

MINUTES OF THE MEETING OF THE HOUSE HIGHWAYS AND
TRANSPORTATION COMMITTEE, JANUARY 20, 1983

The meeting was called to order by Chairman Abrams on Thursday, January 20, 1983 at 12:30pm, in Room 129, State Capitol. All members were present except Rep. Hemstad, who was absent.

HEARINGS

HOUSE BILL 17. REP. STEVE WALDRON, District 97, Missoula, testified as chief sponsor of the bill and told committee members there is a problem with diesel automobile owners using farm fuel, for which no tax is paid. He advised natural gas and propane users pay no user tax and said an annual fee of \$60 would be assessed in lieu of the tax for which a decal would be issued by the County Treasurer for vehicles under 10,000 GVW, adding there is a problem with liquid propane dealers the way the bill is written, for which a separate liquified propane decal would be proposed. Rep. Waldron said a temporary permit would be required of interstate travellers, which would be dispensed by liquified propane dealers.

PROPONENTS

MR. JOHN BRAUNBECK, Montana Intermountain Marketing and Liquid Propane Gas Association, commended the Interim Study Committee on its time spent in creating House Bill 17. He advised committee members an amendment is needed for decals for special fuels and vehicles under 10,000 GVW (exhibit).

MR. GARY WICKS, Director, Department of Highways, said the Department recommends collection of the diesel tax at the pump and no use of decals, adding he would not comment on the diesel fuel tax until revenues were reviewed.

SEN. ROGER ELLIOTT, District 8, Flathead County, said the \$60 fee set by the Interim Study Committee, resulted from dividing the fuel tax by the number of gallons, which was multiplied by miles per gallon, providing an example of 9 cents divided by 73 gallons, which equals 657 and is multiplied by 16 miles per gallon, equalling 10,512 miles per year.

OPPONENTS

There were no opponents of the bill.

IN CLOSING, Rep. Waldron told committee members, page 8, lines 16 and 19, should be amended, as they are incorrect.

QUESTIONS

REP. LYBECK asked Rep. Waldron if Montana would be missing out on revenue from owners of diesel vehicles who drive many more miles than the estimated 10,000 to 13,000 miles, adding he thought the bill would not be fair as it is presently written.

REP. LYBECK asked if diesel fuel could be operated under the same principal in which gasoline is accounted for on farms. Mr. Norris Nichols, Motor Division, Department of Revenue, said gasoline is taxable in Montana with a refund provision, while diesel fuel is user taxed for highways, based on the number of miles used and miles per gallon. He told the committee 289 million gallons of diesel fuel were sold in calendar year 1981, but taxes were only collected on 107 million gallons during that time period, adding Montana farmers would not benefit by an elaborate refund system.

REP. SHONTZ told committee members propane is sold as gasoline, on a cents per gallon basis, and asked why diesel could not be taxed similarly.

MR. KEN KIKU, Montana-Wyoming Liquid Propane Gas Association, said the permit system suggested for liquid propane gas is not an appropriate solution as the gas is taxed on BTU (British Thermal Unit) content. Rep. Waldron said the majority of liquid propane gas dispensed does not go into vehicles and is therefore, difficult to tax, suggesting Rep. Shontz come up with a tax for the gas.

REP. HARP asked for a breakdown on liquid propane gas. Mr. Kiku said a minimal amount is used by vehicles and the majority, for cooking and heating.

REP. HARP said he realized the bill is not a high revenue package, but an attempt to be fair in taxing liquid propane gas and special fuels.

REP. LYBECK asked if there were a difference in mileage between propane and other fuels. Mr. Kiku said approximately 10% less propane would be used by the same vehicle because of the BTU's, adding dealers are presently recording the 4% tax on liquid propane gas sold only for vehicle use.

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REP. KEYSER asked if an amendment could be added to the bill prior to executive session. Chairman Abrams replied it was possible to do so.

REP. SOLBERG asked who sold compressed natural gas to vehicle owners. Rep. Waldron explained Montana Power had converted some of its vehicles for compressed natural gas use, adding the conversion process is expensive but the gas is relatively inexpensive.

REP. SHONTZ told the Committee there are four gasoline processing plants near Sidney, some of which sell retail compressed natural gas to vehicles.

REP. KOEHNKE asked why it would be a problem to keep a State tax record when federal tax records are already required.

MR. BRAUNBECK commented the decal program would amend the statute to include alternative fuels in addition to special fuels.

REP. SHONTZ said he thought proposed legislation would result in overregulation and dealers ought to be on their honor in keeping records of the tax.

OPPONENTS

MR. JIM ZIEGENHAGEL, Great Falls Gas, told the Committee his company has been interested in stimulating sales of compressed natural gas (exhibit), and said there are approximately 30,000 vehicles in the U.S. presently operating on CNG, while Italy alone, has approximately 300,000 vehicles using the fuel. Mr. Ziegenhagel said Canada is providing a tax incentive for vehicles using CNG, adding it would be made available in Montana for as little as 62 cents per gallon, considering the volume of natural gas available in the State. He explained vehicle maintenance would decrease with CNG use and mileage would be equivalent to that of gasoline.

QUESTIONS

REP. SOLBERG asked if there were serial numbers on converted vehicles. Mr. Ziegenhagel replied there were none.

REP. KEYSER asked what the price of CNG is per cubic foot. Mr. Ziegenhagel replied it is presently \$5.1773 per 1,000 cubic feet, in the Great Falls area.

The hearing was closed on House Bill 17.

HOUSE BILL 198. REP. JOHN HARP, District 19, Kalispell, testified as chief sponsor of the bill, which was drafted at the request of the Department of Highways and suggested by the Legislative Auditor. He said the bill would empower the Department to set fees for the issuance of permits for the use or occupancy of State highway right of way. Rep. Harp told committee members the bill would recover costs for the Department and allow right of way to stand on its own.

PROPONENTS

MR. JIM BECK, Department of Highways, said the bill was also recommended by the Governor's Council with reference to administration, support, inspections and enforcement of the program, not currently covered by statute. He explained the Council recommended fees be raised for this purpose, adding an approach to a residence would cost less than an approach to a shopping center if fees were adjusted appropriately. He said the bill would not set fees, which would be accomplished by rule-making authority.

OPPONENTS

There were no opponents of the bill.

QUESTIONS

REP. KEYSER asked Mr. Beck how current charges had been established. Mr. Beck replied there are no charges at this time.

REP. SHONTZ asked if easements would be included. Mr. Beck replied they would be, adding an approach built as part of construction, would not be an additional cost on the right of way issue.

REP. SHONTZ commented, in essence, the bill would constitute grandfathering those permits already in place.

REP. LYBECK asked for what period of time a permit was issued. Mr. Beck said they were issued for indefinite periods, adding the governmental entity responsible for maintenance also has the power to grant encroachment authority. He told committee members the property is considered to be condemned when an individual is denied access to it, adding a permit would cost \$60 and \$25 for renewal and said \$4,500 had been recovered from 316 permits already issued.

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REP. HAMMOND explained the overall cost of permits issued is \$26,000 with an approximate loss of \$22,000.

REP. UNDERDAL asked how the Department would be controlled to prevent exorbitant charges. Rep. Harp responded, telling him it would be a mistake to set fees and not allow the Department flexibility.

MR. GREG PETESCH, Legislative Council Attorney, asked Mr. Beck if permits were issued under the authorization of controlled access. Mr. Beck replied they are issued by ownership of the right of way. Rep. Harp commented the bill would allow the Department to recover costs of issuing the permits.

REP. UNDERDAL asked how often a permit would be renewed. Mr. Beck replied if the land were sold the permit would have to be transferred.

CHAIRMAN ABRAMS advised committee members further discussion of House Bills 7 and 9 would take place when requested information had been received.

REP. HARP told the Committee House Bill 7 would have no effect on critical miles, which are addresssed in House Bill 9.

The meeting was adjourned at 2:05pm.


REP. HUBERT ABRAMS, CHAIRMAN

Joann T. Gibson, Secretary



HOUSE Highways

BILL HB 17

DATE 1-20-83

SPONSOR Elliott

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE Highways COMMITTEE
BILL HB 198 DATE 1-20-83
SPONSOR Harp

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name JAMES F. ZIEGENHAGEL Committee On HIGHWAYS
Address GREAT FALLS, MT Date 1/20/83
Representing GREAT FALLS GAS CO Support _____
Bill No. 17 Oppose ✓
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name John Baumbeck Committee On Highways
Address 1217 Wilder Date 1-20-83
Representing Mont TOMA & Mont LP Gas Support X
Bill No. HB-17 Oppose _____
Amend AS amended

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Addressing Alternate Fuels & Diesel
Permitting in separate categories
2. Simply amending existing law in
each category.
3. Creating a local program for
each category
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

1-20-83
EX

TO: Joint Sub-committee on Highways
SUBJECT: House Bill #17

Page 1.

Our concerns regarding this proposed legislation revolve around the decal, or permits, verses the 14.5¢/gallon tax.

First, the method of determining an equivalent gallon of CNG would not be taxed at "100 cu ft = 1 gallon". Even at sea level this would be inequitable. Gasoline contains about 120,000 BTU's/gallon and at sea level 100 cu ft of natural gas would only contain 100,000 BTU's. So, you can see that at sea level it would take 120 cu ft to equal 1 gallon of gasoline.

In Montana, we are certainly above sea level and have a much lower atmospheric pressure; the higher you go the less BTU output you'll get from a cubic foot of natural gas, due to the decrease in pressure. If you are going to tax natural gas, then it should be on the BTU content at that delivery point. For example: the equivalent BTU content at Great Falls would be about 135 cu ft to 1 gallon of gasoline.

Another point I would like to bring out here is the administration of the tax. Metering devices are very expensive since it is difficult to measure CNG at 3,600 P.S.I. It is not as simple as a gasoline pump.

mi Rather than consider this 14.5¢ tax on natural gas, it would be much simpler to use decals exclusively - one decal for under 8000 lbs gross and another decal for over 8000 lbs gross for any over-the-road vehicle. If the vehicle does not have a decal then no sale can be made. The exception would be out-of-state vehicles. If decals are to be used - then lower the fee to \$40.00 for vehicles under 8000 lbs. The reason for this is that CNG vehicles have a range limitation and usually have to switch to gasoline for any extended trip.

At the present time I doubt if there are over 75 CNG vehicles in the entire state of Montana, so at \$60.00 the \$4,500 is a very small revenue, and it is very doubtful that this figure will change in the future due to the cost of conversion. It would seem that Montana would want to encourage the use of alternate fuels, like CNG, with tax credits so that we won't get caught in the same position we were in a few years ago. The time will come when we will be required to find alternate fuel source and reduce our dependency on foreign oil and CNG will be one of the best alternatives. So why not start now to encourage - rather than discourage - CNG use? I don't believe CNG should even be considered in this bill, but instead adopt a new

TO: Joint Sub-committee on Highways
SUBJECT: House Bill #17

Page 2.

bill that would give a minimum tax credit of \$500.00 for each vehicle converted to CNG and perhaps a 50% tax credit for each compressor. If we don't - then what we're going to end up with would be like putting a 200 lb weight on a new colt and three years later remove this weight and expect the colt to run like a fast race horse.

I have some additional questions that I have attached, which should be considered, if you actually end-up taxing CNG.

James F. Ziegenhagel
GREAT FALLS GAS COMPANY

TO: Joint Sub-committee on Highways

January 20, 1983

SUBJECT: House Bill #17
Additional Questions

There are a number of questions that I have regarding House Bill #17.

Page 3 - starting at Line 22: As a special fuel dealer or special fuel users, Great Falls Gas Company apparently would have to post a bond. What would the cost of this bond be?

Page 4 - Line 6: If we elect not to post a bond then how much do we have to post as a deposit?

As I understand this bill, we would have to do one or the other of these even if it is only for our own use?

Page 5 - starting at Line 14: Great Falls Gas would be subject to all the requirements of a "special fuel dealer" even if we let someone use our filling facility to test-out his vehicles?

How are these regulations going to be enforced? How can you tell which portions of the gas is sold to vehicles with decals or permits and how much was sold to vehicles without the decal or sticker? Does the price on the pump include the tax and then after the sale we have to deduct the 14.5¢ if the vehicle qualifies or is the tax added on after the sale?

Page 6 - Line 1: Any government agency in the state of Montana is exempt from the need for decals or the 14.5¢ tax? But if a U.S. Government vehicle is using LPG or CNG then it must have a decal or pay the tax?

Page 6 - Line 12-18: What is the cost of a special fuel dealers license and permit?

Page 6 - Line 18: What is the cost of the permit for vehicles over 8,000 lbs. gross? What is the difference between a permit or decal?

Page 7 - starting at Line 6: A vehicle from out of state must pay the 14.5¢ tax or else must have a Montana decal?

Page 7 - Line 20: A taxi or bus from Montana or out-of-state does not have to have the decal or permit, would this also include school busses, that are privately owned, that have contracted to haul students in the state of Montana?

AMENDMENTS TO HB17

Title, line 6

Following: "fuels"

Insert: "and alternate fuels"

Following: "vehicles of"

Strike: "8,000"

Insert: "10,000"

Title, lines 8 and 9

Following: "defining", line 8

Strike: remainder of line 8 and line 9 through "special"

Insert: "Alternate"

Title, line 14

Strike: "and"

Following: "15-70-322,"

Insert: "15-71-101, and 15-71-102,"

Title, line 15

Strike: "REPEALING SECTIONS 15-71-101 THROUGH 15-71-105, MCA;"

Title, line 13

Following: "PENALTY"

Insert: "INCREASING LICENSE TAX FEES FOR ALTERNATE FUEL
VEHICLES AND PROVIDING FOR ALTERNATE FUEL TEMPORARY
TRIP PERMITS;"

Page 1, Line 20

Before: "tax"

Insert: "and alternate fuels"

Page 1, Line 22

Following: "of"

Strike: "8,000"

Insert: "10,000"

Page 1, Line 23

Following: "or"

Strike: "electricity"

Insert: "alternate fuels"

Page 1, Line 24

Following: "fuels"

Insert: "or alternate fuels"

Page 1, Line 25

Following: "issue a"

Insert: "distinctive"

Page 2, Line 3

Following: "fuels"

Insert: "or alternate fuels"

Page 2, Line 4

Following: "fuel"

Insert: "or alternate fuel"

Amendments to HB17
Page 2 of 4

Page 2, Line 7
Strike: "8,000"
Insert: "10,000"

Page 2, Line 8
Following: "fuels"
Insert: "or alternate fuels"

Page 2, Line 15
Before: "tax"
Insert: "or alternate fuels"

Page 3, Line 4
Following: "fuel"
Insert: "or alternate fuel"

Page 3, Line 6
Following: "to"
Strike: "special"
Insert: "alternate"

Page 3, Line 7
Following: "of"
Strike: "special"
Insert: "alternate"

Page 3, Line 11
Following: "displays a"
Strike: "fee-in-lieu-of-special-fuels"
Following: "decal"
Insert: "issued pursuant to subsection (1)"

Page 3, Line 14
Following: "fuel"
Insert: "or alternate fuel"

Page 3, Line 16
Following: "fuels"
Insert: "or alternate fuels"

Page 3, Following Line 21
Insert: "(1) "Alternate fuel" means liquified petroleum gas, compressed natural gas, hydrogen, and electricity when actually sold for use or used in motor vehicles propelled upon the public roads and highways or streets within the state of Montana."

Renumber: subsequent sections

Page 3, Line 23
Following: "by"
Insert: "an alternate fuel dealer or"

Amendments to HB17
Page 3 of 4

Page 4, Line 4
Following: "such"
Insert: "alternate fuel dealer or"

Page 4, Line 6
Following: "by"
Insert: "an alternate fuel dealer or"

Page 5, Line 10
Following: "except"
Strike: "including"
Insert: "except"

Page 5, Line 11
Following: "gas"
Strike: ", and compressed natural gas"

Page 6, Line 21
Before: "pounds"
Strike: "8,000"
Insert: "10,000"

Page 7, Line 10
Following: "of"
Strike: "8,000"
Insert: "10,000"

Page 7, Line 15
Following: "vehicle of"
Strike: "8,000"
Insert: "10,000"

Page 8, Line 12
Following: "fuel"
Strike: ", and"
Insert: "and"
Following: "liquids"
Strike: ","

Page 8, Line 13
Strike: "and compressed natural gas"

Page 8, Line 17
Strike: "including"

Page 8, Line 18
Before: "liquid"
Insert: "except"

Page 8, Line 19 and 20
Following: "test"
Strike: "and 14.5 cents for each 100 cubic feet of
compressed natural gas"

Amendments to HB 17

Page 4 of 4

Page 10, Lines 6 and 7

Strike: Section 6 in its entirety

Renumber: subsequent sections

Page 10, Line 10

Following: "70,"

Strike: "part 3,"

Page 10, Line 11

Following: "70,"

Strike: "part 3,"

Page 10, Following Line 5

Insert:

Section 6. Section 15-71-101, MCA, is amended to read:

"15-71-101. Tax to be collected on motor vehicles self-propelled by alternate fuel. (1) The department of highways shall, under the rules issued by the department of revenue, collect or cause to be collected from owners or operators of motor vehicles powered by any alternate fuel an annual license tax fee on each such vehicle, which license tax fee is prorated on a quarterly basis and may be paid quarterly, semiannually, or annually according to the following schedule:

(a) motor trucks and truck tractors whose licensed gross vehicle weight is over 10,000 pounds and less than 18,000 pounds, \$110;

(b) motor trucks and truck tractors whose licensed gross vehicle weight is 18,000 pounds or more and less than 48,000 pounds, \$270;

(c) motor trucks and truck tractors whose licensed gross vehicle weight is 48,000 pounds or more, \$1,330.

(2) Upon payment of the tax required by this section, the department of highways shall provide a certificate to be carried in each vehicle, which is valid for a period no less than a calendar quarter or for such further calendar period for which the tax is paid.

Section 7. Section 15-71-102, MCA, is amended to read:

"15-71-102. Temporary trip permit required. (1) Upon entering the state, a nonresident operating any motor vehicle powered by alternate fuel is required to purchase an alternate fuel temporary trip permit. The permits will be issued by special fuel dealers under rules and bonds prescribed by the department of revenue.

(2) A temporary alternate fuel permit shall cost \$20. The permit is valid for a period of time not to exceed 30 days. Special alternate fuel permits, remittance forms, and any other papers necessary for the enforcement of this chapter shall be furnished by the department of revenue.

HOUSE BILL NO. 17

INTRODUCED BY ELLIOTT, WALDRON, TVEIT,

STIMATZ, PISTORIA, LYNCH

BY REQUEST OF THE JOINT SUBCOMMITTEE ON HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A FEE IN LIEU OF SPECIAL FUELS AND ALTERNATE FUELS TAX FOR VEHICLES OF ~~8,000~~ 10,000 POUNDS OR LESS GROSS WEIGHT; PROVIDING FOR ISSUANCE OF WINDSHIELD DECALS AS EVIDENCE OF TAX EXEMPTION; DEFINING ~~LIQUID-PETROLEUM-GAS-AND-COMPRESSED-NATURAL-GAS--AS~~ SPECIAL ALTERNATE FUELS; SETTING AND INCREASING SPECIAL FUELS USE TAX RATES; PROVIDING FOR DEPOSIT OF THE FEE IN THE HIGHWAY EARMARKED SPECIAL REVENUE FUND AND PROHIBITING ITS USE TO PAY HIGHWAY PATROL SALARIES; PROVIDING FOR A PENALTY; INCREASING LICENSE TAX FEES FOR ALTERNATE FUEL VEHICLES AND PROVIDING FOR ALTERNATE FUEL TEMPORARY TRIP PERMITS; AMENDING SECTIONS 15-70-301, 15-70-302, 15-70-321, AND 15-70-322, 15-71-101, AND 15-71-102, MCA; ~~REPEALING SECTIONS 15-71-101 THROUGH 15-71-105, MCA;~~ AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Fee in lieu of special fuels AND ALTERNATE FUELS tax -- rates -- nonrefundable -- disposition -- penalty. (1) Upon registration or

1 retaining 5% for the county general fund, shall remit the
2 remainder of the collections received under this section
3 during the immediately previous calendar quarter to the
4 state treasurer for deposit to the credit of the department
5 of highways in the earmarked special revenue fund, no part
6 of which may be expended to pay salaries or other benefits
7 to members of the highway patrol.

8 (5) Any person is guilty of a misdemeanor and subject
9 to penalty as provided in 15-70-336 who:

10 (a) fails to notify the county treasurer that a
11 vehicle for which he is seeking registration is powered by a
12 special fuel OR ALTERNATE FUEL;

13 (b) fails to notify the county treasurer within 20
14 days after converting a motor vehicle to ~~special~~ ALTERNATE
15 fuel use and fails to pay the fee in lieu of ~~special~~
16 ALTERNATE fuels tax for the remainder of the period of
17 registration, computed at one-twelfth of the annual fee
18 established in subsection (2) for each full month of the
19 unexpired registration;

20 (c) displays a ~~fee-in-lieu-of-special-fuels-tax~~ decal
21 ISSUED PURSUANT TO SUBSECTION (1) on any motor vehicle other
22 than that for which the decal was issued; or

23 (d) delivers or receives any special fuel OR ALTERNATE
24 FUEL into the supply tank of a motor vehicle for which a fee
25 in lieu of special fuels OR ALTERNATE FUELS tax is required

1 federal deposit insurance corporation.

2 ~~(2)~~(3) "Department" means the department of revenue.

3 ~~(3)~~(4) "Motor vehicle" means any vehicle which is
4 self-propelled upon the highways.

5 ~~(4)~~(5) "Person" means and includes any person, firm,
6 association, joint-stock company, syndicate, partnership, or
7 corporation; whenever used in any clause prescribing and
8 imposing a fine or imprisonment, or both, as applied to a
9 firm, association, syndicate, or partnership, means and
10 includes the partners or members thereof and, as applied to
11 joint-stock companies and corporations, the officers
12 thereof.

13 ~~(5)~~(6) "Public roads and highways of this state" shall
14 mean all streets, roads, highways, and related structures as
15 have been or shall be built and maintained with appropriated
16 funds of the United States and which have been or shall be
17 built and maintained with funds of the state of Montana or
18 any political subdivision thereof or which have been or
19 shall be dedicated to public use or have been acquired by
20 eminent domain or have been acquired by adverse use by the
21 public, jurisdiction having been assumed by the state or any
22 political subdivision thereof.

23 ~~(6)~~(7) "Special fuel" means those combustible gases
24 and liquids commonly referred to as diesel fuel or any other
25 volatile liquid of less than 46 degrees A.P.I. (American

1 the consumption by a special fuel user of special fuels in
2 propulsion of a motor vehicle on the highways of this
3 state."

4 Section 3. Section 15-70-302, MCA, is amended to read:

5 "15-70-302. Special fuel dealer's licenses and special
6 fuel user's permits required -- exceptions. (1) It shall be
7 unlawful for any person to act as a special fuel dealer in
8 this state unless such person is the holder of an uncanceled
9 fuel dealer's license issued to him by the department.

10 (2) Every special fuel user shall obtain annually from
11 the department, prior to the use of such special fuel for
12 the propulsion of a motor vehicle or vehicles of more than
13 ~~8,000~~ 10,000 pounds gross weight in this state, a special
14 fuel user's permit and shall at all times display the
15 original or a reproduced copy of the permit in each such
16 vehicle or vehicles operated by him upon the highways as
17 herein defined which shall be exhibited for inspection on
18 request of any checking station officer, Montana highway
19 patrol officer, authorized employee of the department, or
20 any other law enforcement officer. The special fuel user
21 shall be responsible for reproducing clear and legible
22 copies of the permit.

23 (3) (a) A special fuel user's permit is not required
24 of any person:

25 (i) whose sole use of special fuel is for the

1 pay the tax on fuel used in Montana on which the tax has not
2 been paid."

3 Section 4. Section 15-70-321, MCA, is amended to read:

4 "15-70-321. Tax on diesel fuel~~x~~ and AND volatile
5 liquids~~---and---compressed-natural-gas~~. The department shall,
6 under the provisions of rules issued by it, collect or cause
7 to be collected from the owners or operators of motor
8 vehicles a tax in an amount equal to ~~to 14.5~~ 10 cents for
9 each gallon of diesel fuel or other volatile liquid, ~~except~~
10 ~~including~~ EXCEPT liquid petroleum gas, of less than 46
11 degrees A.P.I. (American petroleum institute) gravity test
12 ~~and-14.5-cents-for-each-100-cubic-feet-of-compressed-natural~~
13 ~~gas~~ when actually sold or used to produce motor power to
14 propel motor vehicles upon the public highways or streets
15 within the state or used in motor vehicles, motorized
16 equipment, and the internal combustion of any and all
17 engines, including stationary engines, used in connection
18 with any and all work performed under any and all contracts
19 pertaining to the construction, reconstruction, or
20 improvement of any highway or street and their appurtenances
21 awarded by any and all public agencies, including federal,
22 state, county, municipal, or other political subdivisions."

23 Section 5. Section 15-70-322, MCA, is amended to read:

24 "15-70-322. Tax on use of special fuels ~~---exemption~~.
25 (1) There is hereby levied and imposed a tax on the use of

(1) The department of highways shall, under the rules issued by the department of revenue, collect or cause to be collected from owners or operators of motor vehicles powered by any ~~liquefied-petroleum--gas~~ alternate fuel an annual license tax fee on each such vehicle, which license tax fee is prorated on a quarterly basis and may be paid quarterly, semiannually, or annually according to the following schedule:

~~(a)--passenger-cars-and-pickups--whose--licensed--gross vehicle-weight-is-10,000-pounds-or-less--\$60;~~

~~(b)(a)~~ motor trucks and truck tractors whose licensed gross vehicle weight is over 10,000 pounds and less than 18,000 pounds, ~~\$80~~ \$110;

~~(c)(b)~~ motor trucks and truck tractors whose licensed gross vehicle weight is 18,000 pounds or more and less than 48,000 pounds, ~~\$200~~ \$270;

~~(d)(c)~~ motor trucks and truck tractors whose licensed gross vehicle weight is 48,000 pounds or more, ~~\$1,700~~ \$1,330.

(2) Upon payment of the tax required by this section, the department of highways shall provide a certificate to be carried in each vehicle, which is valid for a period no less than a calendar quarter or for such further calendar period for which the tax is paid."

SECTION 7. SECTION 15-71-102, MCA, IS AMENDED TO READ:

-End-

Discreet
1/20/83

MONTANA CHAPTER

INTERMOUNTAIN OIL MARKETERS ASSOCIATION

LEGISLATOR'S SUGGESTED INTRODUCTION

Mr. Chairman and members of the Committee:

After many association and committee meetings along with participating in the Joint Subcommittee on Highways' efforts to arrive at a proposal which would address the current diesel fuel taxing problem for motor vehicles under the 10,000 pounds GVW classification, presented for your approval is a bill which addresses the issue, provides a simple amendment process, and does not increase the present administrative requirements.

Considering the fact that diesel fuel is currently addressed under TITLE 15, CHAPTER 70, M.C.A. as a "special fuel", an additional section providing for motor vehicles under 10,000 pounds GVW is the correct approach. A decal program with minor adjustments to the TITLE are all that's necessary. Retaining the current requirements for vehicles over the 10,000 pounds GVW, narrow the proposal to a fee in lieu of special fuels tax, decal distribution, County Treasurer collection retention, a no-revenue diversion requirement, applying existing misdemeanor penalties (15-70-336 M.C.A.), definitions, special fuel users, and the effective date.

The program would work as follows: Vehicle owner would be required to purchase decals on an annual basis; Special Fuel Distributors would be able to fill their tanks at the retail (tax included if no decal is present) and subtract the tax if the decal is present.

Therefore, we believe this bill provides a direct solution to the problem of diesel fuel taxing for vehicles under 10,000 pounds GVW rating. I urge the committee to give this bill a do-pass vote. Thank you.

MONTANA CHAPTER

INTERMOUNTAIN OIL MARKETERS ASSOCIATION

LICENSE TAX AND DECAL PROGRAM FOR VEHICLES PROPELLED BY DIESEL FUEL (MOTOR VEHICLES ONLY)

An Act creating a diesel fuel catagory in the Special Fuels Tax Section for motor vehicles under 10,000 pounds GW, setting forth a decal purchase program for the catagory, amending necessary sections of TITLE 15, CHAPTER 70 M.C.A. to accomplish the Act and providing an effective date.

SECTION 1. Fee in Lieu of special fuels tax for motor vehicles under 10,000 pounds GW:

- (a) Only County Treasurers will dispurse diesel fuel decals upon vehicle registration.
- (b) The Decals are to cost \$60 annually. The unexpired reregistration fees will be computed on a 1/12 annual fee basis. The fees collected will be non-refundable and the decals shall be non-transferable.
- (c) The decals shall be displayed on the lower portion of the driver's side front windshield of the permitted vehicle.
 - 1) If the windshield requires replacement, the owner will be able to present to the County Treasurer a copy of the repair sheet and the vehicle's registration form for issuance of a new decal.
- (d) County Treasurers will retain 5% of the collected fees and remit the remainder to the Department of Revenue for deposit in the earmarked special revenue fund on a specified date. There is to be no other fund diversion.

SECTION 2. All Misdemeanor Penalties (15-70-336 M.C.A.) apply.

- (a) The diesel fueled vehicle owner whall have the responsibility of registering his vehicle with the appropriate County Treasurer's Office to obtain the necessary decal.
- (b) The diesel fueled vehicle owner shall have 20 days with which to notify his County Treasurer's Office when his vehicle is converted from gasoline or alternate fuels to a diesel fuel capacity.
- (c) The Special Fuels License Hholder has the responsibility to observe the vehicle be

License Tax and Decal Program

fueled for proper decal identification. If valid decal is present, the Special Fuels License Holder shall subtract the necessary state taxes accordingly. If the decal is not present, the Special Fuels License Holder, because of the state taxes being built into the present retail price, shall collect the tax in the normal manner.

SECTION 3. Definitions:

- (a) Department of Revenue.
- (b) Motor Vehicle
- (c) Person
- (d) Owner.
- (e) Public roads and highways of this State.
- (f) Special Fuel User (As it Applies to this Act).
- (g) Special Fuel Use (As it Applies to this Act).
- (h) Decal (As it Applies to this Act).

SECTION 4. Other:

- (a) The requirements for Special Fuel User permits for vehicles over 10,000 pounds GVW shall remain unchanged from current statutes.
- (b) Exemptions from the present Act, for vehicles below 10,000 pounds GVW shall be State and Federal Governments, Cities and Towns, School Districts and other eleemosynary Institutions.
- (c) Effective date of this Act shall be July 1, 1983.

ENERGY SERVICES COMPANY

John C. Braunbeck
1217 Wilder Avenue
Helena, Montana 59601

LP
1/12/83

LEGISLATOR'S BILL INTRODUCTION

Mr. Chairman and members of the Committee:

At the beginning of discussions which led to this bill's introduction, it was thought that housing alternate fuels under the heading of "special fuels" would address the necessary legislative issues pertaining to tax collections. After research, it was determined that reporting requirements and huge administrative problems under the "special fuels" category would preclude that consideration. Instead, this bill amends the current program under an alternative fuel designation. You may recall that the present LP-Gas permitting system was created to remove LP-Gas from the "Special Fuel" classification to avoid resulting massive reporting, administrative problems and complications. We seek to simply retain the present program and offer effective amendments to "fill in the gaps" for vehicles using alternative fuels. We believe this bill accomplishes simplification of operation, equitability and a minimum of administrative bureaucracy.

As you are aware, last session legislators directed that an investigation into the current alternative motor fuel program be made. The topic is indeed complicated. Legislation that we wish to introduce today simply amends the present licensing program, introduces a decal system and initiates maximum governmental control with minimum statute modification.

After many association meetings and participation in the Joint Subcommittee on Highways' hearings, the Montana LP-Gas Association has asked that I introduce legislation that has been designed to address an alternate fuels category. Association members are here today to offer support, information, testimony and to answer questions the committee may have.

Specifically, this proposal:

- (1) Institutes a decal program with an "in-vehicle" identification card.
- (2) Arranges to include Liquid Petroleum Gas, compressed/liquid natural gas and other exotics as required.

Legislator's bill introduction

(3) Adjusts temporary permit requirements to reflect a 30 day limit with a \$10 decal fee.

(4) Gives alternate fuel dealers an option of selling the decals.

It should be noted at the outset that we advocate alternative fuels paying their fair share of Montana's fuel taxing burdens. With respect to licensing/permit fee increases, those which apply to gasoline and diesel also should apply to alternate fuels on a percentage basis. In other words, if state gasoline and diesel fuels are increased a certain percentage, alternate fuels licensing/permit fees should be increased by the same percentage.

Mr. Chairman, we urge you and the members of this committee to give this bill a do-pass vote. Thank you. We will try to answer the questions you may have.

ENERGY SERVICES COMPANY

John C. Braunbeck
1217 Wilder Avenue
Helena, Montana 59601

LICENSE TAX AND DECAL PROGRAM FOR VEHICLES PROPELLED
BY ALTERNATIVE MOTOR FUELS

An Act authorizing and creating an alternate motor fuel catagory, defining the catagory, setting forth a licensing and decal program for the catagory, amending necessary sections of TITLE 15, CHAPTER 70 and 71, M.C.A. and providing an effective date.

SECTION 1. Decal System Taxes:

(1) Upon registration or reregistration of a privately operated motor vehicle powered by any alternative fuel, the owner shall pay a decal fee. The County Treasurer or Alternate Fuel Dealer or other designees named in this Act shall issue a decal provided by the Department of Revenue that must be affixed to the front windshield which when registered authorizes the alternate fuel dealer to provide the fuel.

(2) All fees can be purchased quarterly, semiannually or annually (TITLE 15-71-101, sections (a), (b), (c), (d) and (d)(2) apply).

(3) Permit fee is non-refundable and owner has 30 days from expiration for reregistration. If in the middle of the permitting cycle, shall be computed on a monthly basis (1/12 of the annual fee).

(4) County treasurers to keep 5% and deposit the rest in the earmarked highway special revenue fund account on a specified date.

(5) SECTION 15-71-105 applies (Misdemeanor):

(a) Fails to notify County Treasurer (owner) on registration of vehicle for alternate fuel.

(b) Fails to notify County Treasurer within 20 days after conversion (owner and person completing the conversion).

(c) Fails to display decal.

(d) Not transferable to other vehicles.

(e) Supplies fuel without decal present (alternate fuel dealer).

SECTION 2. Definitions:

- (1) Set forth full definitions for Alternate Fuel Catagory.
 - (a) Liquid Petroleum Gas, Compressed Natural Gas, Hydrogen, Electrical and other.
- (2) Set forth general definitions.
 - (a) Department of Revenue.
 - (b) Motor Vehicle.
 - (c) Person.
 - (d) Public Roads and Highways of Montana.
 - (e) Alternate Fuel Dealer.
 - (f) Alternate Fuel User
 - (g) Alternate Fuel Use.
 - (h) Owner.

SECTION 3. Alternate Fuel Dealers Licenses and Decals.

- (1) Unlawful to sell unless dealer has an alternate fuel license.
- (2) Set forth annual, semiannual and quarterly license purchase requirements.
- (3) Montana Department of Revenue will require \$1,000 bond for issue of numbered dec

SECTION 4. Temporary Decals:

- (1) Tourists to purchase temporary decals from licensed alternate fuel dealers, Department of Revenue, Weigh Stations, County Treasurers, etc.
 - (a) Temporary Decal valid for 30 days.
 - (b) Temporary Decal fee set at \$10.

SECTION 5. Exemptions from the Alternate Fuel Decal Purchasing Requirement:

- (1) U.S. Government, State of Montana and other states, counties, cities, school districts, etc.

NOTE: Decals, temporary annual, semiannual and quarter will be available as per SECTION 4, subparagraph (1) of this act.

SECTION 5. Port of Entry Signing Requirements:

- (1) At all Montana Ports of Entry, a legible sign shall be posted next to the roadway setting forth the decal requirement for alternate motor fuel use and indicating locations that decals may be purchased.

SECTION 6. Effective Date:

- (1) This Act shall be effective July 1, 1983.

1/20/83

MONTANA CITIZENS FREIGHT RATE ASSOCIATION
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Great Falls, MT. 59404

Viggo Andersen, President

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CLAIR A. WILLITS
Treasurer

3 January, 1983

Transportation Committee
Montana State Legislature
Capitol
Helena, MT. 59620

The following resolution was adopted by the Montana Citizens Freight Rate Association during a meeting held December 28, 1982, at the Heritage Inn, Great Falls, Montana, and we respectfully ask your strong support of this resolution during this Legislative session.

WHEREAS, permits and bonds from three different state departments are required by trucks or tour buses hauling for hire to enter the state, these being a temporary trip permit and a fuel permit from the Gross Vehicle Weight Department, advance registration through the Public Service Commission, even if ICC authority has been obtained, and a fuel bond from the Montana Department of Revenue, and,

WHEREAS, if these permits and bonds have not been obtained before entering the state, drivers must get them from a highway patrolman, and in some cases at scale stops, and

WHEREAS, quarterly reports must be filed for the fuel bonds to keep them current, even if not being used, and

WHEREAS, the trucking and tourist industries would be greatly enhanced if a central location were established to obtain all permits and bonds needed to enter the state,

THEREFORE, Montana Citizens Freight Rate Association urges the Legislature to create a unified permit system for inbound trucks and tour buses and suggests that one method would be to have 24-hour entry stations on main highways at ports of entry to issue necessary PSC, fuel, and other permits to encourage tour bus industry, simplify trucking, and to help enforce safety standards. These entry stations could also serve as tourist information centers.

Respectfully submitted,

MONTANA CITIZENS FREIGHT RATE ASSOCIATION

Bill Summaries

House Highways and Transportation Committee

HB 17 would establish a flat fee of \$60 in lieu of payment of the special fuels tax for vehicles of 8,000 pounds or less. Upon payment of the fee the owner of the vehicle would be issued a decal to be displayed on the windshield of the vehicle. The decal would authorize a special fuels dealer to deliver special fuels into the tank of the vehicle free of the tax on those fuels. The bill adds LPG and compressed natural gas to the definition of special fuels. The bill also increases the tax on special fuels. The bill would repeal sections 15-71-101 through 15-71-105, MCA.

HB 198 would authorize the highway department to issue permits for the use of rights-of-way along highways and to set fees for such use. This would be done by administrative rule.