REDUCTION OF FEDERAL FUNDS IN ONE
YEAR.

IN A STATE THIS LARGE, HIGHWAYS ARE OUR VITAL BLOODLINES.

FARMERS DEPEND ON THEM INCREASINGLY, AS THE RAILROADS ARE CLOSED DOWN.

MERCHANTS ARE DEPENDENT ON THEM FOR SUPPLIES. WORKING PEOPLE NOT ONLY

ARE DEPENDENT ON HIGHWAYS TO KEEP ALIVE THE BUSINESSES THEY WORK FOR,

BUT MANY WORKERS USE THEM. CONSTRUCTION WORKERS ESPECIALLY DRIVE LONG

DISTANCES TO WORK, AND NEED GOOD, MAINTAINED, PLOWED HIGHWAYS.

THE CONSTRUCTION INDUSTRY NEEDS THE JOBS ALSO. REAGANOMICS,

WHICH HAS PROVED TO BE SO DISASTROUS TO OUR WHOLE ECONOMY, HAS HAD THE

WORST EFFECT IN MONTANA ON CONSTRUCTION AND TIMBER. THE GAS TAX, ^{HEKE}

AS DISTASTEFUL AS IT IS TO THE WORKERS WHO DEPEND ON THEIR CARS FOR THEIR

LIVING, WILL PROVIDE JOBS IN THE CONSTRUCTION INDUSTRY. BUT EVEN

MORE IMPORTANTLY, IT WILL HELP KEEP OPEN MONTANA'S LIFELINES SO THAT THE

REST OF THE ECONOMY WILL NOT BE EVEN HARDER HIT THAN IT ALREADY HAS BEEN.

WE SUPPORT THE GAS TAX AS A NECESSARY MEASURE, BECAUSE THE

PRESIDENT'S POLICIES HAVE GIVEN US NO CHOICE.

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date Nov 23, 1981

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.