

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on February 28, 1989, at  
9:00 a.m.

#### ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None

#### HEARING ON SENATE BILL 1

#### Presentation and Opening Statement by Sponsor:

Senator John Anderson, District 37, submitted written testimony as his presentation on SB 1. (Exhibit 1).

#### Testifying Proponents and Who They Represent:

Joe Novasio, Coal Miner, Coalstrip  
Duane Ankney, Coal Miner, Coalstrip  
Jim Mockler, Executive Director, Montana Coal Industry  
Ken Williams, ENTECH, Western Energy  
Tom Asay, Concerned Citizen

#### Proponent Testimony:

Joe Novasio stated that in 1987, his mine employed 240 people. Today, it employs 372. He urged support of the bill.

Duane Ankney stated in the mines, private coal must be separated from federal and state coal. The royalty does not contain the cost of equipment for this practice. He stated the non-exemption of private coal royalties does effect the mine's ability to compete on the market. He urged support of the bill.

Jim Mockler stated the bill does not take effect until 1991 and will not effect the current biennium. Mr. Mockler stated that when coal royalties started to convert from 15 to 20 cents per ton to the 12.5% of value, a windfall for the state was created. Private coal royalties were not

ready to convert at that time but are just now doing so. Mr. Mockler stated there are three mines directly effected by this bill. They are Peabody, Western Energy, and Night River's small mine at Savage. Mr. Mockler stated these three mines contain extensive private holdings. He said this is primarily a matter of fairness in exempting private coal the same as federal, state and indian coal. He urged support of the bill.

Ken Williams stated Western Energy was strongly in favor of SB 1. He said this is a matter of fairness and being able to compete equally with the other producers. He urged support of the bill.

Tom Asay submitted written testimony in support of the bill since he could not attend the hearing. (Exhibit 2).

Testifying Opponents and Who They Represent:

Terry Minnow, Montana Federation of Teachers

Opponent Testimony:

Terry Minnow stated the revenue loss from the exemption of private coal royalties in SB 1 will have to be replaced. She urged the committee to consider this aspect.

Questions From Committee Members: Chairman Harrington asked Mr. Mockler if the 1.6 million figure on the fiscal note is an accurate figure. Mr. Mockler replied this is based on production in the past and may be slightly high.

Rep. Ream asked Mr. Mockler to explain the royalty range. Mr. Mockler stated that originally royalties were 15 to 20 cents a ton, both private, federal and state. This was based on leases made 20 years ago. Mr. Mockler said at the end of this 20 year period, the royalties converted to a percent of value per ton.

Rep. Cohen asked Mr. Mockler to explain the changes from the original bill. Mr. Mockler stated the original bill was phased in over the years and are now extinct. Mr. Mockler stated the only new language in the bill is the inclusion of private coal.

Rep. Ellison asked Mr. Mockler why private coal was not included when the change from 15 cents per ton to the percentage value was made. Mr. Mockler answered it was considered unnecessary at the time but he did not recall all of the specific reasons. Rep. Ellison then asked what is the ratio of private coal versus the amount of federal and state coal. Mr. Mockler replied it was approximately 80/20 in the state.

Rep. Ream stated there would be a substantial revenue loss

involved. Mr. Mockler stated the state coal royalties will be converting very soon which will provide a substantial amount of money for the state that will far surpass any revenue loss of this bill. Mr. Mockler referred the question to Dennis Hammer who stated the royalty conversion varies with the number of leases involved. He stated some of them have already converted and there is a series of leases that will convert in 1990 and 1991.

Closing by Sponsor: Senator Anderson thanked the committee. He stated the 1.6 million cost stated on the fiscal note is probably true based on past production but the effective date of the bill is not until 1991. Senator Anderson stated many coal contracts will be renewed and production will be increased by this time. He said coal production increased by eleven million tons in the last year alone and increased production will mean increased jobs. SB 1 will enable the coal industry to compete more favorably in the market place and provide fairness to the entire industry.

#### DISPOSITION OF SENATE BILL 1

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

#### HEARING ON SENATE BILL 30

##### Presentation and Opening Statement by Sponsor:

Senator John Harp, District 4, stated SB 30 would allow the Department of Revenue or the Department of Highways to enter into an international fuel tax agreement for interstate trucking with other states. He stated eight states have adopted this plan to date. Montana would have a reciprocal agreement with these states. He said the carriers would have one report, one bond for each carrier within the state of Montana which would apply to all other states. Currently, a carrier must have these documents in all the states in which he/she travels. Senator Harp stated there is an audit required and these are reviewed in three year periods of time to be sure all requirements of the law are met. He urged passage of the bill.

##### Testifying Proponents and Who They Represent:

Ben Havdahl, Executive Vice President, Montana Motor Carriers Association

Proponent Testimony:

Ben Havdahl spoke in support of the bill. (Exhibit 3).

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: None.

Closing by Sponsor: Senator Harp thanked the committee.

DISPOSITION OF SENATE BILL 30

Motion: DO PASS by Rep. Raney.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: Motion CARRIED unanimously by voice vote of the committee.

EXECUTIVE SESSION

DISPOSITION OF SENATE BILL 1 HEARD ON FEBRUARY 28:

MOTION: DO PASS by Rep. Hoffman.

DISCUSSION: Rep. Raney stated 40 million dollars has been given back to the coal companies which will be effective by 1992. Three million has been given back this session in two other bills passed and this bill asks for an additional three million. He stated for equity, the tax should be raised on the federal, state, private and indian coal. He opposed the motion.

Rep. Cohen stated he did not understand the bill.

ACTION: The committee agreed to hold consideration of the bill until further work could be done. Rep. Hoffman withdrew his DO PASS motion.

DISPOSITION OF HOUSE BILL 607 HEARD ON FEBRUARY 15:

MOTION: DO PASS by Rep. Driscoll.

DISCUSSION: Rep. Raney stated there was previous discussion to

amend the bill so it would conform with the IRS. He stated he did not understand this and asked if anyone on the committee could explain. Dave Bohyer responded that he had written some amendments for the sponsor of the bill but had not received a reply, therefore, he did not know if the sponsor wanted the amendments or not. Mr. Bohyer explained that the amendment involved a 60 day notification period after filing for Subchapter S in addition to the current time allowed.

ACTION: Motion CARRIED unanimously by voice vote.

DISPOSITION OF HOUSE BILL 564 HEARD ON FEBRUARY 1:

MOTION: DO PASS by Rep. O'Keefe.

DISCUSSION: Rep. Giacometto stated this was a complete change in policy as to why the tax credit was created. He said this was not a return on the property tax which was the original intent.

ACTION: Motion CARRIED by roll call vote of 10 to 5.

DISPOSITION OF HOUSE BILL 76 HEARD ON FEBRUARY 14:

MOTION: DO PASS by Rep. Cohen.

DISCUSSION: Rep. Good stated there are 11,000 Montana Life policy owners being compensated by the balance of the insurance companies. Rep. Driscoll stated they were being compensated by the General Fund, not other insurance companies. Rep. Patterson stated he had concern with the contract aspect with insurance companies and this bill could lead to a lawsuit. Rep. Ream disagreed with the contract concept. He stated there are deductions against taxes they would pay on the premium tax. Rep. Gilbert said it was his understanding that in the bankruptcy situations, a levy is placed on the insurance companies to pay the policyholders of the bankrupt company. In return for this, the deduction on the premium tax would be allowed. He stated this was akin to asking any business person to insure their competitors in case of bankruptcy. He said this bill was bad policy. Rep. Good stated she did not understand the contract concept entirely. She requested asking Mr. Patrick Driscoll, who testified at the previous hearing on the bill, to respond. Mr. Driscoll stated it was a question as to whether or not a contract is intended, not whether or not there is a written contract.

Rep. Ream asked Dave Bohyer to respond to this question. Mr. Bohyer replied after the discussion on the previous hearing in committee, he had asked the legislative chief counsel, Greg Pettich, for an opinion in this regard. The counsel's opinion is that there is no contract and this is the statutorily required duty of the state auditor. He stated the counsel also said the bill is legal both statutorily and constitutionally.

Rep. Gilbert stated he disagreed with the counsel's opinion. He said this is levying a fee against a corporation to pay the debts

of another corporation, it is not income tax. He reiterated this was poor policy.

ACTION: The motion DO PASS was CARRIED 10 TO 8 by roll call vote.

DISPOSITION OF HOUSE BILL 525 HEARD ON FEBRUARY 9:

DISCUSSION: Rep. Swysgood, District 73, sponsor of the bill, spoke to the committee regarding his bill. He proposed amendments to the bill.

MOTION: DO PASS on the bill and amendments by Rep. Giacometto.

DISCUSSION: Rep. Giacometto stated the amendments will ensure that the intent of the bill is followed and money will still be going to the state.

Rep. Raney stated that during the hearing, changes were mentioned for page 2, line 7, and changing divided by the PC. He asked Rep. Swysgood if this was part of his amendments. Rep. Swysgood replied this was not part of his amendments and the changes Rep. Raney referred to applied to establishing a taxable value on talc.

Rep. Giacometto stated he would make these amendments later.

The amendments PASSED by unanimous voice vote of the committee.

Rep. Giacometto then moved another amendment to change line 7, page 2, and line 8, page 2 to "net" and on page 3, line 9, change "gross yield." Rep. Gilbert asked that Dave Bohyer address this issue since he did not think the amendment was necessary. Mr. Bohyer stated that gross yield was defined and that is what the bill addressed. He said that the proceeds tax is applied by taking the net proceed of the value and calculating this on the gross yield of the product. He stated the bill accomplishes what the sponsor intended without this additional amendment.

Rep. Giacometto then withdrew his amendments.

Rep. Raney stated he was concerned with the \$4.25 rate.

Rep. Ream stated Ken Norddvelt had given a \$5.58 figure for this tax. Rep. Swysgood replied that he had gone back over a five year period and each year, with one exception, the amount was \$50,000.00 to \$70,000.00. The one exception was 1984, when \$684,000.00 was paid because of the DOR's interpretation of the net proceeds tax. This interpretation was that the ore was more valuable if there was greater difficulty obtaining it. He stated the \$4.25 figure was a five year average.

Rep. Ream asked about a fiscal note which the committee did not have. Rep. Swysgood stated he had asked for one but had not received one or heard anything more about it.

Rep. Driscoll asked Rep. Swysgood how many tons of talc are averaged in the state per year. Rep. Swysgood replied 100,000 to 96,000 tons which is \$425,000.00 in taxes approximately.

Rep. Ream asked Rep. Swysgood what the overall fiscal impact would be. Rep. Swysgood stated he did not see any fiscal impact to the state as far as revenues generated into the state because most of the money will go to the counties and the school districts. He stated the fiscal impact should be a minus because with the passage of this bill, it will eliminate the litigation that has been a constant problem.

Rep. Gilbert stated the fiscal impact of the bill would be positive and there is no necessity for a fiscal note.

Rep. Patterson made a motion to amend page 3, line 9, to strike "if applicable" and put in "for talc." Rep. Swysgood concurred and asked that the committee add this amendment.

The amendment was PASSED by unanimous voice vote.

The motion to DO PASS AS AMENDED was CARRIED by unanimous voice vote.

#### DISPOSITION OF SENATE BILL 17 HEARD ON FEBRUARY 1:

DISCUSSION: Senate Bill 17 was TABLED on February 1. Rep. Driscoll stated Senator Beck, the sponsor, does not want the people who did not license their cars last year to receive a refund. Chairman Harrington responded that Senator Beck would consent to an amendment regarding this issue.

Rep. Giacometto made the motion to take SB 17 OFF THE TABLE.

The motion was CARRIED by unanimous voice vote.

Amendments were proposed for SB 17. Rep. Giacometto moved the amendments. Motion CARRIED BY unanimous voice vote.

The motion to DO PASS AS AMENDED was made by Rep. Giacometto. The motion was CARRIED by unanimous voice vote.

#### DISPOSITION OF HOUSE BILL 457 HEARD ON FEBRUARY 2:

House Bill 457 was PASSED AS AMENDED on February 15 in the Taxation Committee. The bill was returned to the committee February 28.

MOTION: TO RECONSIDER HB 457 was made by Rep. Ream.

The motion was CARRIED by a 11 to 7 voice vote. Reps. Raney, Patterson, Elliott, Stang, Driscoll, Cohen and O'Keefe voted no.

The motion was made to TABLE HB 457 by Rep. Giacometto. The

motion was carried by a 11 to 7 voice vote. Reps. Raney, Patterson, Elliott, Stang, Driscoll, Cohen and O'Keefe voted no.

ADJOURNMENT

Adjournment At: 10:35 a.m.

  
REP. DAN HARRINGTON, Chairman

DH/lj

4715.min



## DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date February 28, 1989

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	✓		

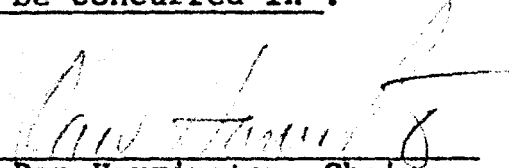
STANDING COMMITTEE REPORT

February 28, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 30 (first reading copy -- white) be concurred in.

Signed: \_\_\_\_\_

  
Dan Harrington, Chairman

STANDING COMMITTEE REPORT

February 28, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House  
Bill 607 (first reading copy -- white) do pass.

Signed: \_\_\_\_\_

  
Dan Harrington, Chairman

STANDING COMMITTEE REPORT

February 28, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 564 (first reading copy -- white) do pass .

Signed: \_\_\_\_\_

Dan Harrington, Chairman

STANDING COMMITTEE REPORT

February 28, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House  
Bill 76 (first reading copy -- white) do pass.

Signed: \_\_\_\_\_

Dan Harrington, Chairman

STANDING COMMITTEE REPORT

February 28, 1989

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 525 (first reading copy -- white) do pass as amended.

Signed:   
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 6.

Following: "PURPOSES;"

Insert: "ESTABLISHING A SPECIFIC RESOURCE INDEMNITY TRUST TAX  
RATE FOR TALC;"

2. Title, line 8.

Following: "15-23-521,"

Strike: "AND"

Following: "15-38-103"

Insert: "AND 15-38-104"

3. Page 3, line 9.

Following: "or,"

Strike: "if applicable"

Insert: "for talc"

4. Page 14.

Following: line 7

Insert: "Section 12. Section 5-38-104, MCA, is amended to read:  
15-38-104. Tax on mineral production. The (1) Except as  
provided in subsection (2), the annual tax to be paid by the  
a person engaged in or carrying on the business of mining,  
extracting, or producing a mineral shall be is \$25, together  
with plus an additional sum or amount computed on the gross  
value of product which may have been that was derived from  
the business work or operation within this state during the  
calendar year immediately preceding at the rate of 1/2 of 1%  
of the amount of gross value of product at the time of  
extraction from the ground, if in excess of \$5,000. Unless  
otherwise provided in a contract or lease, the pro rata  
share of any royalty owner or owners may be deducted from  
any settlements under the lease or leases or division of

February 28, 1989

Page 2 of 2

proceeds orders or other contracts.

(2) The annual tax to be paid by a person engaged in or carrying on the business of mining, extracting, or producing talc is \$25 plus an additional amount computed on the gross value of product for talc derived from the business work or operation within this state during the calendar year immediately preceding at the rate of 4%."

Renumber: subsequent sections

STANDING COMMITTEE REPORT

February 28, 1989

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 17 (first reading copy -- white) be concurred in as amended.

Signed:   
Dan Harrington, Chairman

And, that such amendments read:

1. Title, lines 5 and 6.

Following: line 4

Strike: "USE OF THE VALUE GUIDE TO CARS OF PARTICULAR INTEREST IN DETERMINING"

2. Page 2, line 20.

Following: "FOR"

Strike: "VEHICLES"

Insert: "a vehicle"

Following: "THAT"

Strike: "WERE"

Insert: "was"

3. Page 2, lines 21 and 22.

Following: "GUIDES," on line 21

Strike: the remainder of line 21 through "INTEREST" on line 22

Insert: "the retail value of a mercedes-benz coupe roadster for the same model year as the vehicle being assessed"

4. Page 3, lines 3 and 4.

Following: "\$1,000" on line 3

Strike: the remainder of line 3 through "\$500" on line 4

Insert: "\$750, there is imposed a tax of \$15 plus, if applicable, the local option vehicle tax provided in 61-3-537. For a vehicle that was at one time listed in one of the preceding guides but is no longer listed, the vehicle is considered to have a value of \$750 and is subject to a minimum tax of \$15, except for a vehicle registered as a collector's item under the provisions of 61-3-411 and charged the applicable fee"

5. Page 4, line 8.



Following: "of"  
Strike: "\$500"  
Insert: "\$1,000"

6. Page 4, line 14.  
Following: "amount of"  
Strike: "\$500"  
Insert: "\$1,000"

7. Page 5, line 9.  
Following: "applicability."  
Insert: "(1)"

8. Page 5.  
Following: line 11  
Insert: "(2) The assessment requirements contained in 61-3-503(1)(c), as amended by [this act], apply to a vehicle that is required to be registered on or after July 1, 1989, including an assessment for any delinquent taxes due on the vehicle."

BB 1  
JANUARY 12, 1989 Sen. John  
SENATE TAXATION COMM. Anderson

42-5

SB 1

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM SENATOR JOHN ANDERSON, DISTRICT 37.

I APPEAR HERE TODAY IN SUPPORT OF <sup>in</sup> (SB 1, INTRODUCED AT THE REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE ON WHICH I HAVE SERVED FOR THE PAST FOUR YEARS.

( IN 1983 THE COAL INDUSTRY CAME TO THE LEGISLATURE AND ASKED THAT ROYALTIES BE EXEMPT FROM SEVERANCE TAX.

AT THAT TIME THE ROYALTY ON COAL WAS 15-20 CENTS PER TON. BUT THE FEDERAL AND STATE LEASES WERE EXPIRING, AND THE RENEWAL RATE WAS SET AT 12 1/2 PERCENT OF VALUE INSTEAD OF AT 15-20 CENTS PER TON.

THE LEGISLATURE RESPONDED BY EXEMPTING ALL BUT 15 CENTS PER TON OF THE ROYALTY FROM TAX ON FEDERAL, STATE AND INDIAN COAL, BUT FOR WHATEVER REASON DID NOT SIMILARLY EXEMPT PRIVATE ROYALTIES.

SINCE THAT TIME PRIVATE LEASES HAVE LIKEWISE EXPIRED, AND NATURALLY THEY TOO ARE NOW A PERCENT OF VALUE.

THE COAL TAX OVERSIGHT SUBCOMMITTEE FELT, AND I AGREE, THAT PRIVATE ROYALTIES SHOULD BE TREATED IN THE SAME MANNER AS FEDERAL, STATE AND INDIAN ROYALTIES.

THE MEMBERS OF THE SUBCOMMITTEE HAD EXTENSIVE DISCUSSION ON THIS ISSUE, AND WE BASED OUR DECISION TO SUPPORT THIS BILL ON TWO BASIC ISSUES.

FIRST, THE HIGHER TAX ON PRIVATE COAL TENDS TO MAKE IT LESS

DATE 2/28/89

SB 1

COMPETITIVE IN THE MARKET. IN THE MINES THAT HAVE PRIVATE COAL. THE PRIVATE COAL IS INTERMINGLED WITH FEDERAL AND STATE COAL. IT SEEMS GROSSLY UNFAIR TO PENALIZE THESE MINES AND TO MAKE THEM LESS COMPETITIVE THAN THOSE THAT CONTAIN ONLY FEDERAL, STATE OR INDIAN COAL.

SECOND, WE FELT THAT THE TIME HAD COME TO TREAT PRIVATE OWNERSHIP AT LEAST AS WELL AS GOVERNMENTAL OWNERSHIP. ON THIS POINT IT IS SIMPLY A QUESTION OF FAIRNESS TO THE PRIVATE ROYALTY OWNER. THE HIGHER COST OF PRIVATE COAL WILL NOT ONLY RESULT IN THE COAL BEING LESS COMPETITIVE FOR THE MINING COMPANY, BUT ALSO WILL RESULT IN MINING COMPANIES DESIGNING THEIR MINE PLANS TO AVOID MINING AS MUCH OF THE HIGHER COST PRIVATE COAL AS POSSIBLE.

I ASK THAT YOU VOTE A "DO PASS" ON SB 1.

EXHIBIT 2  
DATE 2/28/89

SB 1  
*Sen. John Anderson*

March 1, 1989

Rep. Dan Harrington, Chairman  
House Taxation Committee  
State Capitol  
Helena, MT 59620

Re: SB 1

Dear Rep. Harrington:

I appreciate this opportunity to add my two cents' worth after missing the House hearing on this bill.

I'll address briefly two aspects that I feel are important for your consideration: reclamation and underground water.

If SB 1 is rejected, the result could well be that certain sections of coal are bypassed. When this happens, reclamation would be adversely affected from both the cost factor and the final result.

Underground water has been shown to improve in quality with the passage of time after reclamation. To go back into an area and reopen it for mining the bypassed coal would simply repeat the entire process *and extend the recovery time unnecessarily.*

Any state policy that interferes with the orderly completion of all reclamation is not beneficial to the state in the long run.

Thank you for this opportunity.

Sincerely,

*Tom Asay*  
Tom Asay

EXHIBIT 3  
DATE 2/28/89  
SB 30  
*Sen. John Harp*

STATEMENT ON SENATE BILL 30 BY BEN HAVDAHL,  
MONTANA MOTOR CARRIERS ASSOCIATION

Mr. Chairman, Members of the Committee, for the record my name is Ben Havdahl and I'm the Executive Vice President of the Montana Motor Carriers Association.

MMCA has some 350 carrier members and 95% of them operate outside of Montana, some operate in all 48 states. MMCA would like to go on record in support of Senate Bill 30, authorizing the Department of Revenue to enter into the International Fuel Tax Agreement Compact.

SB30 establishes in Montana a base state fuel use tax reporting system that would greatly simplify reporting requirements for interstate motor carriers. SB30 sets up a procedure like the International Registration Plan which now has <sup>40</sup>~~35~~ state members and allows a Montana based motor carrier to file with Montana the payment of registration fees which in turn are reported and paid by Montana to all participating states based on a percentage of miles as filed by the motor carrier. The system also works for carriers based in other states who operate in Montana. That respective base state pays Montana its share of the registration fees.

SB30 would establish a similar system for the collection, reporting and payment of motor fuel taxes i.e., diesel fuel taxes by Montana on behalf of interstate motor carriers.

Interstate motor carriers based in Montana endorse the base state approach to fuel tax registration and reporting and MMCA strongly supports SB30.

Consolidating registration, reporting, collection, verification and audit functions reduces administrative complexities and the costs of complying with

EXHIBIT 3

DATE 2/28/89

SB 30

*Sen. J. Harp*

state use tax reporting requirements. A model agreement has been established for use by base states similar to the agreement in the International Registration Plan.

The proposal for establishing a Base State Fuel Use Tax Reporting procedure was one of eight recommendations adopted in 1986 by the National Governor's Association Working Group on State Motor Carrier Procedures, designed to simplify and make uniform motor carrier regulation by states.

Attached to this statement is a brief review, for the benefit of the committee, assessing other states progress and interest in a base-state fuel tax agreement, this listing was prepared in 1987.

On a final point, the Senate approved an amendment to SB30 page 6, New Section 5, which specifically includes the Department of Highways, GVW Division, in the billing, collection and administration of diesel fuel taxes for those owners who proportionally register their fleets. MMCA supported this amendment.

The GVW Division of the Department of Highways has the computer hardware and personnel already in the business of collecting GVW fees and are experienced in the distribution of the taxes to other states in the IRP.

Paying the diesel fuel tax to the Department of Highways in the same manner as GVW fees would be a great convenience for Montana based interstate carriers and would truly implement the "one stop shopping" concept outlined in the National Governors Consensus Agenda. Thank you.

An Assessment of State Interest

Interest in a base-state fuel tax agreement is currently very high in a surprising number of states. NGA support of the base-state concept in the fuel tax area can be credited for most of this, along with the states' perception that the industry will press for preemption if progress is not made soon. The fact that IFTA and RFTA have been in successful operation for several years is also important.

3 states do not have fuel use taxes:

Alaska  
Hawaii  
Oregon

6 states belong to IFTA:

Arizona  
Idaho (as of 4/1)  
Iowa  
Minnesota  
Oklahoma  
Washington

3 states belong to RFTA:

Maine  
New Hampshire  
Vermont

6 states are expected to enact legislation in 1987 enabling them to join an agreement, and to join NAFTA (or IFTA) during the next year:

Indiana  
Kansas  
Montana  
South Dakota  
Wisconsin  
Wyoming

2 states are expected to enact enabling legislation soon, but joining an agreement immediately is problematic:

Arkansas (1989)  
Florida (1987)

10 states have expressed interest in joining a fuel use tax agreement in the next few years:

Colorado  
Kentucky  
Louisiana  
Michigan  
Missouri  
Nebraska  
New York  
Tennessee  
Texas  
Utah

COMMITTEE

DATE February 28, 1989

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



## VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. SB 30DATE February 28, 1989SPONSOR Senator John Harp

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Ben Havalah	Helena MT Motor Carriers Ass.	X	
Jesse Muir	MDOH	X	
David A. GALT	mDOH	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# ROLL CALL VOTE

TAXATION

COMMITTEE

DATE Feb. 28

BILL NO. 564

NUMBER \_\_\_\_\_

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim	✓	
Ellison, Orval		✓
Giacometto, Leo		✓
Gilbert, Bob		✓
Good, Susan		✓
Hanson, Marian		
Hoffman, Robert		
Koehnke, Francis	✓	
O'Keefe, Mark		
Patterson, John	✓	
Raney, Bob	✓	
Ream, Bob	✓	
Rehberg, Dennis		✓
Schye, Ted	✓	
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman	✓	

TALLY

10 5

LaHara John  
Secretary

Dan Harrington  
Chairman

MOTION: DO PASS CARRIED.

# ROLL CALL VOTE

TAXATION

COMMITTEE

DATE Feb. 28

BILL NO. HB 76

NUMBER           

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim	✓	
Ellison, Orval		✓
Giacometto, Leo		✓
Gilbert, Bob		✓
Good, Susan		✓
Hanson, Marian		✓
Hoffman, Robert		✓
Koehnke, Francis	✓	
O'Keefe, Mark	✓	
Patterson, John	✓	
Raney, Bob		✓
Ream, Bob	✓	
Rehberg, Dennis	✓	
Schye, Ted		✓
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman	✓	

TALLY

LaHana John  
Secretary

10 8  
Alan Hamrick  
Chairman

MOTION: Motion to DO PASS CARRIED.