

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 7, 1987

The nineteenth meeting of the Senate Taxation Committee was called to order at 8:00 A.M. On February 7, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present with the exception of Senator Hager.

DISPOSITION OF HB 136: Senator Eck said there was discussion on amendments to take care of excluding the gas used by school buses.

Jim Lear said the bill could be amended in 15-70-221 to read "(3) A person who provides school bus transportation services on contract with a school district in this state shall be allowed a credit or refund of 3 cents per gallon on gasoline purchased and used in providing such services for a school district."

Senator Halligan asked if that would deal with the 3 cents and also with the rest of the exemptions that they are already getting.

Jim Lear said that would just provide for the 3 cents.

Senator Halligan would move that the bill be amended as outlined by Jim Lear.

Senator Neuman said we could make that amendment on another bill. He would not like to see this bill jeopardized by running it back through the House for that amendment. He does not think the idea is a bad one but it should be attached to another bill if possible.

Jim Lear said it is outside the scope of the title of the evaporation bill but there certainly is the option of having a committee bill.

Senator Lybeck asked how we were treating the school buses now under the present law.

Norris Nichols said under the present statute the school buses owned by the district are tax exempt but if they are contract buses the statutes relating to the trucking industry relate to them.

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Senator Halligan said he wouldn't oppose a committee bill. He does not want to jeopardize this bill but he feels it is a good idea not to pass this cost onto the school districts.

Senator McCallum said 1/3 to the district, 1/3 to the county and 1/3 to the state. He said school bus contractors can negotiate with the school district over a new contract.

Senator Eck asked what the vote was in the House.

Senator Lybeck said 68 in favor.

Senator Brown said in view of I-105, the school districts will have to absorb the cost of the gas increase for the contracted school buses.

Senator Severson said we are not talking about a lot of money. If a school bus runs 100 miles a day that would be 20 gallons a day, so that would be approximately \$108 a year.

Senator Mazurek is in agreement with Senator Neuman. He would rather go with a committee bill than jeopardize this bill. He would be willing to vote for a committee bill but would not support the amendment.

Senator Lybeck is in agreement with Senator Mazurek. The timing is critical to get construction going in the coming year. He would be agreeable to looking at a committee bill.

Senator Crippen agreed.

Senator Halligan withdrew his motion.

Senator Mazurek would move that HB 136 BE CONCURRED IN. The motion carried with Senators Halligan, Brown and Severson opposed. Senator Hager was not at the hearing but left his vote in favor of this bill with the secretary.

Senator Halligan made a motion to adopt a committee bill that would exempt school buses on contract.

Senator Crippen would support that.

Senator Lybeck would support a committee bill being drafted but not necessarily the bill itself.

Senator Severson said it seems appropriate to exempt all the taxes and not just three cents. This figures to be only \$100 a year on each bus.

Senator Eck said it is her understanding that most of them have one fleet of buses that they use for nothing else but taking kids to school and back. Other buses are used for taking school children on trips and those are the ones they are likely to use for other things. She does not see this as a problem and thinks there are some advantages to the school districts to contract for this service and they are being penalized for doing that.

Senator Halligan's motion carried with a vote of 9-2. Senator Hirsch and Senator Severson were opposed.

DISPOSITION OF SB 224: Senator Eck made a motion that SB 224 DO PASS.

Senator Lybeck said we just passed a 3-3 gas tax and here we are already trying to take away from that. If we are going to have a highway building program lets not take away from that. The distributors may need some help but now is not the time to do that.

Senator Mazurek said his understanding is that the 2% of the total would yield about \$1.6 million. We are going from \$540,000 a year to \$1.6 million.

Norris Nichols said the \$1.6 million refers to the total collection of this amount.

Senator Mazurek made a substitute motion to amend SB 224 to delete on page 1, line 21, "2%" and to insert "1%". The effect would be to have 1% of the total tax for evaporation and shrinkage. His understanding is that would result in about \$800,000, which would be an increase of \$260,000.

Steve Visocan, Western Petroleum Marketers, said his figures are the same as Senator Mazurek's.

Senator Neuman said with this language "percentage of total tax", does that mean only the state tax or will that be state and federal tax.

Senator Eck said that applies only to the state. The federal is already taken care of.

Steve Visocan said we do not have a shrinkage on the federal tax because we pay for the fuel at the time that it is sold and not at the time that it is purchased.

Senator Hirsch said this helps the distributors but if I get a load of gas on a hot day I would not be allowed this shrinkage allowance. What about the retailers.

Senator Eck said what is happening now is that the distributors share with the retailers. It is part of their contract how much they will allow on the shrinkage. She is sure that the retailers will be coming to the distributors and wanting an additional share of the money.

Senator Crippen said it might be reasonable to give them a little bit more than what they are receiving now. He questioned how much Senator Mazurek's amendment will give them.

Senator Mazurek said it will still be an increase of 50% over what is presently being given, whereas the proposed bill would be an increase of 300%.

Gary Wicks said it costs the state presently \$540,000 a year for shrinkage allowance. The bill would increase that by \$800,000 a year to make it \$1.3 million. If HB 136 is passed, it would then go up to \$1.6 million.

Senator McCallum asked Mr. Wicks what the amount would be with Senator Mazurek's amendment of 1% if the 3 cent tax does go on.

Gary Wicks said the shrinkage cost would go from \$540,000 to something over \$800,000 a year. This would be about a \$300,000 a year increase in shrinkage costs.

Senator McCallum said it is wrong to charge tax on something that you do not have.

Senator Mazurek's motion carried with Senators Crippen, Eck and Severson opposed. Senator Hager was absent.

Senator Eck made a motion that SB 224 DO PASS AS AMENDED. The motion carried with Senator Lybeck opposed and Senator Hager absent.

DISPOSITION OF SB 150: Senator McCallum asked Dan Bucks if he could see any problems with the bill.

Dan Bucks said we have no difficulty with the idea of the bill but there is a cost involved with this bill.

Senator Eck said the availability of this kind of information is good and important to taxpayers. A big item on the fiscal note as far as cost is personal services. She asked Dan Bucks if that primarily was data processing or publication.

Dan Bucks said there are two parts to the bill, one part is the publication of the sales assessment ratio study and the other part is the preparation of the information in the case of each appeal for the taxpayer. Most of the personal costs are related to that latter task of preparing the comparable property information from the realty transfer certificates. This data is not computerized at the present time for residences.

Senator Eck asked if this is something they would be moving toward doing anyway.

Dan Bucks said it is his impression that no, this is not something that they would be moving toward without specific funding.

Senator Crippen said he objected to the fiscal note because they are making the assumption there will be 10,000 appeals each year and he feels they will drastically reduce after the initial reappraisal year. He thinks this is a very important bill. This bill requires equitability on the boards of the local appraisers and that is what is desperately lacking.

Senator Crippen would move that SB 150 DO PASS.

Senator Bishop said this should have been in place before now. This is after the fact.

The motion carried with Senators Neuman, Bishop, Hirsch and Halligan opposed. Senator Hager was absent.

DISPOSITION OF HB 136: Senator Brown said when he came here this morning, and he thinks the same is true for Senator Halligan, he did not intend to vote against HB 136. He has some particular problems with the school districts on HB 136, but the fact that the committee has agreed to look at a committee bill, he would like to be considered as voting in support of HB 136 and believes Senator Halligan is of the same feeling.

Senator Halligan agreed.

Senator Halligan and Senator Brown will be considered as voting in favor of the motion that HB 136 BE CONCURRED IN.

ADJOURNMENT: The meeting adjourned at 9:00 A.M.


SENATOR GEORGE McCALLUM, CHAIRMAN

ROLL CALL

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-7-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER			✓
SENATOR MAZUREK	✓		
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

DATE 2-7-87

COMMITTEE ON Senate Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo

(Please leave prepared statement with Secretary)

STANDING COMMITTEE REPORT

February 7, 1987

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 136

third reading copy (blue)
color

DRISCOLL (HAZUREK)

**INCREASE GAS AND DIESEL FUEL TAX FROM 17 TO 20 CENTS
PER GALLON**

Respectfully report as follows: That HOUSE BILL No. 136

B2 CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

SENATOR GEORGE McCALLUM, Chairman.

STANDING COMMITTEE REPORT

February 7, 19 37

MR. PRESIDENT

We, your committee on SENATE TAXATION
having had under consideration SENATE BILL No. 224
first reading copy (white)
color

CHANGING THE EVAPORATION ALLOWANCE FOR GASOLINE DISTRIBUTORS' LICENSE TAX

Respectfully report as follows: That SENATE BILL No. 224

be amended as follows:

1. Page 1, line 21.
Strike: "28"
Insert: "18"

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

SENATOR McCALLUM,

Chairman.

STANDING COMMITTEE REPORT

February 7, 19 87

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration SENATE BILL No. 150

first reading copy (white)
color

PUBLICATION OF REALTY TRANSFER ACT SALES RATIO STUDY

Respectfully report as follows: That SENATE BILL No. 150

DO PASS

~~DO NOT PASS~~

SENATOR GEORGE McCALLUM, Chairman.