

MINUTES OF THE MEETING OF THE HOUSE HIGHWAYS AND
TRANSPORTATION COMMITTEE, FEBRUARY 10, 1983

The meeting was called to order by Vice Chairman Zabrocki on Thursday, February 10, 1983 at 12:30pm, in Room 129, State Capitol. All members of the Committee were present.

HEARINGS

HOUSE BILL 441. REP. HUBERT ABRAMS, District 56, Wibaux, testified as sponsor of the bill, which authorizes the Department of Highways to enter into bilateral agreements for collection of fees and taxes at ports of entry.

PROPOSERS

MR. DON COPLEY, Department of Highways, told the Committee Montana is a member of the Multi-State Highway Transportation Agreement which promotes uniform vehicle procedures, adding Arizona, California, Idaho, Nebraska, Oregon, Utah and Wyoming are also members. He said there is a joint agreement with Colorado and Utah and the organization is presently working on a similar agreement between Arizona and Utah, which will allow increased coverage while decreasing full time employee positions and advised committee members the Idaho Senate recently passed similar legislation.

MR. BEN HAVDAL, Montana Motor Carriers Association, stated his support of the bill.

MR. JOHN BRAUNBECK, Montana Independent Oil Distributors Association, stated his support of the bill.

MS. LOIS TONNEY, Women Involved in Farm Economics, stated her support of the bill.

OPPOSERS

There were no opposers of the bill and Rep. Abrams closed.

QUESTIONS

REP. STOBIE asked if the Department had rule-making authority to change size and weight or make adjustments. Mr. Copley replied no changes were planned, only the collection of fees for other states.

REP. UNDERDAL asked how many more FTE's would be required to man ports of entry. Mr. Copley said no FTE's would be added, adding the ports mainly involved only the interstate system.

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REP. SOLBERG asked if there were an agreement with Canada in process. Mr. Copley advised there was none at this time.

REP. LYBECK asked how soon the plan would be in effect and if new facilities would be necessary. Mr. Copley said he would like to implement a centralized facility at DeBorgia in Western Montana, like those used by North Dakota.

The hearing was closed on House Bill 441.

HOUSE BILLS 442 and 443. REP. CARL SEIFERT, District 26, Polson, testified as chief sponsor of the bills and provided committee members with amendments (exhibits). He said House Bill 442 would appropriate \$20 million in Permanent Coal Tax funds for the biennium, of which \$3 million would go to cities and towns, the remainder being deposited to the highways construction and reconstruction accounts. Rep. Seifert told the Committee House Bill 443 would amend Section 5 of the Constitution to reduce the amount of coal severance tax from 50% to 30% with a ten year limit on this means, and would utilize Coal Tax Trust funds in a manner beneficial to the resources of the State of Montana. He said the State has barely five persons per square mile and he believes the fuel tax is not the sole answer, adding Montana has the second highest fuel tax in the U.S. Rep. Seifert explained he served on the Interim Transportation Committee and told committee members the Trust fund would raise \$124.2 million during Fiscal Year 1982 and \$713 million by 1989. He said many investments do not mature until the year 2000, adding the coal tax has been challenged by other states as being unconstitutional. He advised utilization of the tax shows a need for it, which would be a better defense of the tax and said friction from bad roads decreases vehicle fuel economy. Rep. Seifert told the Committee a Wall Street Journal article of June 7, 1982, described Montana highways as critical, in addition to stating bonding costs were too high. He said there is statewide support of both bills and asked the Committee to support the bills in a constructive act for the State.

PROPONENTS

MR. LARRY HUSS, Chairman, Montana Highway Users, told the Committee the federation has been in existence since the early 1950's and advised members he sits on the Governor's Transportation Council.

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MR. BEN HAVDAL, Montana Motor Carriers Association, stated his support of the bills and, in particular, the efforts expended to put the coal tax issue on the ballot, which fell short by 9,000 signatures.

MS. LOIS TONNY, Women Involved in Farm Economics, read from prepared testimony in support of the bills (exhibit).

MR. DON ENGELS, Montana Chamber of Commerce, stated his support of the bills in prepared testimony (exhibit).

MR. DARRELL MYER, Cascade County, stated his support of both bills.

MR. KEITH OLSON, Montana Logging Association, stated his support of the bills.

MR. BILL OLSON, Montana Contractors Association stated his support of the bills.

MR. DICK DISNEY, Montana Automobile Association, stated his support in prepared testimony (exhibit).

MR. JOHN BRAUNBECK, Montana Independent Oil Marketers and Montana Liquid Propane Gas Association, stated his support of the bills, adding he thought highways were the best use of coal tax funds.

MR. PAT UNDERWOOD, Montana Farm Bureau, stated his support of the bills.

MR. WILL BROOKE, Montana Stock Growers Association, stated his support of the bills.

MR. PHIL STROPE, Montana Taxpayers Association, said Montana is the fourth largest state and has the eighth lowest population. He told the Committee the chance of raising funds by any other method would be difficult, adding Sen. Carl Levin proposed the U.S. Congress pass a law whereby no state may impose a tax of 30% on non-renewable resources, in excess of the higher of two costs, those being the Montana and U.S. average extraction costs. He said the funds must be committed for a purpose or the tax burden may not be levied and urged committee support of the bill, adding Governor Schwinden thought the 1981 Legislature refused to address highway funding needs. He said should the Levin bill pass, there will be no need for the bills as there will be no funds.

OPPONENTS

MR. JOHN BOARD, President, Montana Education Association, said he was opposed to tampering with the coal trust fund, as it is to be retained for the State when coal reserves have been depleted and told the Committee, earmarking of funds is not good policy for the people of Montana.

MR. GENE HUNTINGTON, testified on behalf of the Governor, stating a better solution was laid out by Department Director, Gary Wicks, in a hearing held January 9, 1983, whereby user fees would become a primary source of funding. He said he was concerned with the long term impact of tampering with the original intent of use of the fund.

MS. SHALON WILLOWS, Coalition for Canyon Preservation, read from prepared testimony in opposition to the bill (exhibit).

MR. GARY WICKS, refuted statements made by Ms. Willows and said the district court overruled the appellate court ruling, which stopped the Department from proceeding on construction of the project referred to by Ms. Willows, pending completion of the environmental impact statement. He said the Department recommended a modified four-lane as a result of the study, and did look at a modified two-lane versus a three-lane highway, however the ten foot increase would have cost the State \$1 million. Mr. Wicks said the Department is not in a position of carte blanche elimination of standards which have been in use for years and must look at cost effective measures as well as the value of an engineering project. He told the Committee the contractor shares in reduced costs if he can provide such reductions with the approval of the Department.

MR. WICKS told the Committee he opposes the bills, but commended Rep. Seifert on his effort. He said the Administration does support the use of coal tax funds for the highway system, and in 1981, proposed interest from the trust for highways, which was rejected by the 1981 Legislature. He explained the Interim Committee, chaired by Rep. Harp, proposed a user tax, but no funding from the Constitutional Trust fund, which the Administration thought a good proposal, the Governor later using it as a base for his proposed fuel tax increases in 1983 and 1985.

MR. WICKS said the proposal would provide general funding for the Montana Highway Patrol, earmarked monies from the coal tax and not trust funds in 1986 and 1987. He explained, 24% of earmarked funds would go to the Department for ten years, adding his proposal was better for several reasons. He told the Committee the fuel tax increase would still be necessary, if the Seifert bills pass and said House Bill 442 requests \$2 million less than local governments would receive under the Governor's proposed plan. He said if House Bill 443 were to pass, trust would be broken at a time when trust exists, adding there is support for utilization of coal tax dollars, requiring a simple majority.

REP. LYBECK stated his opposition to the bills, as a representative of the Montana Cattlemen's Association.

IN CLOSING, Rep. Seifert reminded committee members Montana is being challenged for its so-called excessive tax and although the Department of Highways may have the problem resolved for the next two years, there is a need to plan further ahead. He advised 50% of the Coal Tax Trust fund may not be touched and is allocated to the Department of Natural Resources and Conservation, adding there will be problems if House Bill 442 does not pass. He said it is time to take care of Montana highways and Montanans, who cannot pay much more in fuel taxes and urged committee support of the bill.

QUESTIONS

REP. LYBECK asked what would happen to the tax if fuel prices were on the decline. Rep. Seifert said he thought the tax was still too burdensome for Montana people.

The hearing was closed on House Bills 442 and 443.

EXECUTIVE SESSION

HOUSE BILL 441. REP. STOBIE moved the bill Do Pass.

REP. KEYSER moved the title be amended to add "or province" on lines 7 and 14. Rep. Brown seconded the motion, which was unanimously approved by the Committee.

REP. BROWN moved the bill Do Pass as Amended. The motion was unanimously approved by the Committee.

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HOUSE BILL 606. REP. ZABROCKI gave a Subcommittee report to committee members and moved they adopt the recommendations to the bill. The motion was seconded by Rep. Keyser and given unanimous committee approval (exhibit).

REP. KEYSER moved the bill Do Pass as Amended. The motion was seconded by Rep. Brown. All members voted aye, with the exception of Rep. Underdal, who voted no.

HOUSE BILL 484. REP. KEYSER moved the bill be tabled. Rep. Brown seconded the motion, which was given unanimous committee approval.

HOUSE BILL 588. REP. HEMSTAD moved the bill Do Pass. Rep. Shontz seconded the motion, which was approved by all committee members except Representatives Keyser, Howe and Hammond, who voted no.

HOUSE BILL 17. REP. ZABROCKI moved the bill be taken off the table. The motion was seconded by Rep. Hemstad and approved by all members except Rep. Stobie, who voted no.

REP. HARP said the alternative fuels tax is necessary, as discussed in Taxation Committee this date.

REP. KEYSER moved the Committee adopt proposed amendments to the bill (exhibit). All members voted aye with the exception of Rep. Stobie, who voted no.

REP. HARP moved the bill Do Pass as Amended (gray copy of the bill). Rep. Stobie asked if there were any complaints with regard to the tax when the bill was heard in Highways Committee. Rep. Keyser told him only the compressed natural gas dealer from Great Falls opposed the bill.

REP. LYBECK asked if \$80 would be a more reasonable figure and made a motion to insert "\$80" on page 2, line 13 of the bill, striking "460". The motion was seconded by Rep. Harp and given unanimous committee approval.



REP. HARP moved the bill Do Pass as Amended. Rep. Stobie made a substitute motion to retable the bill.

CHAIRMAN ABRAMS asked if the Committee would prefer to delay executive action on the bill.

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REP. HAMMOND made a substitute motion for all motions pending to take executive action on the bill during the next executive session. The motion was seconded by Rep. Harp and approved by all committee members, except Rep. Keyser, who voted no.

The meeting was adjourned at 2:24pm.


REP. HUBERT ABRAMS, CHAIRMAN


Joann T. Gibson, Secretary

STANDING COMMITTEE REPORT

FEBRUARY 10 19 83

SPEAKER:

MR.

HIGHWAYS AND TRANSPORTATION

We, your committee on

having had under consideration **HOUSE** **441**
Bill No.

FIRST reading copy (**WHITE**)
color

**A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE
DEPARTMENT OF HIGHWAYS TO ENTER INTO BILATERAL AGREEMENTS
WITH AN ADJOINING STATE FOR THE COLLECTION OF FEES AND TAXES
BY EITHER STATE."**

Respectfully report as follows: That **HOUSE** **441**
Bill No.

Be amended as follows:

- 1. Title, line 7
Following: "STATE"
Insert: "OR PROVINCE"**
- 2. Title, line 8
Following: "STATE"
Insert: "OR PROVINCE"**
- 3. Page 1, following line 13
Following: "state"
Insert: "or provincia"**

AND AS AMENDED

DO PASS

REP. HUBERT ABRAMS

Chairman.

STANDING COMMITTEE REPORT

FEBRUARY 10

19 33

MR. **SPEAKER:**

We, your committee on **HIGHWAYS AND TRANSPORTATION**

having had under consideration **HOUSE** Bill No. **588**

FIRST reading copy (**WHITE**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PUBLIC OWNERSHIP OF COUNTY ROADS CREATED BY A SUBDIVISION THAT DEDICATES FOREVER THE USE OF THE LAND AS A ROADWAY; PROVIDING FOR ABANDONING SUCH ROADS; AMENDING SECTIONS 7-14-2107 AND 7-14-2615, MCA."

Respectfully report as follows: That..... **HOUSE** Bill No. **588**

DO PASS

REP. MURBERT ABRAMS
REP. GLENN THOMPSON
REP. GLENN THOMPSON

STATE PUB. CO.
Helena, Mont.

Chairman.

COMMITTEE SECRETARY

STANDING COMMITTEE REPORT

FEBRUARY 10

19 83

MR. **SPEAKER:**

We, your committee on **HIGHWAYS AND TRANSPORTATION**

having had under consideration **HOUSE** Bill No. **606**

FIRST reading copy (**WHITE**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH THE
55-MILE-AN-HOUR SPEED LIMIT BY LEGISLATIVE ENACTMENT;
LIMITING ENFORCEMENT TO HIGHWAY PATROL PERSONNEL; CLARIFYING
THAT A VIOLATION IS NOT A MISDEMEANOR; AMENDING SECTIONS
61-8-304, 61-8-305, AND 61-8-718, MCA; AND PROVIDING AN
IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That **HOUSE** Bill No. **606**

Be amended as follows: (see page 2 of standing committee report)

REP. HUBERT ABRAMS

Chairman.

Amendments for HB 606

1. Title, line 6
Following: line 5
Strike: line 6 through "PERSONNEL;"
2. Title, line 8
Following: "MCA;"
Insert: "REPEALING CHAPTER 122, LAWS OF 1977;"
3. Page 2, line 6, 7
Following: "61-8-309" on line 6
Strike: remainder of line 6 through "effective" on line 7
4. Page 2, lines 13 through 15
Strike: Subsection (3) in its entirety
5. Page 4, line 4
Following: line 3
Insert: "Section 4. Repealer. Chapter 122, Laws of 1977
is repealed."
Renumber: subsequent sections

AND AS AMENDED

DO PASS

ABRAMS
REP. HUBERT JACOBSEN

2-10-83

WILLIAM G. STERNHAGEN
CHAIRMAN, BOARD OF DIRECTORS
S. KEITH ANDERSON
PRESIDENT

MONTANA TAXPAYERS Association

P. O. BOX 4909

1706 NINTH AVENUE

HELENA, MONTANA 59604



406/442-213

February 8, 1983

S. KEITH ANDERSON, President
Montana Taxpayers Association
In support of House Bill 443

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 443 amends Article IX, Section 5, of the Constitution of the State of Montana to reduce the amount of coal severance tax revenue to be allocated to the coal severance tax trust fund from 50% to 30% and requires that no less than 20% of the coal severance tax revenue, and the interest there from, be used solely for the construction and reconstruction of the state's highways.

In a recent survey, members of the Montana Taxpayers Association throughout the state reaffirmed their strong support favoring a Constitutional Amendment to earmark coal severance tax revenue for the construction and reconstruction of state highways. It is interesting to note that the percentage of agreement has increased from 65% indicated in a poll taken on February 19, 1982, one year ago, to 72% in a poll taken during January 1983. Response to the latest poll indicates 64% of the members lived in a city or town and 36% of the members in a rural area.

Utilizing the coal tax revenue to build much needed highways and to maintain the existing roads in Montana has a number of positive factors in its favor.

WOULD DETER ACTION BY THE CONGRESS

Utilizing the coal tax revenue to build much needed highways and maintain existing roads in Montana would be a positive move to convince the U. S. Congress that Montana's high coal tax is being utilized for legitimate state needs, and not for enriching what many view as a "political slush fund".

The fact that 50% of the coal tax revenue is currently being placed in a trust fund gives impetus to Congressional moves to limit state severance taxes. Montana's trust fund, as presently constituted, provides ammunition for eastern politicians and others who are attacking Montanas high coal tax and who want a Congressional limitation on severance tax rates.

They view "a trust fund for future generations" as so much palaver because they see their constituents as contributing to the trust fund through their increasing utility rates. Using the coal tax revenue for a legitimate state purpose, such as highways, will negate these arguments and will hopefully slow down the Congressional drive to limit state levied taxes on coal.

WILL PROVIDE JOBS IN MONTANA

The use of coal tax revenue for highways will provide a continuing highway construction and maintenance program therefore supplying much needed jobs for Montanans.

Use of coal tax revenue for highways is different than propping up existing state expenditures or funding new state programs. Using coal taxes for highway construction does not create a permanent program, because highway projects are on a bid basis and when completed the price has been paid. It amounts to a project by project or expenditure by expenditure program from contract to contract rather than establishing some social program which recipients would demand being continued from year to year. If, for some reason, coal tax revenue diminished then the projects would simply be adjusted to meet incoming revenue.

INFLATION HAS EATEN UP COAL TAX REVENUE

While inflation has lessened, Montana has lost money through the coal tax fund in relation to inflation versus interest on state investments. Montana would be in a far better position today if these funds had been put to work, along with Montana citizens during the last two years.

MONTANA CITIZENS NEED TO BENEFIT FROM THE COAL TAX

The average Montana citizen has received little identifiable benefit from the coal tax. In addition to the trust fund, the revenue has been earmarked for a number of special causes to the point where the average citizens only contact with the tax is through media releases. Utilizing the tax for the building of highways would benefit not only this generation, who are supporting the high cost of government in Montana, but also future generations who will be utilizing our highways. Hopefully construction and maintenance of highways today will prevent undue tax burdens for those who must pay the bill tomorrow.

On behalf of our membership we urge passage of House Bill 443, giving the people of our state the opportunity to vote on this Constitutional Amendment that would result in the economic betterment of Montana.

VISITOR'S REGISTER

HOUSE

Highways

COMMITTEE

BILL HB 441

DATE 2-10-83

SPONSOR Abrams

[illegible]

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 442 443DATE 2-10-83SPONSOR Seifert

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Tex Pater	E Helena	IONA	✓	
Willie L. Hunt	Clancy	IONA	✓	
John Seaborn	Montana Irons Mont. L.P. Gas Assn	Helena	✓	
Sigda Disney	Helena, Mt	Mt. Auto Assn.	✓	
Don Ingels	Helena	Mont. Chamber of Commerce	✓	
Lisa Tonne	Geraldine	Mt Women Involved in Farm Economics	✓	
Sharon L. Willows	Hungry Horse	CCP - Canyon Coalition		✓
Phil Stroe	Helena	Mont Taxpayers Ass	443	
Bill Olson	Helena	Mt. Contractors Assn.	✓	
Will Brooke	Helena	Mt Stockraisers/Mt Woodraisers	✓	
LARRY HISS	HELENA	Mont - Highway Users Fed.	✓	
Pat Underwood	Bozeman	mont. Farm Bureau	✓	
Bent Anderson	Helena	Mont Motor Carriers	✓	
J. C. Bond	Helena	MEA		✓
KEITH OLSON	Galispell	MT. Logging Assn.	✓	
Nella Hall	Helena	League of Women Voters		
Darryl Meyer	St. John	Cascade County	✗	
Eugene Huntington	Helena	Governor's Office		✓
Greg Wick	Helena	MDOT		✓
Ray Lybeck	Helena	Mt. Cattlemen's Assn.		✓

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name LOIS TONNE Date FEB. 10, 1983
Address Box 182 Geraldine, Montana 59446 Support ? YES
Representing WOMEN INVOLVED IN FARM ECONOMICS Oppose ?
Which Bill ? HB 441 Amend ?

Comments:

WIFE RECOGNIZES THE NEED AND STANDS IN SUPPORT OF ENTERING INTO
BILATERAL AGREEMENTS WITH ADJOINING STATES FOR THE COLLECTION OF FEES
AND TAXES BY EITHER STATE.

WIFE CONCURRS WITH THIS BILL.

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name John Brannbeck Committee On Highways
Address 1217 Wilder Date 2-10-83
Mont. IOMA
Representing Mont. L.P. Gas Assn Support X
Bill No. 442 & 443 & 441 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Participated in initiative - short time Span
2. Consider using funds for benefit of all Montanans.
3. Use for roads appropriate.
4. We encourage participation (HB-441)

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

210-83

WITNESS STATEMENT

Name LOIS TONNE Date FEB. 10, 1983
Address BOX 182 GERALDINE, MONT. 59446 Support ? YES
Representing MONTANA WOMEN INVOLVED IN FARM ECONOMICS Oppose ?
Which Bill ? HB 443 Amend ?

Comments:

WIFE WOULD LIKE TO GO ON RECORD IN SUPPORT OF HB 443 WHICH WILL GIVE TO THE VOTERS OF MONTANA THE RIGHT TO DECIDE ON THE IMPORTANCE OF IT'S HIGHWAY SYSTEM. WE ALSO SUPPORT HB 443 BECAUSE IT WILL GIVE A DEGREE OF FINANCIAL STABILITY, OVER A TEN YEAR PERIOD, TO ADDRESS OUR HIGHWAY NEEDS.

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name Tex Pate Committee On Highways
Address E Helena Date 2-10-83
Representing LOMA Support ✓
Bill No. HB 442-443 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. *Highways are best investment for all Montanans*
2. *All Montanans benefit from Highways whether they drive or not*
- 3.
- 4.

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

WITNESS STATEMENT

Name Sharlon L. Willows Committee On Transp. ~~Highway~~ 442
Address Bx 422 - Hungry Horse, MT. ⁵⁹⁹¹⁹ Date 2-10-83
Representing CCP - Canyon Coalition Support _____
Bill No. 442 Oppose ✓
Amend or amend w/
cost-effective language

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

** (itemized argument attached)*

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

** (itemized argument attached)*

WITNESS STATEMENT

Name Sharon L. Willows Committee On 443 *Transp. Hwys.*
Address Box 422 Hungry Horse, Mt. ⁵⁹⁹¹⁹ Date _____
Representing CCP - Canyon Coalition Support 2-10-83
Bill No. 443 Oppose ✓
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

** (itemized argument attached)*

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

** (itemized argument attached)*

FORM CS-34

1-83

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: FOR THE RECORD I AM CARL SEIFERT, REPRESENTATIVE FROM DISTRICT 26 IN POLSON. I AM HERE TODAY TO ASK FOR YOUR SUPPORT ON HB's 442 AND 443. (EXPLAIN HB 442 AND 443 AND REASONING FOR HAVING BOTH BILLS INTRODUCED.)

I, AS WELL AS OTHERS, HAVE BEEN TRYING TO COME UP WITH A SOLUTION TO THE HIGHWAY PROBLEMS FOR THE LAST SEVERAL YEARS. THE BILLS THAT I AM PRESENTING ARE NOT THE TOTAL SOLUTION, BUT IT IS AN EXCELLENT START.

THE REASON THAT YOU SHOULD BE SUPPORTIVE OF HOUSE BILL 443, THAT WOULD UTILIZE PART OF THE PERMANENT COAL TAX TRUST FUNDS FOR CONSTRUCTION AND RECONSTRUCTION BASICALLY, IS THE FACT THAT IT IS NOT BEING UTILIZED IN THE PROPER MANNER THAT IS BENEFICIAL TO ALL OF THE CITIZENS OF THE STATE OF MONTANA. ALMOST EVERYTHING WE NEED IN MONTANA WE BUY FROM SOMEONE ELSE, WHETHER IT BE FOOD, CLOTHING OR SHELTER. WE ARE CONSTANTLY EXCHANGING GOODS WHICH HAVE TO BE TRANSPORTED. MONTANA IS A BIG STATE AND HAS ONLY BARELY 5 PERSONS PER SQUARE MILE. IT IS INTERESTING THAT IN MONTANA EACH MILE OF HIGHWAY SERVES JUST UNDER 2 SQ. MILES OF AREA, OR APPROXIMATELY 9 AND ONE-HALF PERSONS. MONTANA HAS ABOUT 105 MILES OF ROADS FOR EVERY 1,000 PERSONS, THE HIGHEST IN THE COUNTRY. IT ALSO SETS ANOTHER RECORD--THAT OF THE DAILY TRAFFIC COUNT ON INTERSTATE HIGHWAYS BEING 2080 VEHICLES PER DAY--THAT BEING THE LOWEST IN THE COUNTRY.

BECAUSE OF THE ECONOMIC CONDITION IN THE STATE OF MONTANA AT THIS TIME, I DO NOT FEEL THAT ADDITIONAL FUEL TAXES ARE THE SOLE ANSWER TO OUR HIGHWAY PROBLEMS, WHEN MONTANA HAS THE SECOND HIGHEST FUEL TAX IN THE NATION. PERSONALLY, IF WE WERE TO ADD AN ADDITIONAL 5 CENTS A GALLON FUEL TAX, IT WOULD DERIVE APPROXIMATELY (BASED ON WHAT FIGURES I HAVE ACQUIRED) \$17,550,000 ON GASOLINE. A 5 CENT A GALLON INCREASE ON DIESEL WOULD DERIVE ABOUT \$5,100 MILLION WORTH OF REVENUE. AGAIN, I DO NOT FEEL AT THIS TIME THAT WE SHOULD INCREASE ADDITIONAL TAX BURDENS ON THE PEOPLE OF THE STATE OF MONTANA.

I KNOW FOR A FACT, AFTER LISTENING TO THE HEARINGS AND SERVING ON THE TRANSPORTATION INTERIM COMMITTEE, THAT IN MANY AREAS OF THE STATE, BRANCH LINES OF THE RAILROADS ARE GOING TO BE PHASED OUT IN THE NEAR FUTURE. WE DEFINITELY WILL HAVE TO HAVE DECENT ROADS FOR THE PEOPLE IN THE STATE TO MARKET THEIR PRODUCTS. IMPROVED TRANSPORTATION SYSTEMS AND LOWER TAXES WILL DO MORE TO STIMULATE BUSINESS AND ATTRACT INDUSTRIES THAN ANY GOVERNMENTAL LOAN PROGRAM COULD EVER HOPE TO ACHIEVE.

THE COAL TAX TRUST FUND WAS EXPECTED TO RAISE \$124.2 MILLION DURING THE FISCAL YEAR 1982 AND BY 1989, \$713.500,000 ACCORDING TO THE STATE BUDGET OFFICE. PEOPLE THROUGHOUT THE STATE REFER TO THIS FUND AS A "POLITICAL SLUSH FUND." WHEN YOU VISIT WITH PEOPLE WHO ARE OUT OF STATE, THEY POINT THIS OUT AND MENTION THAT IT IS UNJUSTIFIABLE AND IS AN EXPLOITATION ON THE PART OF MONTANA. AT THE DIFFERENT HEARINGS I ATTENDED AROUND

THE STATE, I ASKED THE QUESTION IF THEY FELT THEY WERE RECEIVING ANY BENEFITS FROM OUR COAL TAX TRUST. INVARIABLY THE ANSWER WAS "NO."

HOUSE BILL 443, IF PASSED, WOULD REDUCE THE PERCENTAGE THAT GOES TO THE TRUST FUND FROM 50 TO 30 PERCENT, WITH 20 PERCENT BEING ALLOCATED TO A COAL SEVERANCE TAX HIGHWAY FUND FOR THE CONSTRUCTION AND RECONSTRUCTION OF MONTANA HIGHWAYS. HOUSE BILL 442 WOULD HAVE AN INSTANT PROGRAM THAT WOULD CREATE JOBS UNTIL THE VOTERS IN THE STATE OF MONTANA WOULD PASS HB 443 AND THE PROCESS COULD BE IN MOTION.

I WOULD MENTION THAT UNDER THE CURRENT STATE INVESTMENT PROGRAM WHICH IS GUIDED BY THE "PRUDENT MAN RULE" THAT WE HAVE BETTER ALTERNATIVES AND THE PRINCIPLE THAT THE INVESTMENT MUST EARN THE GREATEST RETURN POSSIBLE FOR MONTANA INVESTMENTS, IS NOT NECESSARILY PROVIDING THAT OPPORTUNITY. THEREFORE, MANY OF THESE INVESTMENTS ARE BEING INVESTED OUT OF STATE. TO GIVE YOU AN EXAMPLE: UNDER THE UNIFIED INVESTMENT TRUST FUND, OUR PERMANENT COAL TAX TRUST FUND ON THE BASIS OF INVESTMENTS PURCHASED AS OF THE END OF JUNE, 1981, THE INVESTMENT OF \$74 MILLION 527 THOUSAND HAD A MARKET VALUE OF 63 MILLION 919 THOUSAND DOLLARS, BRINGING US A LOSS OF \$10 MILLION DOLLARS ON OUR COAL TAX TRUST FUND ALONE BASED ON THAT TIME PERIOD. THE THING THAT THOROUGHLY DISTURBS ME WITH THE INVESTMENT PROGRAM IS THAT MANY OF THEM DO NOT MATURE UNTIL AFTER THE YEAR 2000.

AS YOU KNOW, OUR COAL TAX HAS BEEN CHALLENGED IN OUR COURTS AS BEING AN EXCESSIVE TAX. I FEEL THAT BY UTILIZING A PORTION OF THIS TAX SO THAT WE SHOW NEED WITHIN THE STATE, THAT WE WILL HAVE A STRONGER POSITION IN DEFENDING THE SAME. UTILIZING THE COAL TAX REVENUE TO BUILD MUCH NEEDED HIGHWAYS IN MONTANA WOULD BE A POSITIVE MOVE TO CONVINCE THE CONGRESS THAT MONTANA'S COAL TAX IS BEING UTILIZED FOR LEGITIMATE STATE NEEDS INSTEAD OF BEING FUNNELED INTO A POLITICAL SLUSH FUND FOR THE BENEFIT OF FUTURE POLITICAL AND SPECIAL INTEREST SPENDING GROUPS.

PERHAPS THE MOST IMPORTANT FACTOR AT THIS DECISIVE TIME IS TO SUPPORT A HIGHWAY PROGRAM THAT WILL PROVIDE MUCH NEEDED JOBS IN MONTANA AND BOOST OUR ECONOMY. THEY TALK ABOUT CONSERVATION MEASURES. ANY COMPETENT ENGINEER WILL TELL YOU IT COSTS MORE TO FIX SOMETHING THE LONGER YOU LET IT GO. FEDERAL AND STATE STUDIES HAVE SHOWN THAT THE FRICTION CAUSED BY BAD PAVEMENT CAN COST A CAR 5 MILES A GALLON OF FUEL EFFICIENCY, PLUS MANY OTHERS.

THERE IS NO DOUBT THAT USING THE SEVERANCE TAX FOR HIGHWAYS IS CONTROVERSIAL, AND I REALIZE THAT IT HAS SPARKED VARIOUS POLITICAL OPPOSITION. I WOULD MENTION THAT ON JUNE 7, 1982, IN THE WALL STREET JOURNAL IT MENTIONED THAT GOVERNOR TED SCHWINDEN "BELIEVES THAT THE STATE'S TROUBLED HIGHWAY PROGRAM WAS ONE OF THE MOST CRITICAL ISSUES OF HIS ADMINISTRATION" QUOTED BY JEFF COCHRANE. IT IS RATHER INTERESTING THAT AN ARTICLE IN THE MISSOULIAN, FRIDAY THE 28TH OF MAY, THAT THE TRANSPORTATION ADVISORY COMMITTEE TO GOVERNOR SCHWINDEN STRONGLY ENDORSED MEASURES THAT ARE DIRECTLY PROPOSED IN ONE OF THESE BILLS BEFORE YOU TODAY. ONLY ONE OF THE 17 MEMBERS OF THAT COMMITTEE

WAS IN OPPOSITION TO WHAT I AM PRESENTING BEFORE YOU TODAY. IN THE SAME ARTICLE THEY FELT THAT BONDING INTEREST COSTS WERE TOO HIGH AT THAT TIME TO USE THAT AVENUE OF APPROACH FOR OUR PROBLEMS RELATED TO HIGHWAYS.

IN CLOSING, I WOULD SAY THAT I KNOW THAT THERE IS STATEWIDE SUPPORT FOR THESE TWO ISSUES, EVEN THOUGH I KNOW THAT BECAUSE OF POLITICAL RAMIFICATIONS THEY MAY NOT PASS. IT IS TIME THAT WE DID SOMETHING CONSTRUCTIVE FOR THE PEOPLE OF THE STATE OF MONTANA AND PUT THE POLITICAL MANEUVERING ASIDE FOR A MOMENT FOR THE BETTERMENT OF ALL THE PEOPLE OF MONTANA. THESE BILLS ARE ENDORSED BY MANY GROUPS OF PEOPLE. TO NAME A FEW, THE MONTANA TAXPAYERS ASSOCIATION, THE MONTANA AUTOMOBILE ASSOCIATION, THE MONTANA MOTOR CARRIERS ASSOCIATION, THE MONTANA CHAMBER OF COMMERCE, THE FARM BUREAU, THE WHEAT AND GRAIN GROWERS ASSOCIATION, THE INTERNATIONAL OIL MARKETING ASSOCIATION, PLUS MANY OTHERS TOO NUMEROUS TO MENTION.

REPRESENTATIVE CARL SEIFERT
DISTRICT NO. 26

dh

Proposed Amendment to HB 442

1. Page 1, line 11.

Following: "tax"

Strike: "bond"

Insert: "permanent"

MR. CHAIRMAN, COMMITTEE MEMBERS, MY NAME IS LOIS TONNE AND I REPRESENT MONTANA WOMEN INVOLVED IN FARM ECONOMICS.

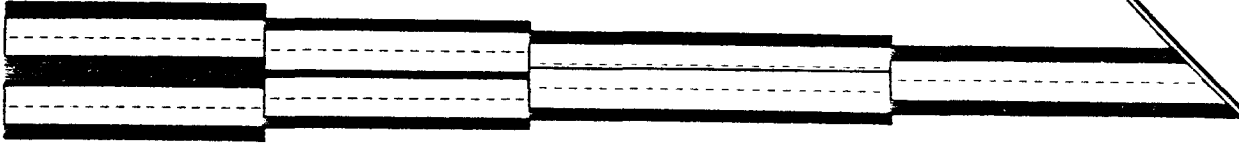
WIFE STANDS IN SUPPORT OF TAPPING THE COAL SEVERANCE TAX TRUST FUND TO ADDRESS THE IMMEDIATE PROBLEM OF MONTANA'S TRANSPORTATION NEEDS.

WIFE FEELS THAT STOCKPILING OF COAL SEVERANCE TRUST MONIES MAY BE A DETRIMENT TO MONTANA'S FUTURE BECAUSE THE FEDERAL GOVERNMENT MAY LOOK UPON THIS NEST EGG AS A MEANS TO REDUCE IT'S MONTANA ALLOCATIONS.

THE NEEDS OF MONTANA'S TRANSPORTATION SYSTEM MUST BE MET NOW!!!!...
ALL SEGMENTS OF MONTANA'S ECONOMY DEPEND ON ADEQUATE TRANSPORTATION:
LOCAL BUSINESS INVENTORY, AGRICULTURE TO MARKET, FOOD COMMODITIES TO CITIES,
AND SO FORTH.

WILL ECONOMIC DEVELOPMENT BE ADVERSLY AFFECTED BECAUSE WE LACK AN AD-EQUATE TRANSPORTATION SYSTEM?

HOW CAN COAL TAX TRUST MONIES BE USED BEST FOR FUTURE GENERATIONS...?.
I'M SURE YOU'VE ASKED YOURSELVES THESE QUESTIONS MANY TIMES...HOWEVER,
WITHOUT A HIGHWAY SYSTEM TO INSURE THE FUTURE OF MONTANA'S ECONOMY, WE
MAY BE STARVING OURSELVES TODAY, TO FEED THOSE OF TOMORROW, WHEN THERE IS
LITTLE LEFT OF TOMORROW TO FEED!!!

DOWNSCOPE

February 10, 1983

Re: HB 442 and 443

CCP is opposed to using state revenues for highway reconstruction until all reasonable cost-effective highway design strategies are applied to administrative decision-making processes.

It does not make sense to allocate more and more money to highways before there are guarantees that reconstruction expenditures are cost-effective. The state needs a firm cost-effective foundation and policy direction in order to have a credible "Build Montana Program".

THE MDOH HAS NOT DOWNSCOPED THEIR LEVEL OF SERVICE DESIGN CRITERIA --

THE AREA OF DESIGN HAVING THE GREATEST POTENTIAL SAVINGS

- designing for Level C provides the essential transportation needs (reasonable safety and adequate capacity) at the lowest overall cost.
- MDOH currently designs rural primary highways to Level of Service B (\geq 55 mph, increased maneuverability, increased speed range, stable flow).
- Designing rural primary highways to Level C is a national transportation trend. In 1974 federal regulations were promulgated to consider alternatives with reduced level of service.
- 3 western states (South Dakota, Oregon, Colorado) already have statewide policy to design rural primary highways to Level C. This policy saves Colorado 20% in construction costs, is approved by the Federal Highway Administration, and is based on criteria in a nationally recognized design manual, the Highway Capacity Manual.
- Level of Service C: 45-50 mph, stable flow, tolerance of some congestion during peak hours usually late in the design period.

MDOH COST-EFFECTIVE HIGHWAY DESIGN REPORT HAS BEEN CANCELLED

- In 1981 the Engineering Division determined that 4 reports would be prepared. One of these reports was to "identify highway design standards and practices that significantly reduce construction and maintenance costs."
- downscoping design criteria to Level C is a reasonable item to be identified in such a report.
- What did the Dept. do? Of the 4 reports, the cost-effective highway design practices report was the only report totally cancelled. As of November 1982, the Dept. states: "No specific report has been or will be developed."

SUMMARY

The Montana Department of Highways is actively resisting cost-effective highway design changes in the area of design having the greatest potential savings.

It is unwise to be allocating large amounts of money to highway reconstruction for a program having no cost-effective guarantees.

The legislature should not condone massive budget cuts in child health, nutrition, and education programs while the highway department has yet to consider and implement downscoped Level of Service design criteria. This cost-effective strategy has the potential to save 20% construction costs on oversized reconstruction projects.



Kalispell Area Chamber of Commerce Post Office Box 978 Kalispell, Montana 59901 Telephone (406) 755-6166

February 9, 1983

Chairman Hubert Abrams
House Highways and Transportation
Committee
Helena, Montana 59601

Dear Chairman Abrams:

The Board of Directors of the Kalispell Area Chamber of Commerce wishes to advise you and the Committee of its support of House Bill 443.

This Bill proposes to reduce the amount of coal severance tax going to the coal severance tax trust fund from 50% to 30% and that the percentage not so allocated be used solely for the construction and reconstruction of the State's highways.

It certainly seems to the Chamber, in view of the condition of Montana highways and its delinquencies in new construction, that this part of the package designed to furnish the matching funds necessary to upgrade the highways and to get its construction program on schedule is an essential piece of legislation.

We request that this letter of support be made part of the records of any hearing held on House Bill 443, and earnestly solicit the Committee's support of that Bill.

Very truly yours

KALISPELL AREA CHAMBER OF COMMERCE

By *John L. Hummer*
President

By *B. B. Roberts*
Chairman, Legislative Affairs

EXCUSE

DATE 9-10-83

REPRESENTATIVE Herry Geyser

IS EXCUSED FROM COMMITTEE HEARING.

REP. HUGH ABRAMS, CHAIRMAN
HIGHWAYS AND TRANSPORTATION COMMITTEE

PROXY VOTE

Date _____

REPRESENTATIVE _____

BILL NO. 441

INSTRUCTIONS Favor YES.

(committee Report on 484-606 YES.)

Herry Geyser
SIGNATURE

HB 17 2-15-83
Ex
gray-bill

Recommend the following amendments:

Page 10 - lines 15 thru lines 18 be inserted into the alternate fuels act.

Page 12 - lines 6 and 7 be reinstated to give the enforcement agents the authority to sell temporary permits to those persons operating vehicles over 10,000 lbs. These vehicles are required to stop at scale houses.

Page 12 (2) - The present language is correct for vehicles 10,000 lbs. or less if you want the permit valid for 30 days at a cost of \$20.00.

Insert the following language for vehicles over 10,000 lbs.:

- (1) Upon entering the state, a nonresident operating any motor vehicle powered by liquefied petroleum gas over 10,000 lbs. is required to purchase a liquid petroleum gas temporary trip permit. The permits will be issued by scale house personnel, gross vehicle weight patrol crews, Montana highway patrolmen, and such other enforcing agents as the department of revenue may prescribe.
- (2) A temporary liquid petroleum gas permit shall cost \$30.00. The permit is valid for a period of time not to exceed 72 hours and will be automatically void if the vehicle leaves the state during this period. Special liquid petroleum gas permits, remittance forms, and any other papers necessary for the enforcement of this chapter shall be furnished by the department of highways.

This amendment would issue temporary permits to alternate fuel vehicles the same as is being issued to diesel powered vehicles at the present time.

Page 12 - line 17 department of highways should be reinserted to allow the agency to furnish permits and forms to those vehicles weighing over 10,000 lbs.

House Highway Committee

Bill Summaries

HB 441 gives the Highway Department the authority to negotiate with and enter into a bilateral agreement with an adjoining state for collection of fees and taxes. The bill also provides authority for the construction and joint operation of ports of entry.

HB 442 appropriates \$20 million from the coal severance tax trust fund for highway, road, and street reconstruction. \$17 million would go to the reconstruction trust account. \$1½ million would go to counties for maintenance and repair of rural roads, and \$1½ million to cities for the maintenance and repair of streets and alleys.

HB 443 amends the constitution to provide that only 30% of the total severance tax on coal would go to the permanent trust fund. Twenty percent of the collections would go to a highway reconstruction account to be allocated by the legislature. The amendment has a 10-year effective date.