

MINUTES OF MEETING  
HIGHWAYS & TRANSPORTATION COMMITTEE  
MONTANA STATE SENATE

January 27, 1987

The meeting of the Highways and Transportation Committee was called to order at 1:00 p.m., January 27, 1987, by Chairman Larry Tveit, in Room 410 of the State Capitol.

ROLL CALL: All members of the Highways and Transportation Committee were present.

CONSIDERATION ON SENATE BILL NO. 73: Senator Ed Smith, Senate District #73, sponsor of the bill, testified that the purpose of the bill was to provide cardtrol and keylock systems for dispensing fuel in the farming communities. There are two types of cards; one is an exempt card, and the other is a non-exempt card. The cardtrol system is a twenty-four hour system where cardholders can purchase gasoline, or diesel fuel for their equipment.

A cardtrol or keylock means any unique device intended to allow access to a special fuel dealer's unattended pump or dispensing unit for the purpose of delivery or special fuel to an authorized user of the unique device.

Mr. Norris Nichols, from the Department of Revenue, was present to provide any information with regards to the technical aspects of Senate Bill 73.

Senator Smith presented the proposed amendments to Senate Bill 73. (Exhibit 1)

PROPOSERS: Doug Alexander, President, Montana Petroleum Association, testified that many of the distributors are already involved and currently doing exactly what Senate Bill 73 is proposing. Senate Bill 73 provides a uniformity throughout the state of Montana and would provide all the distributors the same form sheet to use which in turn would help the distributors control the customers who are abusing the cardtrol and keylock systems. The Montana Petroleum Association supports Senate Bill 73.

Harold Ulder, Laurel, Montana, testified that Senate Bill 73 would correct problems that petroleum dealers are presently having with the sale of tax and nontaxable diesel fuel. The keylock or cardtrol systems are unattended for twenty-four hours and usually the attendant is in another location where he cannot see the customers. Senate Bill 73 takes the responsibility from the dealers and places the burden on the ultimate user. Under the present law the keylock and cardtrol system are difficult to enforce. Mr. Ulder supports Senate Bill 73.

OPPONENTS: There were no opponents.

QUESTIONS FROM THE COMMITTEE: There was a lengthy discussion by the committee members and the future use of cardtrol cards for the use of propane on highways. The use of propane on the highways and the use of the cardtrol system would have to be acted upon as new legislation by the legislature, and a new law would have to be passed. If one was to purchase propane they would have to purchase it from the Department of Highways or through the scale houses.

Senator Abrams noted that Senate Bill 73, is primarily used for diesel fuel. The difference between the gasoline and diesel fuel acts are that the gasoline act is called the distributors license and you pay the tax. The distributor is responsible for the tax up front, suppliers, monthly reports and all the gasoline that is sold, the tax is applied. If one wants a refund, one must apply to the Motor Fuel Tax Division. The diesel fuel is called a use tax and one pays the tax on the gallons that are used on the highways, supply tanks. The dealers are supposed to charge the person for the tax; it shifts the burden of proof from the distributor to the actual person using the diesel fuel.

Senator Hager noted that the difference between the cardtrol and keylock system is that a keylock system is a pump that is operated by a key; a cardtrol is operated by a card that either has holes punched in the card or has a magnetic strip on the back of the card.

There was also a lengthy discussion by the committee members as to the refund of the diesel fuel and gasoline tax.

The committee members did not take executive action on Senate Bill 73.

CONSIDERATION ON SENATE BILL 100: Senator Abrams, Senate District No. 12, sponsor of the bill, testified Senate Bill 100 was being introduced at the request of the Department of Highways due to a recommendation from the office of the Legislative Auditor in relation to the "Audit of the Collection of State Revenues by Montana Counties." Recommendation No. 10, as noted by the Office of the Legislative Auditors, states: "We recommend the Department of Highways seek legislation to clarify the new use sales tax for travel trailers, semi-trailers and house trailers."

Senate Bill is an act to clarify the intent of the legislature as to whether or not the legislature feels that travel trailers, semi-trailers and house trailers should be subjected to the new use sales tax required by 61-3-502(1).

At the present time the Department of Highways does not collect the new use sales tax on trailers, semi-trailers or house trailers.

PROPOSERS: Robert Holding, Montana Motor Carriers Association testified that he supports Senate Bill 100.

Bill Goznell, Department of Highways, testified they would like a clarification to Senate Bill 100, as to whether Senate Bill 100 includes or excludes taxes on vehicles. There is a conflict in the law and the Department of Highways would like to have it clarified.

OPPOSERS: Richard J. Llewellyn, Montana Manufacturing Housing Association, testified that this bill would be adding an additional tax on house trailers that is not presently applicable under state statute. By putting this additional tax on the trailer industry it would be creating more hardship on an industry that has been hit hard because of the economy.

QUESTIONS FROM THE COMMITTEE: There was a lengthy discussion by the committee as to the confusion on the new use sales tax that is paid on trailers, semi-trailers and house trailers. The consensus of the committee was that there would be an additional tax on trailers. That by adding a new vehicles tax on trailers, semi-trailers and house trailers they would not pay the advalorem. After a lengthy discussion by the committee that it would be best to have Jesse Monroe from the Department of Highways come and explained to the committee the difference between the light vehicle tax, sales tax on new motor vehicles and the exemptions.

There was no executive action taken on January 27, 1987 and the committee hearing was adjourned.

  
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Senator Larry Tveit, Chairman

ROLL CALL

HIGHWAYS & TRANSPORTATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1-27-87

NAME	PRESENT	ABSENT	EXCUSED
Chairman: Larry Tveit	✓		
Vice Chairman: Lawrence Stimatz	✓		
Senator Hubert J. Abrams	✓		
Senator William Farrell	✓		
Senator Tom Hager	✓		
Senator Sam Hofman	✓		
Senator Ray Lybeck	✓		
Senator Darryl Meyer	✓		
Senator Cecil Weeding	✓		
Senator Bob Williams	✓		

Each day attach to minutes.

DATE 1-27-87

COMMITTEE ON Highways + Transportation

VISITORS' REGISTER 73-100

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Donald Uda	CENEX	SB 73	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bill GOSNEN	Hi, way	SA 100	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Richard J. Llewellyn	Nat. Aff. Housing Assoc.	SB 100	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bob Delding	MT. Motor Carrier Assn.	SB 100	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marion Hubbel	Dept. of Revenue	SB 73	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Doug Alexander	Nat. Petroleum Marketers	SB 23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lonna Alexander	Mont. Petroleum Marketers	SB 73	<input type="checkbox"/>	<input type="checkbox"/>
Brian Farmer	LEGISLATIVE AUD. / DV	SB 100	<input type="checkbox"/>	<input type="checkbox"/>
Ed Smith	St. Senate	SB 73	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(Please leave prepared statement with Secretary)

(This sheet to be used by those testifying on a bill.)

NAME: Bill Gosson DATE: 1/27/87

ADDRESS: Dept of Hygiene

PHONE: 444-6201

REPRESENTING WHOM? Dept of Hyg

APPEARING ON WHICH PROPOSAL: SB 100

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENT:

classification only -

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Amend Senate Bill No. 73, introduced copy

1. Page 4, lines 10 and 11.

Following: "2." on line 10

Strike: "Affidavit required of cardtrol or keylock purchaser"

Insert: "Imposition of tax on cardtrol-type purchase--exception"

2. Page 4, line 12.

Following: "(1)"

Insert: "Except as provided in subsection (2), a special fuel dealer shall, on the date of the transaction, charge the special fuel tax to a person who uses a cardtrol, keylock, or similar device to obtain delivery of special fuel.

(2)"

Renumber: subsequent subsection

3. Page 4, line 13.

Following: "fuel"

Strike: "tax free"

4. Page 4, line 14.

Following: "unit"

Insert: "without being charged the tax at the time of the transaction because the special fuel is purchased for off-road use"

Amend Senate Bill No. 73, introduced copy

1. Page 4, lines 10 and 11.

Following: "2." on line 10

Strike: "Affidavit required of cardtrol or keylock purchaser--inspection by department"

Insert: "Imposition of tax on cardtrol-type purchase"

2. Page 4.

Following: line 11

Strike: subsections (1) and (2) in their entirety

Insert: "A special fuel dealer shall, on the date of the transaction, charge the special fuel tax to a person who uses a cardtrol, keylock, or similar device to obtain delivery of special fuel."



*Jesse Munro*  
4424-6130

Abram:

Position Paper on SB100 Introduced by Senator Hugh Abrams

INTENT OF BILL

SB100 is being introduced at the request of the Department of Highways due to a recommendation from the Office of the Legislative Auditor in relation to the "Audit of the Collection of State Revenues by Montana Counties." Recommendation No. 10 as noted by the Office of the Legislative Auditor states, "We recommend the Department of Highways seek legislation to clarify the new use sales tax for travel trailers, semi-trailers, and house trailers."

Therefore, SB100 is an act to clarify the intent of the legislature as to whether or not the legislature feels that travel trailers, semi-trailers, and house trailers should be subject to the new use sales tax required by 61-3-502(1).

Currently, the Department of Highways does not collect the new use sales tax on trailers, semi-trailers, and house trailers.

BACKGROUND INFORMATION

Section 61-1-102 MCA includes trailers, semi-trailers, and house trailers in the definition of motor vehicles.

Section 61-3-502(1) MCA states, "In consideration of the right to use the highways of the State, there is imposed a tax upon all sales of new motor vehicles for which a license is sought and original application for title is made." According to these two laws, owners of new trailers, semi-trailers, and house trailers must pay the new use tax.

When originally created, the new use tax applied only to passenger cars. When the codes were changed, a much broader definition

of "motor vehicle" was created, including trailers, semi-trailers, and house trailers.

SUMMARY

SB100 is a bill to clarify whether or not the legislature intended for trailers, semi-trailers, and house trailers to be included in the new use sales tax contained in 61-3-502.

If they are to be included in this tax, it would affect approximately 6,000 trailers.

JM:ts:ldd

# STANDING COMMITTEE REPORT

February 5, 1937

MR. PRESIDENT

We, your committee on HIGHWAYS AND TRANSPORTATION

having had under consideration SENATE BILL No. 73

first reading copy ( white )  
color

## REGULATING CARDTROL OR KEY LOCK DELIVERY OF SPECIAL FUELS

Respectfully report as follows: That SENATE BILL No. 73

be amended as follows:

1. Page 4, lines 10 through 23

Following: "2." on line 10

Strike: the remainder of line 10 and lines 11 through 23 in their entirety

Insert: "Imposition of tax on cardtrol-type purchase. A special fuel dealer shall, on the date of the transaction, charge the special fuel tax to a person who uses a cardtrol, keylock, or similar device to obtain delivery of special fuel."

AND AS AMENDED,

DO PASS

~~XXXXXXXXXX~~  
~~DO NOT PASS~~

SENATOR LARRY TVEIT,  
Chairman.