

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE  
March 8, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representative Keenan, who was excused.

Testimony was heard on HB 665, HB 860, HB 890 and SB 68.

Executive action was taken on HB 706 during this meeting.

HOUSE BILL 860

REPRESENTATIVE HARRISON FAGG, District 63, sponsor of the bill, said HB 860 is an act revising the laws governing the estimated income tax; providing for quarterly payments; and eliminating the farmer, rancher, or stockman exclusion. He said this bill represents \$1.5 million in additional income for the state of Montana. House Bill 860 would put all people in Montana on the same tax base.

Proponents

JIM SPRING, Chairman of the Governor's Council on Management, said all self-employed tax payers shall pay estimated taxes, if HB 860 is passed. Montana does not have a penalty to enforce this type of tax. Farmers and ranchers are presently excluded from this tax. Interest from revenue generated around the state will be \$1.5 million. (See EXHIBIT 1.)

KEN MORRISON, representing the Department of Revenue, said he is appearing as neither a proponent nor an opponent on this bill. There are some administrative costs of this bill. It would cost \$163,000 in FY'84 and \$137,000 in FY'85 to administer the amended estimated tax program. The department will also have to add more staff to handle the additional paper work.

There were no opponents testifying on HB 860.

REPRESENTATIVE FAGG, in closing, said the passage of HB 860 would be a good chance to pick up \$1.5 million in additional revenue. He said he questions the administrative costs given by the Department of Revenue. If the cost is correct, the state would still be ahead by \$1 million.

REPRESENTATIVE DOZIER asked if the administrative costs are upfront expenses. Mr. Morrison said the FY'84 costs are one-time expenses and the FY'85 costs are ongoing expenses.

REPRESENTATIVE DEVLIN asked if he was correct in saying the \$1.5 million is derived from interest accumulated by paying by the quarter. Mr. Spring said that was correct.

The hearing was closed on HB 860.

SENATE BILL 68

SENATOR DELWYN GAGE, District 7, chief sponsor of the bill, said SB 68 is an act providing an income tax deduction to nonresidents for contributions made to Montana or a political subdivision. He said this bill arose from a situation where a taxpayer who is not a resident of Montana gave some land to Montana and then took a deduction on that contribution. He was disallowed that deduction. This bill would allow that deduction on his non-resident tax return. The bill will probably have very little effect on revenue.

There were no other proponents testifying on SB 68.

There were no opponents testifying on SB 68.

SENATOR GAGE closed his presentation on SB 68.

REPRESENTATIVE BERTELSEN said this act would become effective upon passage and approval. He said the legislators were told not to have the legislation become effective on passage and approval unless there is an urgent need. He asked if there was a particular reason for this bill to become effective upon passage and approval. Senator Gage said no, any effective date in 1983 would be fine because this legislation applies to tax years after December 31, 1982.

REPRESENTATIVE VINGER asked what is meant by political subdivision. Senator Gage said that means local governments.

The hearing was closed on SB 68.

HOUSE BILL 890

REPRESENTATIVE BILL HAND, District 82, sponsor of the bill, said HB 890 is an act eliminating the proration of the new car sales tax for vehicles on the staggered registration system.

REPRESENTATIVE HAND the purpose of HB 890 is to correct an inequitable tax. It will cost no money unless, by some freak event, there are more autos bought and registered in November than in December.

The inequity is that those autos purchased in November are undercharged, while those purchased in December are overcharged in assessing the onetime 1 1/2% new car use fee. This does not apply to trucks over one ton. Confusion arises over differentiating between the old taxation by appraised value, which is now repealed, and its replacement, the flat fee tax. Historically, these taxes were, are, and have been prorated and apportioned in such

a way to avoid re-registration in the heavy, real, and personal property tax collection and computationments, namely, November and December.

To resolve this problem, autos bought in November were taxed one month short so that re-registration falls in October, or were assessed 11/12ths of the flat fee. Those autos purchased in December were assessed an extra month's flat fee, 13/12ths, so that registration falls in January.

The totally different onetime new car use fee somehow was rolled into the flat fee and is wrongly apportioned with it.

Under current statutes, you need pay only 11/12ths of the new car use tax if your auto or pickup truck was purchased in November. You should avoid December, for you pay an extra 1/12th more, or the flat use tax times 13/12ths. All other months are presently paid for correctly.

House Bill 890 would assess the new car fee uniformly, as it should, regardless of when the auto or light truck was purchased. Again, heavy trucks and trucks over one ton would not be affected. (See EXHIBIT 2.)

#### Proponents

DON COPLEY, representing the Department of Highways, said the department administers the new car sales tax and they have no problem with this bill. He offered some amendments to clarify the language in the bill. (See EXHIBIT 3.)

LOUISE SHAFER, who works for the county courthouse in Beaverhead County, said she is appearing as a private citizen in the interest of tax equality and primarily in the levying of the new car use tax.

The formula for figuring the new car use tax is as follows: The manufacturer's list price times 1 1/2%, divided by 12 and then multiplied by 11, if the car is licensed in November, or 13, if it is licensed in December. All other months are just taxed on the 1 1/2%. The part that is unfair is that the new car use tax only applies to cars and pickup trucks and is a onetime thing, and has nothing to do with the period the vehicle is being licensed for.

The flat fee is for a 12 month period basis, even if the car is being licensed for 13 or 11 months, and it is also assessed on new cars and light trucks along with the new car use tax.

The formula for the larger, over one ton, trucks is the same and is assessed in place of the flat fee. You will remember that

the light trucks and cars are assessed both the flat fee and the 1 1/2% new car use tax. If they buy a license for a larger vehicle in March, they pay the new car use tax for ten months, as the expiration date is not staggered but is December 31st of each year. I am not opposing the new car use fee. I simply feel that it should be levied equally on all car and small truck users.

There were no opponents testifying on HB 890.

REPRESENTATIVE HAND, in closing, said there may be some confusion between the present means of assessing in lieu of the flat fee in the second and third years.

The hearing was closed on HB 890.

CHAIRMAN YARDLEY called the meeting into Executive Session at this time.

#### EXECUTIVE SESSION

##### House Bill 706

REPRESENTATIVE ASAY said there is a new, amended, fiscal note on this bill. He passed out copies of an explanation of the fiscal note. (See EXHIBIT 4.) He read that handout to the committee.

REPRESENTATIVE NORDTVEDT asked why the statement "This bill would reduce royalty payments" was put on the fiscal note. Mr. Ken Williams, Western Energy Company, said the interaction of the tax and the royalty will reduce the royalty slightly. The actual reduction will be about 5%. The royalty is a percentage of the coal profit. If you reduce the tax, you reduce the royalty.

REPRESENTATIVE ASAY said the amendments were housekeeping amendments only and do not change the substance of the bill.

ELLEN FEAVER, Director of the Department of Revenue, said the Department of Revenue proposed the amendments being offered. In looking at the bill, the bill should be as precise as possible. The amendments specify which quarterly return this would start applying to. The amendments make sure the private royalties were not a part of this bill. The royalty is paid to the government of the United States, the state of Montana, or federally recognized Indian tribes. These amendments specify what is an Indian tribe. These amendments are housekeeping amendments but as far as tax administration goes, they are important.

REPRESENTATIVE ASAY moved the offered amendments to HB 706.

The motion was voted on and PASSED unanimously. Representative Keenan was excused.

REPRESENTATIVE ASAY moved HB 706 DO PASS AS AMENDED.

The motion was voted on and PASSED. All committee members present voted yes except Representative Neuman, who voted no. Representative Keenan was excused.

REPRESENTATIVE NEUMAN took over as chairman of the meeting.

The meeting was called back into regular hearing for HB 665.

#### HOUSE BILL 665

REPRESENTATIVE DAN YARDLEY, District 74, chief sponsor of HB 665, said HB 665 establishes a Montana Railway Fuel Tax Act, imposing a 6% use tax, creating a special railway facilities account and allocating funds. He said 5 cents of the 6 cent tax goes to a railway improvement account in the earmarked revenue fund to be expended by the Department of Commerce to subsidize rail passenger service in this state and for other essential railway purposes. He said this bill is a companion bill to HB 694, which funds Amtrak in the southern route. (See EXHIBIT 5.)

REPRESENTATIVE YARDLEY passed out copies of the cost of daily service of Amtrak in the southern route. (See EXHIBIT 6.)

REPRESENTATIVE YARDLEY said the fiscal note on HB 665 shows this bill will raise \$3.7 million each year of the biennium.

The leftover 1 cent of the 6 cent tax will go to a farm-to-rail-terminal highway improvement account in the earmarked revenue fund to be expended by the Department of Highways, exclusively for the maintenance, repair and reconstruction of public highways and roads traveled by trucks transporting agricultural products to railway terminal points and for maintenance and improvements on railroad grade crossings, with priority given to highways and roads severely impacted by abandonments of railroad lines.

The main purpose of this bill is to reestablish Amtrak on the southern route in Montana.

REPRESENTATIVE YARDLEY passed out copies of proposed amendments which include provisions that if Amtrak was not constructed in and did not go into operation in Montana, the money would go into the farm terminal, road repair and maintenance account. (See EXHIBIT 7.)

#### Proponents

TOM RYAN, representing the Montana Senior Citizens Association, said as long as the railroad company retains its land grants, in any form, they should be obligated to serve people. This is an

effort to bring services to people and to further develop this area. I am, therefore, in favor of reestablishment of Amtrak on the southern route, regardless of the passenger load.

GARY BUCHANAN, Director of the Department of Commerce, said there are obvious benefits that result from the passage of this bill:

1. House Bill 665 will assure a means of alternative transportation in the state.
2. House Bill 665 will promote tourism in the state.
3. House Bill 665 will provide funding to maintain the whole railway system, including the 803 branch line program.

MR. BUCHANAN said the bill is consistent with the approach to highways to increase user fees to maintain the transportation system.

MR. BUCHANAN said they cannot support uncontrolled escalating costs for Amtrak's operation once it starts. We should seek assurance from Amtrak that the state subsidy will top out at a specific dollar limit. We must be certain that we are not buying into a budget crisis. With those qualifications, the Department of Commerce supports HB 665.

JIM MULAR, representing the Brotherhood of Railroad and Airline Clerks, said for ten years, Montana's Amtrak Southern Route was part of the basic system. In 1979, the NRPC Reorganization Act excluded this service, based on geographical balance concepts, and a statutory ridership criterion. In other words, Congress passed on public convenience and necessity to the several states. The latter was promoted with the creation of Section 403 (B) NRPC Act of 1979. That provision allowed the states to enter into compacts with proportionate funding between the federal and state governments.

There are no prohibitions in federal law which preclude state rail diesel fuel use taxes.

Opponents to HB 665 may allege that there are federal prohibitions. But, this committee should ask the opponents where this exclusion exists. If these prohibitions do, in fact, exist, then other modes of public and private common carriers ought to be excluded, such as airlines, trucking and the general public.

Moreover, opponents may assert that Amtrak is opposed to a rail diesel fuel tax. Only Amtrak is excluded from state and local taxes by operation of federal law.

During this session, opponents have publicly alleged that there would be drastic freight rate increases if HB 665 becomes law. I would like to remind the committee that railroads in this state were awarded a \$7 million property tax reduction. However, I have not heard of nor seen a freight rate reduction in the general and specific freight commodity tariffs, commensurate with the \$7 million tax relief.

Another enlightening fact is that recent worldwide fuel cost reductions have not reflected reductions in rail freight surcharges assessed by the Staggers Act of 1980, which gives automatic freight rate increases, resulting from high diesel fuel energy costs.

Passage of HB 665 would create new jobs with annual payrolls amounting to \$3 million.

Burlington Northern would profit from the operation. Freight rates would be minimal, and the end result would enhance maintenance, repair and reconstruction of public highways impacted by rail branch line abandonments. (See EXHIBIT 8.)

BARRY GREEN, representing the Brotherhood of Locomotive Engineers, Division 180, said favorable passage of this bill will generate the necessary funding needed to subsidize the return of Amtrak to the southern route of Montana as well as revenue to be used for the repair and maintenance of roads traveled by trucks carrying farm products to railway terminal points for shipping. He read a prepared statement to the committee. (See EXHIBIT 9.)

DON JUDGE said he was appearing on behalf of Jim Murry, Executive Secretary of the Montana State AFL-CIO. The revenue raised by this tax would provide significant help to our state's economy. Montana is in the grip of a terrible economic recession and over 42,000 Montanans are out of work. This bill would raise funds for a railway improvement account to subsidize rail passenger service in this state, providing funding to reestablish Amtrak's southern route through Montana. The Montana State AFL-CIO strongly supports HB 694, which would revive the route by providing a state subsidy. The revival of Amtrak's southern route would help provide a balanced transportation system, necessary to provide our citizens with alternative modes of transportation that are both energy efficient and operate under the most adverse weather conditions. Passenger trains have been and continue to be an integral part of our transportation system. A southern Amtrak route would serve the Montana public well, by increasing tourism and creating jobs. A certain portion of the railway fuel use tax would be allocated to maintain, repair and reconstruct public highways and roads used by trucks transporting agricultural products to railway terminal points, maintenance and improvements on railroad grade crossings, especially those which have been severely impacted by abandonments of railroad lines. This would

not only improve these roads and highways but would also provide jobs for Montana workers. We urge your support of HB 665.

PAT WISE, representing the Democratic Central Committee, rose in support of HB 665.

JULIE FOSBENDER, representing the Associated Students of the University of Montana, urged this committee's support of HB 665.

WARREN MCGEE said it is his opinion that Burlington Northern should pay for the operation of passenger train service as their succession to the Northern Pacific's 1864 charter indicated they would be obligated to do, in return for the land grant. He read prepared testimony to the committee. (See EXHIBIT 10.)

LARRY RYAN said having worked in the passenger train service for over 40 years, he feels qualified to comment on this legislation and in his opinion the real need of rail passenger service on the southern route is not debatable. The real purpose of the Rail Passenger Service Act, now referred to as Amtrak, was to end congestion on our highways and the overcrowding of the airways and airports. Without question, rail travel is the most efficient most comfortable and, the records will show, the least hazardous. On a recent test run by Amtrak over the southern route, local enthusiasm ran high and track conditions were found to be excellent.

Recent published figures show that railroads spend 34 cents out of every income dollar for right-of-way maintenance while trucks spend five cents and barge lines spend less than 3 cents.

A balanced transportation policy is one that treats all modes of transportation even-handedly and affords it's users a choice.

He said he hoped the state legislators will be forward looking in appreciating the need of Amtrak services. The North Dakota House voted in favor of a bill to revive the service by a 67-39 vote. (See EXHIBIT 11.)

BOB VIRTIS said HB 665 will be a means to get people back to work. He asked for a favorable vote on HB 665.

MORRIS BULLICKSON, representing the United Transportation Union, said they support the bill as a way of funding Amtrak on the southern route. This train would serve the majority of the population of Montana, the largest cities and the universities. The Governor's Build Montana Program would be supported as new business looks first at all transportation. The bill would create approximately 145 new jobs on the southern route in the railroad field. The bill would support tourism to Yellowstone Park and other resorts.



CHUCK NICHOLSON, Mayor of Livingston, said Livingston is a railroad town and a tourist center. We need Amtrak back badly. He asked for a favorable recommendation on HB 665.

PHIL COULTER, a retired train dispatcher, said he concurs with everything that has been said in support of Amtrak on the southern route. Both Billings and Missoula are fast becoming medical centers. There are people who would rather come to those towns by train than by car or ambulance.

#### Opponents

BILL BRASHER, an attorney representing Burlington Northern, said he is not appearing before this committee in opposition to the return of Amtrak on the southern route. The do, however, oppose the funding of the return at the expense of Montana rail shippers. Amtrak has expressed opposition to this funding. The President of Amtrak wrote a letter to Governor Schwinden in opposition to HB 665. Mr. Brasher handed out copies of letters written in opposition to HB 665. (See EXHIBIT 12.) Amtrak's opposition to the bill is because of the impact the bill will have on Montana shippers, producers, and Montana, itself. House Bill 665 is called a railway fuel tax bill. It should be called a railway users tax bill. House Bill 665 is nothing more than a tax or expense that will be passed onto the Montana rail users. There is no expense that is not passed onto users of a service. This expense will be approximately \$4 million per year. Because of the number of fueling facilities, an expense of \$1 million will be necessary to bring those facilities up to standard. House Bill 665 will require grain growers, etc., to subsidize Amtrak at their expense. There may be people who are unhappy with Burlington Northern, but there is no reason the grain growers, shippers, coal producers and timber industry should subsidize Amtrak on the southern route.

This kind of a tax will be classified as an unavoidable cost.

From a business standpoint, in an attempt to hold down costs, every effort will have to be looked at to minimize the fuel costs in Montana.

JOHN GREENE, President of the Butte-Anaconda Railroad, said he heard testimony dealing with how much money Burlington Northern will make be having Amtrak on their tracks. He said his railroad will not make any money. However, they will lose some jobs. They just got a contract to ship some slag. If this 6-cent tax is passed, that contract will not fly. This is poor legislation and should not be passed.

JO BRUNNER, representing Women Involved in Farm Economics (WIFE), said that organization, very reluctantly, opposes HB 665, not because they do not wish to see the continuance of this route or because they do not want to restore jobs or because they do not

wish to restore Amtrak service on the route, but because they are being ".2 cented" to death. Not only would they have to pay the estimation per bushel, but they would supply a great deal of that general fund money needed to implement this program. She said they cannot see where the 15% that would be allocated to highways approaching subterminals will benefit the majority of our grain haulers. The truly rural roads will take much of the impact for grain trucks and will be in great need of maintenance. She said they realize that they are taking a short-term view of the situation, but recognizing the tone of this legislature, they are not financially in the position, in agriculture, to take a long-term view.

REPRESENTATIVE JOHN HARP, District 19, asked if this state can afford two railroad tracks. Amtrak is not interested in any new operation that will affect existing transportation. How can this legislature look on expanding a program when we cannot even budget for it now. Representative Harp said he thinks the tourism aspect can be dealt with through the Build Montana Program.

BOB PANKRATZ, owner of the bus depot in Helena, said he doesn't know where the passengers for the railroad will come from. He built a new depot and if he loses 10-15% of his passengers to the railroad, he said he will have to make a "kid's arcade" out of the depot.

REPRESENTATIVE PAUL PISTORIA, District 39, said he usually supports the working man and senior citizen and he does think he is supporting them in saying he is in opposition to this bill. House Bill 665 will place the burden of the railroad on labor people and senior citizens. Those people will have to pay part of this additional tax. What is to stop the railroads from buying gas out-of-state? That would be a profit we would lose. He said he is against the southern route. He said he is supporting the working man and the senior citizen but not supporting this bill.

REPRESENTATIVE UNDERDAL, District 12, said he concurred with the testimony given by Representative Harp. He also said either we should have daily service or none at all. The northern route was chosen because of that area's lack of transportation. The southern route has buses and airlines. We would be taxed throughout the state for the benefit of one area.

REPRESENTATIVE BOB BACHINI, District 7, said this act could jeopardize service on the northern line of the Empire Builder. People on the northern line are dependent on the railroad. We do not have a very good highway system up there.

REPRESENTATIVE YARDLEY, in closing, said a great deal was said about the cost to the shippers of Montana. According to data

furnished by the Department of Commerce, the tax would amount to only two-tenths of a cent on each bushel of grain. This tax would raise about \$3.7 million per year.

REPRESENTATIVE YARDLEY said the Director of the Department of Commerce supports this bill. He did not want escalated costs and Representative Yardley said he agreed with him. The state would pay 55% of Amtrak's losses in the first year of the biennium and 45% each year after that. This act should be on a trial basis. If passengers do not ride Amtrak, the state should not subsidize Amtrak.

REPRESENTATIVE YARDLEY said the Department of Commerce is estimating an increase in tourism of about \$3.6 million per year. Transportation is a major concern of anyone moving into this state. People who do not usually get involved in legislative action have gotten ahold of Representative Yardley to support this bill. He asked for a do pass on HB 665.

REPRESENTATIVE WILLIAMS asked Mr. Brasher how much diesel fuel has gone down in the last year. Mr. Brasher said he thinks it has gone down about 15-18 cents a gallon. Representative Williams asked if the railroad reduced their freight rates as a result of that decrease in fuel costs. Mr. Brasher said grain rates have been reduced drastically over the past two years. Mr. Brasher said any reduction in Burlington Northern's expenses will mean rates will not escalate as often or as great. Representative Williams asked if it would be fair to assume that there would be no need to increase freight rates within the next two years because diesel fuel is expected to drop in price more. Mr. Brasher said no, you could not make that assumption.

REPRESENTATIVE JACOBSEN asked how many miles of track in Montana does the Burlington Northern have. Mr. Brasher said about 4,000.

REPRESENTATIVE DEVLIN said North Dakota passed legislation to fund their end of the Amtrak route and asked how they funded it. Mr. Brasher said North Dakota does not have a fuel tax bill presently. There are bills similar to HB 665 but the appropriation portion of the funding has been removed from those bills. North Dakota has removed funding of Amtrak in those bills as of now.

JIM MULAR said North Dakota does have a 2% sales tax on rail diesel fuel. That may be a spring board.

REPRESENTATIVE DEVLIN asked if the students from the university system will take advantage of the railway system if instituted. Ms. Fosbender said she cannot guarantee that but she has been talking with the Amtrak people in Washington, and they are trying to negotiate a student rate and if the rates can come down for students, she guarantees more students riding on the train.

REPRESENTATIVE ASAY asked what would happen in the event the

agreement between North Dakota and Montana did not come through. Representative Yardley said the money would then go into the account for roads, which his proposed amendments provide for.

REPRESENTATIVE SWITZER asked how much money Amtrak lost last time they were in Montana on the southern route. Mr. Fogarty said the last time Amtrak was on the southern route, Amtrak was under a direct congressional appropriation.

REPRESENTATIVE VINGER asked if Amtrak is being subsidized now. Mr. McGee said Amtrak pays 76% of their costs on all lines.

REPRESENTATIVE HARP asked if it was true that nationwide, Amtrak is losing \$2 million per day. Mr. John Delano said that was correct.

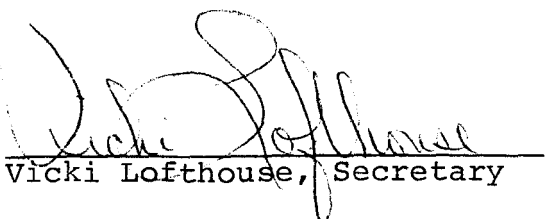
JIM MULLEN said Amtrak is being subsidized 10 cents per passenger mile-train mile.

REPRESENTATIVE UNDERDAL asked if the southern route was a three-day per week run. Mr. Fogarty said that was correct.

The hearing on HB 665 was closed.

The meeting was adjourned at 10:30 a.m.

  
DAN YARDLEY, Chairman

  
Vicki Lofthouse, Secretary

## INDIVIDUAL RECOMMENDATION REPORT

Report No. and Name 14c OPERATIONS - REVENUE		Recommendation No. 1				
Team Leader [REDACTED]	Team No. 4	Page 1 of 2				
Team Member [REDACTED]	Date Prepared 4/30/82	Date Revised 6/1/82				
<input type="checkbox"/> EXECUTIVE ACTION		<input checked="" type="checkbox"/> LEGISLATIVE ACTION				
		<input type="checkbox"/> CONSTITUTIONAL ACTION				
ECONOMIC SUMMARY						
<input checked="" type="checkbox"/> Annual	<input type="checkbox"/> One Time	<input type="checkbox"/> Saving	<input type="checkbox"/> Improved Effectiveness	<input checked="" type="checkbox"/> Added Income	<input type="checkbox"/> Added Cost	\$ 1,500,000
<input type="checkbox"/> Annual	<input type="checkbox"/> One Time	<input type="checkbox"/> Saving	<input type="checkbox"/> Improved Effectiveness	<input type="checkbox"/> Added Income	<input type="checkbox"/> Added Cost	\$

## Statement of Recommendation

Require all self-employed tax payers to pay estimated taxes and establish an interest and penalty charge for not paying estimated taxes on time.

## Problem, Solution, Benefit

## 1 Problem

Montana law requires self-employed tax payers to file an estimated tax; however, the law excludes farmers and ranchers and does not require any interest or penalty for not paying estimated taxes. This encourages tax payers to retain their money and earn interest on the money until a tax return is required to be filed. For example; professional people, farmers, and ranchers can take their required payments for estimated taxes and invest them for up to one year without any interest or penalty being required.

## 8 Solution

The Montana Legislature should require farmers and ranchers to pay estimated taxes and establish an interest and penalty charge for not paying estimated taxes on time similar to those imposed on employers. It should be noted that there would be very little additional burden on the taxpayer since the taxpayer already is required to file quarterly federal estimated taxes.

## 4 Benefit

The State would increase interest income since payments would be made on a timely basis and would treat all tax payers equally. The Department of Revenue has estimated that the State would earn approximately \$1,500,000 of added income if estimated taxes were paid on

# INDIVIDUAL RECOMMENDATION REPORT

Report No. and Name    14c   OPERATIONS - REVENUE	Recommendation No.    1
Date Prepared    4/30/82	Date Revised    6/1/82
Page    2	of    2

Problem, Solution, Benefit (Continued)

1 a quarterly basis (\$25,000,000 of estimated taxes currently not being paid on a timely  
 2 basis x an average of  $\frac{1}{2}$  year outstanding x .12 interest rate).

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TESTIMONY SUPPORTING HOUSE BILL 890

The purpose of House Bill 890 is to correct an inequitable tax. It will cost no money unless, by some freak event, there are more autos bought and registered in November than in December.

The inequity is that those autos purchased in November are undercharged, while those purchased in December are overcharged in assessing the one-time 1 1/2 percent New Car Use Fee.

This does not apply to trucks over one ton. My authority is the Legislative Council, so that Montana Motor Carriers Association need not be alarmed.

In deference to those who would say we have no problem, I have an employee of the Beaverhead Treasurer's Office to testify that she feels this inequity is repugnant.

Confusion arises over differentiating between the old taxation by appraised value, which is now repealed, and its replacement, the Flat Fee Tax. ("A" on the accompanying sheet.) Historically, these taxes were, are, and have been prorated and apportioned in such a way to avoid re-registration in the heavy, real, and personal property tax collection and computation months, namely, November and December.

To resolve this problem, autos bought in November were taxed one month short so that re-registration falls in October, or were assessed 11/12ths of the flat fee of "A." Those autos purchased in December were assessed an extra month's flat fee (13/12ths) so that registration falls in January.

TESTIMONY SUPPORTING HB 890  
Page Two

The totally different one-time "New Car Use Fee" ("B" on the accompanying sheet.) somehow was "rolled into" the flat fee and is wrongly apportioned with it.

Under current statutes, you need pay only 11/12ths of the New Car Use Tax if your auto or pickup truck was purchased in November. You should avoid December, for you pay an extra 1/12th more, or the Flat Use Tax times 13/12. All other months are presently paid for correctly.

House Bill 890 would assess the New Car Fee uniformly, as it should, regardless of when the auto or light truck was purchased. Again, heavy trucks and trucks over one ton would not be affected.

Bill Hand

3/7/83  
se



# New Car Cert. of Reg.

## MONTANA OWNER'S CERTIFICATE OF REGISTRATION AND TAX RECEIPT

Current Plate <b>18-5700</b>	Type <b>PC</b>	Veh Yr <b>82</b>	Make <b>Honda</b>	Model <b>Civic</b>	Style <b>3D</b>	Color <b>Red</b>	G.V.W./Wt.
EXPIRATION DATE <b>2/28/83</b>	Vehicle Ident./Motor No. <b>JHMSR3320CS014243</b>		Title Number				
Tab No. <b>K376627</b>	Gas (1) Diesel (2) LPG (3) <b>1</b>	Tax Code <b>028</b>	Vehicle Code	Equip. No.	Ton		
Registered Owner's Name and Address <b>Bill Hand 30 S. Arizona Dillon, Montana 59725</b>							
Lienholder's Name and Address			Lien Amount		F.O.B. Price		
Valid by	Market Value	Taxable Val.	School Dist # <b>100</b>	Mill Levy	Co <b>18</b>		
Treas. or Dep <b>LS 3/12/82</b>	I CERTIFY UNDER PENALTY OF LAW THAT THIS VEHICLE IS INSURED AS PRESCRIBED BY MONTANA STATUTE 61-6-302, MCA.		Signature of Registered Owner <b>X Bill Hand</b>				
Date Issued	<b>R.P.O. ONLY—OUT OF STATE REGISTRATION INFORMATION</b>						
Legal Domicile	Out of State Plate	Title No.	State				
OWNER COPY				Zip			
				<b>B 2101983</b>			

### G.V.W. FEE PERIOD

(A) ANNUAL \_\_\_\_\_ (6) 3rd & 4th  
QUARTERS \_\_\_\_\_ (7) 1st & 2nd  
ONE QTR. \_\_\_\_\_ (8) 2nd & 3rd  
(5) 2-3-4th \_\_\_\_\_ (9) 1-2-3rd

### G.V.W. CLASS

(7) TRANS. \_\_\_\_\_ (3) 16%  
(1) 100% \_\_\_\_\_ (4) SCH. 3  
(2) 75% \_\_\_\_\_ (5) 55%

### FEES PAID

Co. Tax **70.00**  
Reg. Fee **PD 8/31/82**  
G.V.W. Tax  
New Use Tax **92.60**  
Title  
Junk Vehicle **2.00**  
RMV/F&G  
Co. Total **164.60**  
Title **3.00**  
Lien **3.00**  
Dup Reg  
Pers. Plate  
TOTAL **170.60**

Flat Fee

New Car Use Fee

Sub Total

Total Cost

Same Car Reregistered 1 Yr Later

## OWNER'S CERTIFICATE OF REGISTRATION AND PAYMENT RECEIPT

Current Plate <b>18-5700</b>	Type <b>PC</b>	Veh Yr <b>82</b>	Make <b>Honda</b>	Model <b>Civic</b>	Style <b>3D</b>	Color <b>Red</b>	Wt <b>Under</b>
EXPIRATION DATE <b>2/28/84</b>	Vehicle Ident./Motor No. <b>JHMSR3320CS014243</b>		Title Number <b>K 444 7305</b>				
Tab No. <b>N374785</b>	Gas (1) Diesel (2) LPG (3) <b>1</b>	Tax Code <b>028</b>	Vehicle Code	Equip. No.	Ton		
Registered Owner's Name and Address <b>Bill Hand 30 S. Arizona Dillon, Mont 59725</b>							
Lienholder's Name and Address			Lien Amount		F.O.B. Price		
Valid by <b>LN</b>	Market Value	Taxable Val.	School Dist # <b>100</b>	Mill Levy	Co <b>18</b>		
Treas. or Dep <b>LN</b>	I CERTIFY UNDER PENALTY OF LAW THAT THIS VEHICLE IS INSURED AS PRESCRIBED BY MONTANA STATUTE TITLE 61-6-302, MCA.		Signature of Registered Owner <b>X Bill Hand</b>				
Date Issued <b>3/5/83</b>	<b>R.P.O. ONLY—OUT OF STATE REGISTRATION INFORMATION</b>						
Legal Domicile	Out of State Plate	Title No.	State				
OWNER'S COPY				Zip			
MONTANA				<b>A1954769</b>			

### G.V.W. FEE PERIOD

(A) ANNUAL \_\_\_\_\_ (6) 3rd & 4th  
QUARTERS \_\_\_\_\_ (7) 1st & 2nd  
ONE QTR. \_\_\_\_\_ (8) 2nd & 3rd  
(5) 2-3-4th \_\_\_\_\_ (9) 1-2-3rd

### G.V.W. CLASS

### FEES PAID

Co. Tax  
M.V. Fee **74.14**  
Reg. Fee **7.00**  
G.V.W. Tax  
New Use Tax **.50**  
Title  
Junk Vehicle  
RMV/F&G  
Co. Total **81.64**  
Title  
Lien  
Dup Reg  
Pers. Plate  
TOTAL

Flat Fee

No New Car Use Fee

3-9-83

House Bill No. 890

Amendments proposed by the Department of Highways.

Page 1, line 23.

Following: "month"

Insert: "or"

Page 4, line 20.

Following: "period"

Strike: "of not less than 11 months and not more than 13 months"

HOUSE BILL 706 (FISCAL NOTE)

The Fiscal Note for House Bill 706 contains some assumptions that are not readily apparant:

First the fiscal impact for Fiscal Years 85, 86, 87, and 88 assumes that Montana producers will meet their tonnage projections. FY85 production is anticipated to be 40 million tons, an increase of 12.2 million tons over 1982 production of 27.8 tons. Slightly less than half of this 12.2 million ton increase anticipates the operation of Colstrip Units 3 & 4 while the remaining 6.6 million tons contemplates production near contract maximums. Without the passage of House Bill 706, production will likely stagnate and the unrealized severance and royalty income will far outweigh any "fiscal impact."

Secondly, the final paragraph of the fiscal note speaks of a possible 20% reduction in royalty payments. Because the fiscal note incorrectly assumes that federal percentage royalties do not apply against themselves, this conclusion is inaccurate. The July 30, 1982 Federal Register clearly specifies that the federal and Indian percentage royalties apply to all components of the price, including the royalties paid. The per ton reduction in royalty that could be expected, then, would be between 5-7%. One must be cautious, however, when estimating the reduction in royalty income because the anticipated production will likely not occur if House Bill 706 is not enacted.

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*House BILL NO. 694*  
*INTRODUCED BY* *Sen. Williams, Broad Lulin*  
*Don Muncher, Rodas, Don P. Stynes, Story*  
*Foran, Keenan, The Governor, which*  
*is a bill for an act entitled: "AN ACT ALLOWING THE GOVERNOR TO*  
*ENTER INTO AGREEMENTS WITH THE STATE OF NORTH DAKOTA AND*  
*RELEVANT FEDERAL AGENCIES FOR RENEWAL OF SERVICE OF AMTRAK*  
*NORTH COAST HIAMATHA ROUTE SERVICE FROM FARGO TO SPOKANE,*  
*PROVIDING AUTHORITY TO ENTER INTO SUCH AGREEMENTS AS*  
*PROVIDED IN 45 U.S.C. 563(B); PROVIDING AN APPROPRIATION;*  
*AMENDING SECTION 60-11-201, MCA; AND PROVIDING AN EFFECTIVE*  
*DATE."*

1 enter into agreements to restore Amtrak rail passenger  
2 service under 45 U.S.C. 563(b), as that statute reads on  
3 July 1, 1983, subject to appropriation by the legislature."  
4 NEW SECTION. Section 2. Appropriation. There is  
5 appropriated from the general fund the amount of \$5,279,800  
6 for the biennium ending June 30, 1985, to the department of  
7 commerce for the contribution of the state of Montana in the  
8 reinstitution of Amtrak service in this state as follows:  
9 Fiscal year ending June 30, 1984 \$2,228,000  
10 Fiscal year ending June 30, 1985 \$3,051,800  
11 NEW SECTION. Section 3. Effective date. This act is  
12 effective July 1, 1983.

-End-

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

Section 1. Section 60-11-201, MCA, is amended to read:

15 "60-11-201. Agreements for rail passenger service  
16 application. The governor or his authorized representative  
17 may negotiate with the proper authority representing any  
18 other state to establish an agreement to enable Montana, in  
19 concert with other states, to submit an application to the  
20 rail passenger corporation for institution of rail passenger  
21 service under the provisions of the Rail Passenger Service  
22 Act (45 U.S.C. 563(b)). The governor may not participate in  
23 the submission of an application until the base agreement  
24 and any application have been approved by the legislature.  
25 However, the governor or his authorized representative may

EXHIBIT 5  
3-9-83

-2- INTRODUCED BILL

HB 694

AMTRAK SOUTHERN ROUTE

DAILY SERVICE

	Fiscal Year 1983-84 (via Butte) (000)	Fiscal year 1983-84 (via Helena) (000)	Fiscal year 1984-85 (via Butte) (000)	Fiscal year 1984-85 (via Helena) (000)
Revenue	9,286	9,737	9,286	9,737
Short Term Avoidable Cost	-16,584	-16,074	-16,584	-16,047
Short Term Avoidable Loss	<u>\$ (7,298)</u>	<u>\$ (6,337)</u>	<u>\$ (7,298)</u>	<u>\$ (6,337)</u>

States Share:

Percent of Short Term Avoidable Loss	(45%)	3,284.1	(45%)	2,851.7	(65%)	4743.7	(65%)	4119.1
50% of Equipment Capital (Reoccurring)		576		576		576		576
50% of Station Facility Capital		---		---		---		---
TOTAL STATES SHARE		3,860.1		3,427.7		5,319.7		4,695.1
Montana 65%		2,509.1		2,228.0		3,457.8		3,051.8
North Dakota 35%		1,351.0		1,199.7		1,861.9		1,643.3

Short-term avoidable  
(Loss) passenger mile

(.079) (.065)

Passenger miles (000's)

97,422

PM/TM

107.45

Passengers (annually)

113,730

Amendments - HB 665 - Introduced Bill

1. Page 1, following line 15.

Insert: "(2) "Device" means a mechanism or machine designed to measure fuel by definite volume or weight.

(3) "Dispensed" means the placement of fuel by a supplier either directly into a railway vehicle or into a railway-owned fuel storage facility."

Renumber: subsequent subsections

2. Page 1, line 22.

Following: "a"

Strike: "vehicle"

Insert: "locomotive"

3. Page 2, line 9.

Following: "through"

Strike: "meters"

Insert: "devices"

4. Page 5, line 9.

Following: "account."

Insert: "(1)"

5. Page 5, line 11.

Strike: "(1)"

Insert: "(a)"

6. Page 5, line 16.

Strike: "(2)(a)"

Insert: "(b)(i)"

7. Page 5, line 19.

Following: "subsection"

Strike: "(2)(b)"

Insert: "(1)(b)(ii)"

8. Page 6, line 1.

Strike: "(b)"

Insert: "(ii)"

9. Page 6, following line 4.

Insert: "(2) Any money allocated to the railway improvement account under subsection (1)(a) that is not used within one year of allocation to subsidize rail passenger service in this state is withdrawn from the railway improvement account under subsection (1)(a) and allocated to the farm-to-rail-terminal highway improvement account under subsection (1)(b) to be used pursuant to subsection (1)(b)."

## STATEMENT OF INTENT

### House Bill 665

A statement of intent is required for HB 665 because in Section 9 the Department of Commerce is empowered to adopt rules for the expenditure of money to subsidize rail passenger service. The intention of the Legislature is to assist in restoring Amtrak service on Montana's southern route. Expenditure from the Railway Improvement Account may be made only to support Amtrak service on the southern route.

**BROTHERHOOD OF RAILWAY, AIRLINE AND STEAMSHIP CLERKS,  
FREIGHT HANDLERS, EXPRESS AND STATION EMPLOYES**

440 ROOSEVELT DRIVE R-1

AFL-CIO-CLC

JAMES T. MULAR  
State Director  
Butte, MT 59701  
Phone 406 454 2316

TO: THE HONORABLE DAN YARDLEY, CHAIRMAN, AND MEMBERS OF  
THE HOUSE TAXATION COMMITTEE

SUBJECT: STATEMENT OF JAMES T. MULAR, STATE LEGISLATIVE DIRECTOR,  
BRAC, ON BEHALF OF THE UNITED TRANSPORTATION UNION,  
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES, BROTHERHOOD  
OF LOCOMOTIVE ENGINEERS.

RE: HB 665, COMMITTEE HEARING TO BE HELD, TUESDAY, MARCH 8, 1983

Mr. Chairman, members of the Committee; for the record, my name is James T. Mular - 440 Roosevelt Drive, Butte-Silver Bow, Montana. I have been a resident of this state for over 50 years. My appearance before this Committee comes as a concerned citizen supporting the Legislative intent contained in HB 665.

In order to qualify my personal opinions and research - my background reflects 35 years of service with railroad industry. My most recent service connected relationship was with the National Rail Passenger Corporation; commonly referred to as AMTRAK. I was furloughed from that corporation, when the former Southern Rail Passenger Route was deleted from the National Rail Passenger System, which was done by Congressional action in October 1979.

As a former AMTRAK ticket agent, I've had the opportunity to personally research the legislative background of rail passenger service, along with the railroad's own financial reports, and other documented data.

BACKGROUND: AMTRAK:

AMTRAK was created by an act of Congress in 1970. Participating railroads became directors of a Quasi-Federal Corporation. Their capital investments were measured by their rolling-stock investments, and the general U.S. Treasury. Presently BN has a directorship on the Board of National Rail Passenger Corporation, with ostensible corporate powers regarding passenger service policy within the Basic Rail Passenger (NOTE: Union label removed for duplication purposes)



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System.

For 10 years Montana's AMTRAK Southern Route was part of the basic system. In 1979 the NRPC Reorganization Act excluded this service, based on geographical balance concepts, and a statutory ridership criterion. In other words, Congress passed on public convenience and necessity to the several states. The latter was promoted with the creation of Section 403 (B) NRPC Act of 1979, that provision allowed the states to enter into compacts with proportionate funding between the federal and state governments.

There are no prohibitions in federal law which preclude state rail diesel fuel use taxes.

Opponents to HB 665 may allege that there are federal prohibitions. But, I submit that this Committee ought to ask the opponents where this exclusion exists? If these prohibitions do in fact exist, then other modes of public and private common carriers ought to be excluded, such as airlines, trucking and the general public.

Moreover, opponents may assert that AMTRAK is opposed to a rail diesel fuel tax. I submit to you: That only AMTRAK is excluded from state and local taxes by operation of federal law.

During this session opponents have publicly alleged that there would be drastic freight rate increases if HB 665 becomes law. I would like to remind the Committee that railroads in this state were awarded a 7 million dollar property tax reduction. However, I have not heard of nor seen a freight rate reduction in the general and specific freight commodity tariffs, commensurate with the 7 million dollar tax relief.

Another enlightening fact is that recent world wide fuel cost reductions have not reflected reductions in rail freight surcharges assessed by the Staggers Act of 1980, which gives automatic freight rate increases, resulting from high diesel fuel energy costs.

(HANDOUT)

In conclusion, passage of HB 665 would create new jobs with annual payrolls amounting to \$3,000,000.

BN would profit from the operation, as previously shown in our hand out. Freight

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rates would be minimal, and the end result would enhance maintenance, repair and reconstruction of public highways, impacted by rail branch line abandonments.

Thank you.

\_\_\_\_\_  
JAMES T. MULAR

1. Amtrak Payments to BN for 1981

The following data is taken from the Railroad Annual Report R-1.

Total remunerations paid by Amtrak to BN...	\$29,316,000
BN bonus from Amtrak for on-time operation.....	4,809,000
	<u>\$34,125,000</u>
BN expense due to Amtrak operation.....	<u>31,594,000</u>
Net profit to BN from Amtrak.....	<u>\$ 2,531,000</u>

2. Fuel Surcharges

Periodically, the ICC has granted the railroads a percentage surcharge fuel increase because of increasing fuel prices. However, now that fuel prices are declining, there are no provisions in the Staggers Act that require the railroads to reduce their rates. The only recourse for the shipper is to protest and prove the rate unreasonable before the ICC.

3. Amtrak Costs

Please see attached sheet.

4. BN Railroad Statistics

The following data is taken from the Railroad Annual Report R-1.

Statewide Freight.....	68,385,693 tons
Statewide (Farm Products) Freight.....	3,203,300 tons

Of the 68,385,693 tons, 74% (50,605 tons) is coal.

If the 6¢ cost per gallon is taxed, this would amount to 2/10 of 1¢ per bushel increase.

Testimony of Barry E. Green representing the Brotherhood of Locomotive Engineers - Division 180 of Glendive, Montana, before the House Taxation Committee - March 8, 1983.

I am here today to express the support of the Brotherhood of Locomotive Engineers - Division 180 of Glendive for HB 665, which is known as the "Montana Railway Fuel Use Tax Act." Favorable passage of this bill will generate the necessary funding needed to subsidize the return of Amtrak to the southern route of Montana as well as revenue to be used for the repair and maintenance of roads traveled by trucks carrying farm products to railway terminal points for shipping.

We believe that rail passenger service has many advantages to offer the people of southern Montana. Traveling by train is a very safe mode of public transportation and with the constant improvement of rail roadbeds, safety records and on time performance have advanced greatly since 1979.

With continual deterioration of our highway system due to increased traffic flows, overloaded trucks, and highway accidents, public train travel can help to reduce the wear and tear on Montana's road system. Highway repairs are a very expensive venture in this day and time and with an efficient means of rail travel, the fast break-up of the roads could be reduced substantially.

Our group also believes that the return of Amtrak will help to boost the influx of tourists to the state which in turn would bring about a stronger economy for the towns located along this route. Revenue would be created for the state because of an increase in the tourist trade. Ski resorts would see an increase in business during the winter months and the parks and cities would greatly benefit year round.

This growth in business would show an increase in jobs. Work available in the tourist industry as well as jobs for railroad workers with the return of Amtrak, would help to provide for a stronger Montana.

The railroad is a very energy efficient means of transportation as more people can be transported by train which can provide more seat miles per gallon than a bus. There is also a great amount of savings in fuel consumption. Even though oil prices have been showing a downtrend in recent weeks, the oil can't last forever and our conservation of fuel should continue. With fewer vehicles on the highway, you have less road wear, fewer accidents, and a substantial savings in auto fuel usage.

Amtrak would provide an alternate means of transportation for much of the populous which is on the southern route. College students would benefit greatly since a majority of Montana colleges and universities would be served along this route. Senior Citizens who may find air travel too expensive and automobile driving no longer possible for them, could use this service. People in general, who just don't like to travel by plane or bus, would have this available means of an intercity mass transit mode. The city of Billings has become a major medical center for the state. People requiring medical care would have this energy efficient means of transportation at their disposal.

The return of rail passenger service brings along with it the comfort and mobility not encountered when traveling long distances by car, bus, or plane. Since Amtrak has new electric equipment, passenger train performance has increased helping to offset the delays that were a common occurrence with steam-generated passenger equipment.

In view of these beliefs, our Division conducted a petition drive to see what kind of support there was, if any, to the passage of this legislation and HB 694, which would allow the Governor to enter into agreements to restore Amtrak service in southern Montana. HB 694 has already been heard before the House Appropriation Committee on February 17th of this year.

With petitions distributed in Wibaux, Glendive, Terry, and Miles City, approximately 2,126 signatures were obtained from people of 49 different Montana communities. I am enclosing a chart showing a breakdown of each community along with the petitions that I wish to give to the Committee for their review and then to be forwarded to the applicable Southeastern Montana Legislators.

We feel that the response shown by these petitions indicates a strong desire by the people of Southeastern Montana to see the return of Amtrak and urge your support of this legislation which would provide the necessary funding. Thank you.

Findings from the Southeastern Montana petition drive conducted by the Brotherhood of Locomotive Engineers - Division 180 in support of HB 665 and HB 694.

<u>City</u>	<u>Approx. # of Signatures</u>	<u>City</u>	<u>Approx. # of Signatures</u>
Glendive	948	Willard	1
Miles City	584	Crow Agency	1
erry	235	Poplar	2
Wibaux	184	Volborg	1
allon	34	Circle	3
Sidney	18	Helena	1
Billings	15	Hinsdale	1
indsay	11	Culbertson	1
Cohagen	2	Boulder	3
insey	2	Alzada	2
For Horn	1	Ismay	2
rosebud	3	Baker	12
olstrip	2	Fairview	3
Broadus	2	Brockway	6
athaway	2	Livingston	1
Forsyth	4	Bozeman	1
ngela	1	Mildred	2
Jordan	1	Savage	4
Shelby	1	Intake	2
reat Falls	4	Froid	2
Darby	1	Lambert	1
edstone	1	Wolf Point	1
Ploomfield	7	Mill Iron	2
de Park	1	Ekalaka	1
ichey	6		
		TOTAL	2,126

March 8, 1982

STATEMENT OF W. R. MCGEE IN FAVOR OF HOUSE BILL 665.

OVER 120 YEARS AGO, OUR FOREFATHERS RECOGNIZED 10 YEARS OF PERSUASION BY FINANCIERS AND PUBLIC OFFICERS, TO GRANT: A RAILROAD, A CHARTER THAT WOULD SECURE THE SAFE AND SPEEDY TRANSPORT OF THE MAILS, TROOPS, MUNITIONS OF WAR AND PUBLIC STORES.

OVER THE SELECTED ROUTE FROM LAKE SUPERIOR TO A POINT ON FUJET SOUND AND ANOTHER TO PORTLAND OREGON, THE US GOVERNMENT WOULD GRANT EVERY ALTERNATE SECTION OF PUBLIC LAND, NOT MINERAL ( COAL & IRON EXCEPTED) DESIGNATE BY ODD NUMBERS, TO THE AMOUNT OF TWENTY ALTERNATE SECTIONS PER MILE, ON EACH SIDE OF SAID RAILROAD LINE, ETC, ETC.

THE WISDOM OF THIS FARSIGHTED AND BENEFICIAL OBJECTIVE, BY OUR FOREFATHERS WAS TO PROVE ITSELF, BY ADDING 5 MORE STATES TO THE UNION WITHIN 7 YEARS OF COMPLETION IN 1883.

TO PROVIDE THE FUNDS AIDING CONSTRUCTION OF THIS RAILROAD, A LAND GRANT TOTALING SIX OVER 47 MILLION ACRES OF LAND, LARGER THAN THE STATES OF NEW ENGLAND OR OHIO AND INDIANA COMBINED. WAS GRANTED TO THE NORTHERN PACIFIC RAILROAD. IN ADDITION, A 400 FOOT RIGHTWAY THE LENGTH OF THIS RAILROAD, IS GRANTED EXEMPTION FROM ALL TAXES.

IT WAS NEVER A BURDEN TO NORTHERN PACIFIC OR BURLINGTON NORTHERN, FOR THEY ONLY RETURNED MT. ST HELENS AFTER IT BLEW UP IN 1980, AND ALL MINERAL RIGHTS HAVE BEEN RETAINED ON LANDS SOLD SINCE 1896.

TODAY BN HAS SEEN FIT TO FORM 7 ADDITIONAL COMPANIES, TO SECURE MAXIMUM PROFITS FROM THIS LAND GRANT OPPORTUNITIES.

IN 1981, A DEPRESSION YEAR TO MOST COMPANIES, BN NETTED 272 MILLION DOLLARS.

IT IS MY OPINION THAT BN SHOULD PAY FOR THE OPERATION OF PASSENGER TRAIN SERVICE AS THEIR SUCCESSION TO THE NORTHERN PACIFIC'S 1864 CHARTER INDICATED THEY WOULD BE OBLIGATED TO DO, IN RETURN FOR THE LAND GRANT.

I THANK YOU,

WARREN R. MCGEE, N P HISTORIAN





Missoula , Montana  
March 6 , 1983

Honorable D. Yardley , Chairman  
House Taxation Committee

Dear Mr. Yardley;

In support of House Bill 665 , I submit the following for your consideration,-

Having worked in the passenger train service for over 40 years I feel qualified to comment on this legislation and in my opinion the real need of rail passenger service on the Southern Route is not debatable .

The real purpose of the Rail Passenger Service Act, now referred to as Amtrack , was to end congestion on our highways , and the overcrowding of the airways and Airports .Without question rail travel is the most efficient , most comfortable and ~~and~~ the records will show it to be the least hazardous.

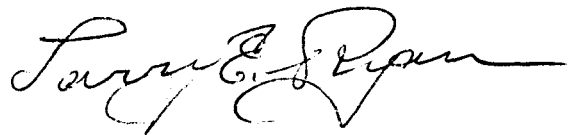
On a recent Test Run by Amtrack over the southern route , local enthusiasm ran high and track conditions were found to be excelent .

Recent published figures show that railroads spend 34cents out of every income dollar for right-of-way maintenance while trucks spend five cents and barge lines less than 3 cents .

A balanced transportation policy is one that treats all modes of transportation even handedly and affords it's users a choice .

I hope the state legislators will be forward-looking in appreciating the need of Amtrack Service. The North Dakota house voted in favoe of a bill to revive the service by a 67 -39 vote . Thank you .

Larry E. Ryan  
506 W. Alder St;  
Missoula , Mont; 59802



**WESTMORELAND RESOURCES, INC.**

2929 3rd Avenue North, Suite 330, P.O. Box 1883, Billings, Montana 59103 (406) 248-7803

March 7, 1983

Members of the House Taxation Committee  
House of Representative  
State Capitol  
Helena, MT 59601

I am writing in regard to House Bill 665 which proposes to place a tax of six cents per gallon on diesel fuel used for powering railroad trains in the State of Montana. The collected tax monies would then be used to subsidize a southern Amtrak route through Montana.

I would like to voice my opposition to this bill. The added costs of this tax would be passed on directly to the rail users thus placing Montana commodities such as coal, wheat, and lumber in an even less competitive position. We in the Montana coal industry are already struggling to compete in the market place. This type of taxation would only increase the delivered cost of coal to existing and potential Montana coal customers. I urge you to vote against HB 665.

Sincerely,



C. J. Presley  
President

aw



February 28, 1983

Honorable Ted Schwinden  
Governor  
State of Montana  
State Capitol  
Helena, Montana 59620

Dear Governor Schwinden:

-- I have recently been informed that the Montana State Legislature is considering the imposition of a tax on locomotive diesel fuel consumed by trains within your state and that a substantial portion of the funds derived from this tax would be utilized to support rail passenger service on the South Line..

While I support the concept of state participation in the funding of expanded rail services, I must state my opposition to the source of funding being contemplated by your legislature. Amtrak would not be directly affected because of its recently enacted statutory exemption from state and local taxation, but the proposed tax would have a direct and significant effect on the Burlington Northern, the railroad on which Amtrak depends for the operation of intercity rail passenger service in Montana. The tax would add significantly to the Burlington Northern's operating costs at a time when that railroad and the railroad industry generally are feeling the impact of a recessionary national economy. In addition, we believe there may be questions about the legality of the bill which the Montana Legislature is now considering.

Amtrak has consistently enjoyed a good working relationship with Montana, and our staff has found it a pleasure to deal with the state agencies on your proposed 403(b) service. Again, I support and encourage your involvement in rail passenger service, but I would not like to have one of our services funded by a burdensome tax on an important partner in our rail passenger system. I sincerely encourage you and members of your legislature to find an alternative source of funding for the proposed South Line service.

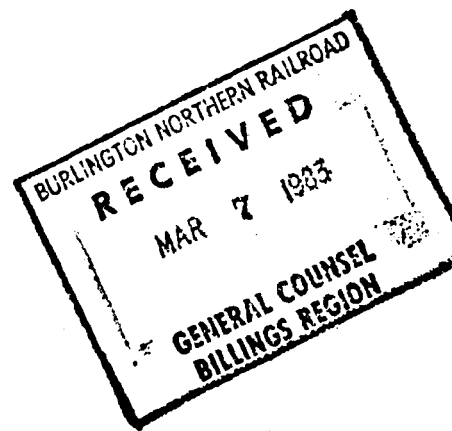
If you wish to discuss this matter in greater detail, please do not hesitate to contact me.

Sincerely,

W. Graham Claytor, Jr.  
President

March 4, 1983  
Hysham, Montana

House Taxation Committee  
Senate Taxation Committee  
Capitol Building  
Helena, Montana

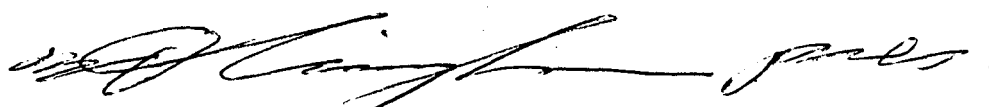


Honorable Sirs;

On behalf of the Hysham Community Elevator Corporation  
I am writing to voice my opinion on House Bill 665 which  
will only result in Montana rail shippers subsidizing  
Amtrak operations.

I urge you to vote against House Bill 665.

Respectfully yours,

  
Hysham Community Elevator Corp.  
Hysham, Montana

Terry , Mt.  
March 3, 1983

House Taxation Committee  
& Senate Taxation Committee  
Capitol Bldg.  
Helena, Mt. 59601

Honorable Sirs:

On behalf of Prairie Feed & Grain Co, of Terry, Mt., I am writing you to voice my opinion on House Bill 665, which will only result in Montana Rail Shippers subsidizing Amtrak operations.

I urge you to vote AGAINST HB 665.

Thankyou.

Sincerely,

*R. J. Tibbette Terry Elevator*

Glendive, Mt.  
March 3, 1983

House Taxation Committee  
& Senate Taxation Committee  
Capitol Bldg.  
Helena, Mt. 59601

Honorable Sirs:

On Behalf of Farmers Union Grain Terminal Assn (Feed & Seed) Line Elevator, I Am writing you to voice my opinion on House Bill 665, Which will only result in Montana Rail Shippers subsidizing Aratrak operations.

I urge you to vote AGAINST HB 665.

Thankyou.

Sincerely,

*Franklin D. Smith, President  
Glendive, Mont  
Franklin D. Smith*

Fallon, Mt.  
March 3, 1983

House Taxation Committee  
E Senate Taxation Committee  
Capitol Bldg.  
Helena, Mt. 59601

Honorable Sirs:

I am writing you on behalf of Farmers Union Grain Terminal Line Elevator Divn., to voice my opinion on House Bill 665, which will only result in Montana Rail Shippers subsidizing Amtrak operations.

I at this time urge you to vote AGAINST HB 665.

Thankyou.

Sincerely,

*H. A. Line & Co. Fallon, Mt.  
Myra E. Line*

CIRCLE, MONT  
MARCH 3, 1983

HOUSE TAXATION COMMITTEE  
SENATE TAXATION COMMITTEE

HONORABLE SIRS;

ON BEHALF OF FARMERS ELEVATOR CO OF CIRCLE, MONT I AM  
WRITING TO VOICE MY OPINION ON HOUSE BILL 665 WHICH WILL  
RESULT IN MONTANA RAIL SHIPPER TO SUBSIDIZE AMTRAK OPERATION.  
I URGE YOU TO VOTE AGAINST HOUSE BILL 665

*Merlin D. Skennum*  
*Farmers Elev. Co.*  
*Circle, Mt.*



Sidney, Montana  
March 3, 1983

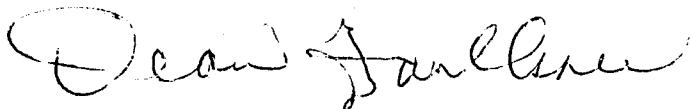
House Taxation Committee and  
Senate Taxation Committee,  
Capitol Building  
Helena, Montana 59601

Honorable Sir:

On behalf of the Farmers Union Elevator, I am writing you to voice my opinion on HB 665 which will only result in Montana rail shippers subsidizing Amtrak operations. At this time I urge you to vote against HB 665.

Thank you.

Sincerely,

A handwritten signature in cursive script, reading "Dean Faulkner". The signature is written in dark ink and is positioned above the printed name and title.

Farmers Union Elevator of Lambert  
Dean Faulkner,  
Manager

March 4, 1983

House and Senate Taxation  
Committees  
State Legislature  
State of Montana  
Helena, Montana 59601

Re: House Bill 665

Gentlemen:

I am writing to voice my opposition to House Bill 665 entitled "An Act Establishing a Railway Use Tax."

HB 665, if enacted, will further exacerbate our competitive disadvantage in the Iron Ore Pelletizing (IOP) Bentonite market and will result in a loss of business for Wyo-Ben (a Montana corporation), other Wyoming bentonite producers with plant facilities located in the Big Horn Basin region of north central Wyoming, and the State of Montana.

The iron ore mining industry of Minnesota and Michigan consumes in excess of 600,000 tons of IOP bentonite per year to pelletize refined taconite ore. A majority of this bentonite demand is supplied from plants located in the Big Horn Basin and captive to the Burlington Northern Railway. The freight moves from Wyoming to Laurel, Montana and then eastward through Glendive to Minnesota and Michigan. If HB 665 becomes law it will increase the transportation cost of IOP bentonite, which already represents at least two thirds of the total delivered cost. This will force our company and other producers in the Basin region to make further freight allowances to remain competitive with other producers located in eastern Wyoming who already enjoy substantially better freight rates. Additional allowances are intollerable considering the already slim margins on IOP bentonite. A 1% increase in rail transportation cost, if fully absorbed by the producer, has the financial impact of a 2% reduction in revenue.

If the rail rate is increased for the Basin producers and not for the eastern producers, as HB 665



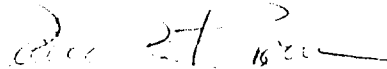
WYO-BEN, INC.

# WYO-BEN, INC.

would have it, the result will be a transfer of business to the eastern producers and away from BN rail movement through Montana. Both Wyo-Ben and Montana suffers from such a course of events.

I urge you not to approve HB 665. It will damage my company as well as the State of Montana.

Yours truly,

A handwritten signature in cursive script, appearing to read "David S. Brown", with a horizontal line extending to the right.

David S. Brown  
Marketing Manager

DSB:jr



# Grain Terminal Association

• 600 Sixth St. SW • P.O. Box 671 Great Falls, MT 59403

Re: HB-665  
To: House and Senate Taxation Committees

On behalf of G.T.A. I am writing to voice my opposition to HB-665. This bill will not only result in Montana rail shippers having to subsidize Amtrak as this tax will be passed directly on to the users of rail service.

Montana shippers should not be penalized with this tax. The end results is that the Montana farmer will again receive less for his grain. I urge you to vote against HB-665.

Yours truly,

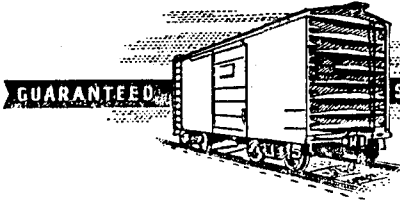
GRAIN TERMINAL ASSOCIATION

Mel Sobolik  
Director Country Operation  
Pacific Northwest

MS/nab

# Great Falls

*INC.*



PHONE 452-1489  
(406) 452-3216

P. O. Box 2165

GREAT FALLS, MONTANA 59403

GEORGE T. O'DORE, MANAGER

March 3rd, 1983

Mr. P. T. Peach, ASM  
Burlington Northern Railroad  
600 First N W Bank Center  
175 N. 27th St.  
Billings, Montana 59101

Re: HB - 665

To: House and Seante Taxation Committees


On behalf of Great Falls Shipping Association I am writing to voice my opposition to HB - 665. This bill will only result in Montana rail shippers having to subsidize Amtrak as this tax will be passed directly on to the users of rail service.

Montana shippers should not be penalized with this tax. I urge you to vote against HB-665.

Sincerely yours,

George T. O'Dore, Manager  
Great Falls Shipping Association

GTO/d



# Billings Grain Terminal

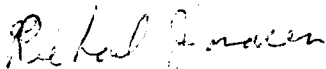
P. O. BOX 31775, 3815 1st AVE. SO., BILLINGS, MT 59107 (406) 245-7575

RE: HB 665

TO: House and Senate Taxation Committees

On behalf of Billings Grain Terminal I am writing to voice my opposition to HB 665. This bill will only result in Montana rail shippers having to subsidize Amtrak as this tax will be passed directly on to the users of rail service.

Montana shippers should not be penalized with this tax. I urge you to vote against HB 665.

  
Richard Jonassen  
General Manager



**AgriBasics Company**

P.O. Box 1279  
Miles City, Montana 59301  
Phone (406) 232-2009

March 4, 1983

Senate Taxation Committee  
Capitol Building  
Helena, Montana

On behalf of ConAgra, Inc. I am writing to express my opposition to HB 665.

This bill will only result in Montana rail shippers, and ultimately the grain farmer and the consumer, subsidizing Amtrak; an operation that probably will not be used by the traveling public anyway.

I urge you to vote against HB 665.

Thank you,

Edgar Icenoggle  
Manager

SI/ch



a ConAgra agri-products company

Sidney, Montana  
March 3, 1983

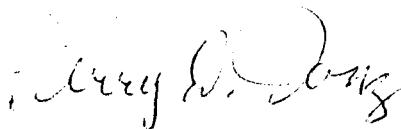
House Taxation Committee and  
Senate Taxation Committee,  
Capitol Building  
Helena, Montana 59601

Honorable Sir:

On behalf of Non-Dak Farmers Elevator, I am writing you to voice my opinion on HB 665 which will only result in Montana rail shippers subsidizing Amtrak operations. At this time I urge you to vote against HB 665.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry D. Janz".

Non-Dak Farmers Elevator Co  
Jerry Janz,  
Manager



# Billings Shipping Corporation

TELEPHONE (406) 252-3858

GENERAL OFFICES  
1000 FIRST AVENUE NORTH  
BILLINGS, MONTANA 59101

ADDRESS REPLY TO:  
P.O. BOX 30218  
BILLINGS, MONTANA  
59107

March 7th, 1983

House & Senate Taxation Committee  
Helena, Montana

Subject: House Bill 665

Dear Sirs:

On behalf of the Members of Billings Shipping Corporation, I am writing to voice opposition to House Bill 665. It appears as though this Bill could only result in Montana Rail Shippers having to subsidize Amtrak as this Tax will be passed directly onto the Users of Rail Service.

The Shippers in the State of Montana should not be penalized with this Tax and I urge you to vote against it.

Sincerely,

BILLINGS SHIPPING CORPORATION



Mark A. Barrett  
General Manager

MAB/me



March 3, 1983

RE: HB 665

TO: House and Senate Taxation Committees

As Vice President of Dyce Chemical, Inc. I vehemently oppose bill number HB 665. I can only believe this bill would increase user rates on rail to feed a dead horse. As a large rail shipper, incorporated in Montana, we are experiencing a time when it is difficult to compete, without being penalized by HB 665. Please vote against HB 665.

Sincerely,

I. Monte Naff  
Vice President/Sales Manager

IMN/pf

3-7-83.

To the Honorable B. Ream and Associates,  
on committee to consider H.B. 665, concerning  
railway fuel tax.

I wish to enter my hearty support of  
this proposal, with proper means of  
enforcement.

Lloyd C. Wesbe  
935 3<sup>rd</sup> St N+4 - 59802.

Missoula mont.

# BN president's salary tops among Midwest executives

By Sun Staff

1981 might not have been a good year for the economy but the chief executives of major corporations in this region can't complain.

The highest-paid executive in the Upper Midwest is Richard Bressler, president of Burlington Northern, Inc.

The Sunday Minneapolis Tribune reported that Bressler and president of BN railroad division Richard Grayson are in an elite club.

Bressler received a raise of 101 percent in 1981 over his 1980 salary of \$522,361. His salary for 1981 was \$1,052,175 but that does not begin to represent his earnings at the railroad.

BN has laid off hundreds of railroad workers in Montana and North Dakota in the past year, citing declining business because of the recession.

The \$1 million payment which Bressler receives is only his salary, bonus and other cash-equivalent compensation. But Bressler makes \$235,075 in contingent income, representing company contributions to a profit-sharing plan and contributions under a stock plan.

Combining those figures, Bressler made about \$1.3 million in 1981.

That does not include a \$450,000 unsecured and non-interest bearing loan made in 1980 and still outstanding in 1981.

In addition, he was permitted to purchase 25,000 shares of BN stock for \$2,500 in 1980. The stock is now worth close to \$900,000.

Grayson is ranked fifth in the Tribune's survey of business executives

in this region. He makes \$681,850.

Other heavyweights:

- Robert Price, president of Control Data, \$730,717

- William Spoor, chairman of Pillsbury, \$707,119

- William Norris, chairman of Control Data, \$690,564

- E. Robert Kinney, then chairman of General Mills, \$666,218

- William Andres, chairman of Dayton Hudson, \$636,728

- Norbert Berg, deputy chairman of Control Data, \$631,416

- William Phillips, chairman of International Multifoods, \$614,967

- H. Brewster Atwater, then president and now chairman of General Mills, \$592,390

There is a number to call if  
your spouse abuses you.  
Violence affects all members  
of the family.

S.A.F.E. SHELTER

251-2300

**FAST ALERT**

SECURITY SYSTEMS, INC.

PROTECTION FOR

BURGLARY • MEDICAL  
FIRE • VANDALISM  
INTRUSION • TEMP

1207 2nd Ave. SW — Jamestown

251-2220



December 14, 1982

The Honorable John Melcher  
United States Senator  
253 Russell Senate Office Building  
Washington, D. C. 20510

Dear Senator Melcher:

This correspondence is in response to your recent inquiry relative to what, if any, impact the proposed North Dakota/Montana South Line Service would have on the Empire Builder. Your concern over any negative impact is certainly shared by Amtrak and both states' transportation staffs.

I can assure you that Amtrak would not consider a new operation that would severely affect an existing trans-continental service. The Empire Builder has always been considered a strong, quality service and one that should realize its high market potential as the economy improves.

I appreciate your active interest in the proposed service over the route of the former North Coast Hiawatha and assure you that it will receive our closest attention.

Sincerely,

A handwritten signature in cursive script that reads "Allan F. Edelston".

Allan F. Edelston  
Senior Director  
Intergovernmental Affairs

AFE:sdg  
cc: North Dakota Delegation  
Montana Delegation

WITNESS STATEMENT

Name MORRIS W. GULLICKSON Committee On TAXATION  
Address 323 So. 6TH Date 3/8/83  
Representing IG85 UNITED TRANSPORTATION UNION Support X  
Bill No. HB 665 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. WE SUPPORT THIS BILL AS A WAY OF FUNDING AMTRAK ON THE SOUTHERN RT.  
THIS TRAIN WOULD SERVE THE MAJORITY OF THE POPULATION OF MT.
2. THE LARGEST CITIES & UNIVERSITYS.  
THE GOVERNOR'S BUILD MONTANA PROGRAM WOULD BE SUPPORTED AS NEW BUSINESS LOOKS FIRST AT AIR TRANSPORTATION.
3. THIS BILL WOULD CREATE APPROX. 145 NEW JOBS ON THE SOUTHERN RT. IN THE R.R. FIELD  
THIS BILL WOULD SUPPORT TOURISM TO YELLOWSTONE PARK & OTHER RESORTS.
- 4.

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

WITNESS STATEMENT

Name 2. CHARLES NICHOLSON Committee On TAXATION  
Address LIVINGSTON MONT. Date MARCH-8-1983  
Representing CITY OF LIVINGSTON-MAYOR Support X  
Bill No. HB 665 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 Bill BRASHER Committee On TAXATION  
Address 1003 1<sup>ST</sup> N.W. BANK Bldg Date 3-8-83  
Representing BNRR - MT RR ASSN Support \_\_\_\_\_  
Bill No. 665 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.



Mar. 6, 1983

RR 1382

Grat Falls, Mt

59401

Mr Les. Nilson

Capital Mail Room

Box 91

Helena, Mt 59620

Dear Les:

I am using this Letter requesting that you do all possible Toward H.B. 665 on Amtrak Funding. It will surely help a lot of Railroad Retirees' as well as make a few more jobs in the Area I cannot attend so please do your Best on this.

Please Record this Letter in the Minutes.

Yours Truly  
W. W. Dutchak

Mrs. Elsie Latham  
612 4th Ave. S.W.  
Great Falls, Mt. 59404

Honorable Representative Les Nilsen  
Capitol Building P.O. Box 91  
Helena, Mt. 59620

Dear Representative Les Nilsen:

I'm writing in regard to HB # 665. I definitely think that Amtrack should be funded. For one thing now it's the only railroad link the State has, and it's a vital one .

I would like to be recorded in the minutes of this hearing, as I can't be there in person.

Sincerely,

*Mrs. Elsie Latham*

WITNESS STATEMENT

Name James B. Spruwo Committee On \_\_\_\_\_  
Address Bilwaco Date 3-8-83  
Representing Gov. Council Mom Support ✓  
Bill No. \_\_\_\_\_ 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 Don Copley Committee On Taxation  
Address Helena Date 3-8-83  
Representing Dept. of Highways Support X  
Bill No. HB 896 Oppose \_\_\_\_\_  
Amend X

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. *Offered amendments to clarify wording*

2.

3.

4.

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



Box 1176, Helena, Montana

JAMES W. MURRY  
EXECUTIVE SECRETARY

ZIP CODE 59624  
406/442-1708

TESTIMONY OF JAMES W. MURRY ON HOUSE BILL 665 BEFORE HOUSE COMMITTEE ON TAXATION

March 8, 1983

I am Jim Murry, Executive Secretary of the Montana State AFL-CIO. I am here today to testify in support of House Bill 665, which would establish a railway fuel use tax.

The revenue raised by this tax would provide significant help to our state's economy. Montana is in the grip of a terrible economic recession and over 42,000 Montanans are out of work. This bill would raise funds for a railway improvement account to subsidize rail passenger service in this state, providing funding to re-establish AMTRAK's southern route through Montana. The Montana State AFL-CIO strongly supports House Bill 694, which would revive the route by providing a state subsidy. The revival of AMTRAK's southern route would help provide a balanced transportation system, necessary to provide our citizens with alternative modes of transportation that are both energy efficient and operate under the most adverse weather conditions. Passenger trains have been and continue to be, an integral part of our transportation system. A southern AMTRAK route would serve the Montana public well, by increasing tourism and creating jobs.

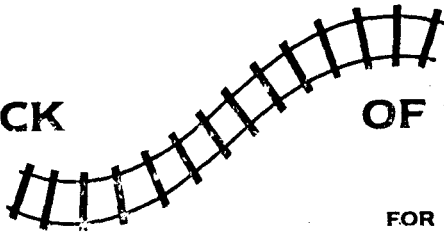
In addition, a certain portion of the railway fuel use tax would be allocated to maintain, repair and reconstruct public highways and roads used by trucks transporting agricultural products to railway terminal points, maintenance and improvements on railroad grade crossings, especially those which have been severely impacted by abandonments of railroad lines. This would not only improve these roads and highways, but would also provide jobs for Montana workers.

We urge your support for House Bill 665.

Thank you.

*See - House Tax*

**KEEPING TRACK**



**OF THE FACTS**

**FOR YOUR INFORMATION FILE:**

**HB665 - RAILWAY FUEL TAX BILL**

HOUSE BILL 665 IS NOT IN THE INTERESTS OF MONTANA AND SHOULD BE REJECTED  
FOR THE FOLLOWING REASONS:

House Bill 665 singles out one industry (railroads) to pay for a service for the benefit of the general public. The bill adds unnecessarily to the railroads' cost of operations. Any added cost to the railroads will of necessity be reflected to shippers and producers in the form of higher rates.

Figures provided by the Department of Revenue estimate this tax at \$3.7 million annually. Additionally, hidden costs to the railroads in the form of certified metering devices for fueling purposes, as well as compliance costs, will add substantially to this figure. Montana's rail users can ill afford these added costs that will place their products in a less competitive position with products from other states and nations.

In efforts to minimize the impacts of this tax on Montana's rail users, rail jobs may be lost as non-essential locomotive repair and servicing is transferred out of state as efforts are made to avoid unnecessary diesel fuel consumption. The added costs may also jeopardize the viability of some branch lines which are only marginally profitable at present.

It should be noted that all taxpayers are paying for AMTRAK at the present time. This bill has the effect of requiring many of Montana's rail users to pay twice for a service that they will have little opportunity to use since they live in an area that will not be served by the proposed route.

Numerous legislators, civic organizations, farm organizations, elevator operators, other rail users, and even AMTRAK, have expressed, and continue to express their opposition to this method of funding the return of AMTRAK service on the southern route with a 6¢ per gallon railroad fuel tax. This bill should be rejected.

**from the MONTANA RAILROAD ASSOCIATION**

*Secretary  
House Taxation*

Peavey Company

101 Front Street

Wolf Point, Montana

March 3, 1983

House & Senate Taxation Committee  
Helena, Montana

Dear Sir:

This letter is being written to inform you that I am opposed to House and Senate Bill 665 that would impose a .06¢ per gallon tax on all fuel used by Burlington Northern in the state of Montana.

If this bill is passed, freight rates would increase and the price of grain to the producer would decrease; therefore I would like to go on record as completely opposed to House and Senate Bill 665.

Sincerely,

*Dave Wemmer*

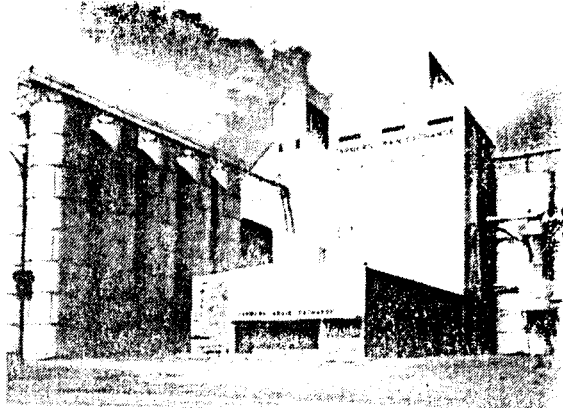
Dave Wemmer  
Manager  
Peavey Company  
Wolf Point, Montana

DW/sf

# Farmers Grain Exchange

★ P. O. BOX 990

★ HAVRE, MONTANA 59501



March 3, 1983

In regards to House Bill 665, we feel as producers and wholesale retailers in the farming industry, which is already in a state of depression, that House Bill 665 will only add to our problem.

Large companies such as the Burlington Northern will not absorb this additional expense. The Burlington Northern will waste little time in passing this expense to the farmer, rancher, and shipper in rail increases.

Therefore, we are opposed to House Bill 665.

Ray Frey, General Manager  
Farmers Grain Exchange  
Havre, Montana 59501



**CHAMBER OF COMMERCE & AGRICULTURE, INC.**  
**AREA**

**BOX 832 GLASGOW, MONTANA 59230**

TELEPHONE (406) 228-2222

March 3, 1983

House Taxation Committee  
Capitol Station  
Helena, Montana 59601

Gentlemen:

Please be advised the Glasgow Chamber of Commerce Legislative Committee would protest the passage of HB 665.

It is our contention that this bill singles out one type of taxpayer for a "selected sales tax". If this is to be the only way to increase the tax base, then all taxpayers should shoulder the burden not just one business, no matter how large.

We respectfully request that you enter our protest in the records of the hearing on this bill.

Sincerely,

*Glenn A. Miller*

Glenn A. Miller  
Executive Vice President

GM/jh

# TOOLE COUNTY FARM IMPLEMENT INC.



SALES & SERVICE

= PHONE 434-5255 =

244 FRONT ST.

BOX 854

SHELBY, MONT. 59474



March 3, 1983

REGARDS TO HOUSE BILL 665

Please kill this bill. All it will do is raise the freight bills. Which will hurt the farming industry the most.

Right now freight on products to and from Montana are out of line. The passing of this bill will hurt all Montana industries and business.

*[Handwritten signature]*

House Bill 665

I believe

The proposed 6 cents a gallon fuel tax funding for the Southern Amtrak route will only result in higher freight rates to all shippers in the State. Consequently this increase will be passed on to the consumer, such as lower grain prices. Don't forget why the Southern route was dropped in the first place, there are barely enough passengers to keep the northern Amtrak running, let alone an additional southern route.

GTA  
Sunburst, MT

Dennis J. McIntyre  
Manager



# UNION ELEVATOR COMPANY

GALATA, MONTANA

COMMERCIAL OP

March 3, 1983

House and Senate Taxation Committee  
Helena, Mt.

Dear Sirs.

This letter is to register my disapproval ~~to~~ HB 665. I  
reccommend no pawssage.

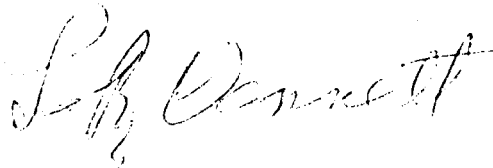
James T. Schaffer  
*James T. Schaffer*  
Manager, Union Elevator

Harlem, Montana  
March 4, 1983

House and Senate Taxation Committee

Hello!

Please consider my opposition to House Bill 665 proposing a 6¢ tax on gallon on diesel fuel purchased by the railroads operating in Montana. I understand this money will be used to subsidize a souther Montana Amtrak train.

A handwritten signature in cursive script, appearing to read "L. Vannett".

Mr. L. Vannett  
Milk River Elevator  
Harlem, Montana



# MUNSON EQUIPMENT

P.O. BOX A — 135 5th AVE. N — SHELBY, MT. 59474

406-434-5148



**STEIGER**

House and Senate Tax Committee

We oppose H.B. #665 due to the 6 cent tax on diesel fuel. for  
Burlington Northern.

Munson Equipment

by Kenneth L. Munson  
President

March 3, 1983

Westernmark Grain Corp  
P. O. Box 609  
Shelby, MT 59474

House & Senate Taxation Comm.  
State Capital Building  
Helena, Montana

Dear Sirs:

At this time I wish to make known my opposition to House Bill #665. Although the bill and its sponsors have good intentions, the end does not justify the means in this case. Additional tax on Burlington Northern, Inc. would be passed along to shippers using the railroad. Elevator operators like myself would deduct the increased freight rate from the price paid to the farmer for his grain. The legislators who support this Bill are very quietly passing along the support of Amtrak onto the shoulders of people who cannot afford it. Taxing Burlington Northern may seem fair at first glance, but it is not the railroad who will pay the tax in the long run.

I hope you will give this issue careful consideration. Thank you for taking the time to read my views.

Respectfully yours,

*Wallace H. Westernmark*

Wallace H. Westernmark  
President

Washington, D. C. 20540

June 10, 1972

Honorable Member

52501

Dear Representative [Name]:

Montrealville District of NY, Inc. would like to see you at 111 60th St.

will only make our freight bills so up. This is not a problem during a time of tight money. All these increases will be passed on to the tax

payor. I am sure you will understand.

We only hope you will be able to help us solve our problem.

Sincerely yours,

*Herbert M. Steinberg*

Herbert M. Steinberg



Shelby Mt  
March 3 1983

House & Senate Taxation Committee  
State Capitol Building  
Helena - Mont.

I am opposed to have Bill 665  
as it puts the burden of a special tax  
on one part of our economy the farmer is the  
main freight from Shelby Mont is wheat,  
and the 665 tax would be passed  
down to him

Donald F. Kline  
Vice President & Gen. Mgr  
Shelby Mont.

House & Sen Tax committee

State cap Building

Helena MT.

I am stragly against HB 665. I cannot condone a special tax. Freight rates are high enough the way they are now. I suggest some other way be found to fund Am Trac. I feel Frt rates on wht are bound to go up if HB 665 passes. With the sagging economy we have now we don't need any increase in Frt rates.

Concerned Agribusiness person

D.H. Unghering

Box 1421

Shelby Mont

Harlem, Montana  
March 4, 1983

House and Senate Taxation Committee

Hello!

Please consider my opposition to House Bill 665 proposing a 6¢ tax on gallon on diesel fuel purchased by the railroads operating in Montana. I understand this money will be used to subsidize a souther Montana Amtrak train.

*D. Stuart*  
Mr. D. Stuart  
Stuart Elevator  
Harlem, Montana

## VISITOR'S REGISTER

HOUSE TAXATION

COMMITTEE

BILL House Bill 665DATE 3-8-83SPONSOR Representative Yordley

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
<del>Donis Wagner</del>	<del>Bozeman</del>	<del>Associated Students MSU</del>	<del>✓</del>	<del>✓</del>
M. GURRICKSON	LIVINGSTON	#685 UNITED TRANSPORTATION UNION	X	
Robert Bachini	Havre, Mont	SELF		✓
Joel Hardy	Helena	Mont. Colleges	X	
Bill Tied	Bozeman	MSU-Bozeman Chapter	X	
Joe Goss	Missoula			
R.D. Major	Missoula		X	
Mary Prata	MSU		X	
Mary E Ryan	Missoula	Senior Citizen	X	
Leota Olson	"	"	X	
Thomas Prata	Missoula Mont		X	
<del>Frank LeClair</del>	"	"	X	
K.C. Frouder	"	Self	X	
Mona Martel	Missoula	Senior - Retired RR <sup>Employee</sup>	X	
Ray Funch	—	Retired RR	X	
Arthur Stern	—	—	—	
Betty S. Hanson	Missoula	Retired R.R. Emp		
E. Phil Couster	"	" Train Driver		
John Papovich	—	Retired RR R.R.		
Bill Poran	Missoula	Retired RR Emp		

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE

TAXATION

COMMITTEE

BILL House Bill 665

DATE 3-8-83

SPONSOR Representative Yardley

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Barry E. Green	P.O. Box 162 Glenview, MT.	Brotherhood of Loco- motive Engs. - Div. 180	X	
Bob Vireo	561 Highland	Self	X	
Jim Mockler	MT. Coal Council	Helena		
J. B. Brown	Helena, MT.	W. I. F. E.		
Anna Lewby	Dodson, MT.	Self		
James T. Muller	Butte	BRAC-	X	
Veck Olson	Malta	Self		
John Green	Butte	BA & P Ry CO		
Bill J. J. J.	Billings	BNRR		
Tom Roub.	Helena	Mont. R. R. Assn		X
Wayne Green	Yellowstone Park	TWA Services	X	
Sam Bryan	Helena	M. S. C. A.	X	
Glenn Brown	Montana State City	Helena	X	
DALE H. Cropp	Billings	BNRR		
Larry Bryan	Missoula	Senior Citizens		✓
Tom Roub.	Helena	Mont. R. R. Assn		✓
Don Hovey	"	Atty Gen		
Paul Pistoria	MT. Falls	State Rep		✓
Don Judge	Helena	Jim Mowbray MT STATE AFL-CIO		✓
Cheryl J. J.	Missoula Gen. Hospital			✓

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

Mike Foshender

Missoula

Assn

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

David B. Lunde

BILLINGS, MT.

AMTRAK AGT - Redundant

Robert Van Vleet

Helena

Senior City

# VISITOR'S REGISTER

HOUSE Taxation

COMMITTEE

BILL 10 B 665

DATE 3-8-83

SPONSOR Yardley

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE

## TAXATION

COMMITTEE

BILL HOUSE BILL 860

DATE 3-8-83

SPONSOR Representative Fagg

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE

BILL HOUSE BILL 890

DATE 3-8-83

SPONSOR Representative Hand

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



# VISITOR'S REGISTER

HOUSE

Japan

COMMITTEE

BILL

H B 890

DATE \_\_\_\_\_

3-8-83

SPONSOR

Hand

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE                      TAXATION                      COMMITTEE

BILL                      SENATE BILL 68

DATE 3-8-83

SPONSOR Senator Gage

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## STATE OF MONTANA

REQUEST NO. 355-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 8, 1983, there is hereby submitted a Fiscal Note for House Bill 665 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 665 establishes a railway fuel use tax; provides for its collection and disposition; creates a special railway facilities account; allocates funds; and provides an effective date.

ASSUMPTIONS:

- 1) 1981 diesel fuel use by railroads in Montana - 1.455 million barrels (42 gallons/barrel). (U.S. Department of Energy)
- 2) Assume the same level of consumption for FY84 and FY85.
- 3) Tax Rate - 6¢/gallon.
- 4) Effective Date - July 1, 1983.
- 5) Department of Revenue will have negligible additional cost to administer the tax.
- 6) The Department of Commerce's Weights and Measure's Bureau will incur some increased costs in checking fuel meters.

REVENUE:

	<u>FY84</u>	<u>FY85</u>
Railway Fuel Use Tax		
Under Current Law	--	--
Under Proposed Law	<u>\$3.667M</u>	<u>\$3.667M</u>
Estimated Increase	<u>3.667M</u>	<u>3.667M</u>
Special Railway Facilities Account		
Railway Improvement Account		
Under Current Law	--	--
Under Proposed Law	<u>3.056M</u>	<u>3.056M</u>
Estimated Increase	<u>3.056M</u>	<u>3.056M</u>
Farm-to-Rail Terminal Highway Improvement Account		
Under Current Law	--	--
Under Proposed Law	<u>.611M</u>	<u>.611M</u>
Estimated Increase	<u>.611M</u>	<u>.611M</u>

EXPENDITURES:

Administrative Cost	\$4,719	\$4,719
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BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-14-83

STATE OF MONTANA

REQUEST NO. 057-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, , 19 83 , there is hereby submitted a Fiscal Note for Senate Bill 68 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

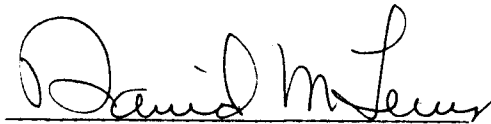
DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 68 provides an income tax deduction to nonresidents for contributions made to Montana or a political subdivision and provides an effective date and an applicability date.

FISCAL IMPACT:

It is not possible to anticipate the amount of contributions which would be made to state or local governmental entities in Montana by nonresidents as a result of this proposal. However, it is believed that this measure would probably have a minimal effect upon income tax receipts.

FISCAL NOTE2:J/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-83

# STANDING COMMITTEE REPORT

Page 1 of 3

March 12,

19 63

MR. **SPEAKER:**

## TAXATION

We, your committee on .....

having had under consideration ..... **HOUSE** Bill No. **665**

**First** reading copy ( **White** )  
color

**A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A RAILWAY FUEL USE TAX; PROVIDING FOR ITS COLLECTION AND DISPOSITION; CREATING A SPECIAL RAILWAY FACILITIES ACCOUNT AND ALLOCATING FUNDS; AND PROVIDING AN EFFECTIVE DATE."**

Respectfully report as follows: That ..... **HOUSE** Bill No. **665**

**be amended as follows:**

**(SEE ATTACHED SHEETS)**

**ENCLOSURE**

3-12-83

Page 2 of 3

MARCH 12,

83

19

1. Page 1, following line 15.

Insert: "(2) "Device" means a mechanism or machine designed to measure fuel by definite volume or weight.

(3) "Dispensed" means the placement of fuel by a supplier either directly into a railway vehicle or into a railway-owned fuel storage facility."

Renumber: subsequent subsections

2. Page 1, line 22.

Following: "a"

Strike: "vehicle"

Insert: "locomotive"

3. Page 2, line 2.

Following: "imposed"

Insert: "- exemption"

Following: "imposed."

Strike: "The"

Insert: "Except as provided in subsection (2), the

4. Page 2, line 9.

Following: "through"

Strike: "meters"

Insert: "devices"

5. Page 2, following line 10.

Insert: "The first 200,000 gallons of railway fuel used by a person or company in a calendar year is exempt from the fuel use tax imposed by this section."

6. Page 5, line 8.

Following: "account."

Insert: "(1)"

7. Page 5, line 11.

Strike: "(1)"

Insert: "(a)"

8. Page 5, line 16.

Strike: "(2) (a)"

Insert: "(b) (1)"

.....Dan Yardley,

Chairman.

March 12, 1993

9. Page 5, line 19.  
Following: "subsection"  
Strike: "(2) (b)"  
Insert: "(1) (b) (ii)"

10. Page 6, line 1.  
Strike: "(b)"  
Insert: "(1)"

11. Page 6, following line 4.  
Insert: "(2) Any money allocated to the railway improvement account under subsection (1) (a) that is not used within one year of allocation to subsidize rail passenger service in this state is withdrawn from the railway improvement account under subsection (1) (a) and allocated to the farm-to-rail-terminal highway improvement account under subsection (1) (b) to be used pursuant to subsection (1) (b)."

AND AS AMENDED  
DO PASS

# STANDING COMMITTEE REPORT

March 9,

19 83

MR. **SPEAKER:** .....

We, your committee on ..... **TAXATION** .....

having had under consideration ..... **HOUSE** ..... Bill No. **860** .....

First ..... reading copy ( White )  
Color

**A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS GOVERNING  
THE ESTIMATED INCOME TAX; PROVIDING FOR QUARTERLY PAYMENTS;  
ELIMINATING THE FARMER, RANCHER, OR STOCKMAN EXCLUSION; PROVIDING  
PENALTIES; AMENDING SECTIONS 15-30-241 AND 15-30-242, MCA; AND  
PROVIDING AN APPLICABILITY DATE."**

Respectfully report as follows: That ..... **HOUSE** ..... Bill No. **860** .....

~~XXXXXX~~ **DO NOT PASS**



# STANDING COMMITTEE REPORT

March 15, 1983

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **890**

**FIRST** reading copy (**WHITE** color)

**A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE PRORATION OF THE NEW CAR SALES TAX FOR VEHICLES ON THE STAGGERED REGISTRATION SYSTEM; CLARIFYING THE RULEMAKING AUTHORITY OF THE DEPARTMENT OF REVENUE RELATING TO VEHICLE TAXES; AMENDING SECTIONS 61-3-582 AND 61-3-586, MCA."**

Respectfully report as follows: That **HOUSE** Bill No. **890**  
**be amended as follows:**

1. Page 1, line 23.  
Following: "month"  
Insert: "or"

2. Page 4, line 20 and line 21.  
Following: "period" on line 20  
Strike: remainder of line 20 through "months" on line 21

**AND AS AMENDED**  
**DO PASS**

# STANDING COMMITTEE REPORT

March 22, 19 83

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **68**

**Third** reading copy ( **Blue** )  
color

**A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INCOME TAX  
DEDUCTION TO NONRESIDENTS FOR CONTRIBUTIONS MADE TO MONTANA  
OR A POLITICAL SUBDIVISION; AMENDING SECTION 15-30-131, MCA;  
AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."**

Respectfully report as follows: That..... **SENATE** Bill No. **68**

**DO PASS BE CONCURRED IN**