

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on January 6, 1989,
at 9:00 a.m.

ROLL CALL

Members Present: 17

Members Excused: 1

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: Committee members please note the bills being heard today are indicated by paper clips in your respective binders. They will be so designated henceforth.

HEARING ON HOUSE BILL 3

Presentation and Opening Statement by Sponsor:

Representative Dan Harrington, having turned the chair over to Vice Chairman Beam, stated for the record, he represents District 68, Butte. Rep. Harrington said the bill is actually a handdown from Joint House Resolution 56 proposed by Rep. Gilbert and passed in the last legislature. Over the past few years, the Montana gas tax has increased greatly. The reason being the need to complete the interstate system in Montana. There has been a problem, however, with the amount of gas leaving the state and being sold without the tax payment. The 50th. Legislature passed a significant increase in this tax on July 1, 1987. This brought the tax to 20 cents a gallon and gave Montana the dubious honor of having the highest motor fuel tax in the nation until recently when Wisconsin raised their tax to 21.9 cents per gallon. One of the basic problems was the need to find an effective method of control on moving the gasoline. HB 3 defines all people who move gasoline as exporters and they must account for all gas they move out of the state but they do not pay the tax. Anyone else must pay the tax on any gasoline moved out of the state.

List of Testifying Proponents and What Group They Represent:

Norris Nichols, Department of Revenue, Motor Fuels Tax
Division

Rep. Bob Gilbert, District 22, Taxation Committee
Member

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Norris Nichols stated that there is a problem under the old law when the gas was purchased by an exporter, he declared he was going to export the gas at the time he received the product from the refinery and this was taken at face value. Later on, it was determined that the gas remained in Montana for unknown reasons. The law provided the Department of Revenue with the authority to go back to the seller and collect not only the tax but interest and penalties as well. This created a problem for all concerned. This bill defines an exporter, explains the word "export", states that all exporters must be registered and licensed by the department and must file a report as to the exact destination of the gasoline.

Rep. Bob Gilbert rose in favor of the bill. He has worked closely with the drafter, Paul Verdon, and the Revenue Oversight Committee. In the last session, Senator Farrell had a similar bill but it was so complicated that although it achieved the end result, it eliminated too many other things. This is a good bill and does what is needed without this type of complication.

Questions From Committee Members: Rep. Hanson asked Mr. Nichols if the bill could be amended to include importers. Mr. Nichols replied that the law covers importers now and that they have been licensed since 1969.

Closing by Sponsor: Rep. Harrington stated that this bill is a combination of the concerns of the Department of Revenue, the industry and all concerned. The bill will not cause any significant problems.

DISPOSITION OF HOUSE BILL 3

Motion: Rep. Gilbert made the motion to DO PASS.

Discussion: Rep. Schye asked if the bill could be placed on

HOUSE COMMITTEE ON TAXATION

January 6, 1989

Page 3 of 3

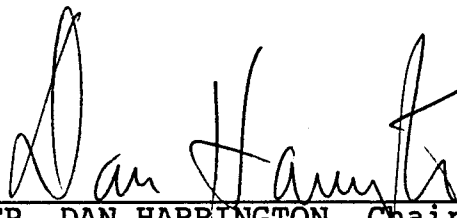
the consent calendar if the vote on the bill is
unanimous.

Amendments and Votes: None

Recommendation and Vote: Motion CARRIED unanimously by
voice vote and placed on the consent calendar.

ADJOURNMENT

Adjournment At: 9:20 a.m.



REP. DAN HARRINGTON, Chairman

DH/lj

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DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 1/6/89

| NAME | PRESENT | ABSENT | EXCUSED |
|---------------------------|---------|--------|---------|
| Harrington, Dan, Chairman | ✓ | | |
| Ream, Bob, Vice Chairman | ✓ | | |
| Cohen, Ben | ✓ | | |
| Driscoll, Jerry | ✓ | | |
| Elliott, Jim | ✓ | | |
| Koehnke, Francis | ✓ | | |
| O'Keefe, Mark | ✓ | | |
| Raney, Bob | ✓ | | |
| Schye, Ted | ✓ | | |
| Stang, Barry | ✓ | | |
| Ellison, Orval | | | ✓ |
| Giacometto, Leo | ✓ | | |
| Gilbert, Bob | ✓ | | |
| Good, Susan | ✓ | | |
| Hanson, Marian | ✓ | | |
| Hoffman, Robert | ✓ | | |
| Patterson, John | ✓ | | |
| Rehberg, Dennis | ✓ | | |
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10:04 am

STANDING COMMITTEE REPORT

January 6, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House
Bill 3 (first reading copy -- white) do pass.

Signed: _____
Dan Harrington, Chairman

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