

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON INCOME/SEVERANCE TAX**

**Call to Order:** By BOB REAM, CHAIR, on March 14, 1991, at 8:00 a.m.

#### **ROLL CALL**

##### **Members Present:**

Rep. Dan Harrington, Chairman (D)  
Rep. Bob Ream, Vice-Chairman (D)  
Rep. Jim Elliott (D)  
Rep. Mike Foster (R)  
Rep. Bob Gilbert (R)  
Rep. Marian Hanson (R)  
Rep. Jim Madison (D)  
Rep. Bea McCarthy (D)  
Rep. Tom Nelson (R)  
Rep. Bob Raney (D)  
Rep. Barry Stang (D)

**Staff Present:** Lee Heiman, Legislative Council  
Lois O'Connor, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Announcements/Discussion:** REP. REAM said the bills to be discussed would be HB 526 and HB 386.

#### **Subcommittee Discussion on HB 526**

**REP. SCHYE, Sponsor of HB 526,** said the bill was straightforward. HB 526 would impose a special state parks improvement fee on registrations of motor vehicles. The fee would be 50 cents per vehicle registration.

**Motion:** REP. MCCARTHY RECOMMENDED THAT HB 526 DO PASS.

#### **Discussion:**

**REP. GILBERT** stated the vehicle registration forms would have to be redone due to lack of room for the extra takeoffs. This would be a costly project. Very few cars in the state use state parks. Why should everybody who owns a car have to pay for park upkeep? User fees should be used. If one uses the park system, then one pays for it.

**Vote:** Recommendation that HB 526 of Do Pass carried 5 to 4 with REPS. FOSTER, GILBERT, M. HANSON, NELSON voting no and REP. ELLIOTT absent.

**Subcommittee Discussion on HB 386**

REP. SCHYE, Sponsor of HB 386, stated the bill would put a one cent a gallon gasoline license tax to finance roads leading to and within state parks. On July 1, 1991, there will be a quarter of a cent that will go off the gas tax. If you take this quarter of a cent instead of a one cent tax, it would give the parks \$1,400,000. This would pick up the quarter of a cent. REP. SCHYE said he would accept the proposed amendments.

**Motion:** REP. STANG RECOMMENDED THAT HB 386 DO PASS.

**Discussion/Questions from Committee:**

REP. STANG said it would be not be a tax increase but it prevents a tax decrease.

REP. MCCARTHY asked on Page 2, Lines 9, 10, and 11, if anyone could explain the Montana Rural Technical Assistance Transportation Program. Greg Petesch, LFA, said it was a research program that is affiliated with Montana State University. It finds creative ways to improve rural transportation.

**Motion:** REP. McCarthy moved the recommended amendments to HB 386.

**Discussion:**

REP. GILBERT said even though it is current law, the quarter cent is scheduled to come off on July 1, 1991. It would be a continuing tax increase on gasoline and he would not support it. REP. STANG said the price of gasoline is less than what it was before the war including the 5 cent federal tax increase.

**Vote:** Motion on the amendments carried unanimously.

**Discussion:**

REP. GILBERT asked Arnie Olsen, Parks Division, if the roads being discussed were inside the park and is the Parks Division maintaining these roads. Mr. Olsen said the resources would go to both connecting roads outside the parks, that have no maintenance at the present time, and interior park roads. It would include 135 miles of interior roads in the park system and more than 135 miles of roads outside the parks. The Parks Division receives more complaints on poor roads than any other single thing relating to the park system. There is a strong connection between parks and tourism. If the state wants to promote parks for tourism, it is important to have adequate roads

to do that. Some of the state's premier parks are not promoted by the Department of Commerce because the roads are so bad. REP. GILBERT asked if it wouldn't be more logical to deal with it on a park by park basis. Lewis and Clark Caverns is an example. Sixty thousand people visit the Caverns. An increase in the daily fee would produce more money to maintain the road. Mr. Olsen said the problem with the fee system is that no park fee system in the nation provides enough money to take care of the operation of its parks. The state's fee system collects 25 to 30% of the operational needs of its parks. It does not include the capital improvements, only day to day improvements. REP. GILBERT asked if the roads leading to some of the parks were county roads; and if so, shouldn't they be maintained by the county. Mr. Olsen said the counties do not have enough money to take care of the roads. We are hoping to create a matching program with the counties if HB 386 passes. REP. GILBERT asked where the parks get their funds. Mr. Olsen said the three main funding sources are from user fees, statutory coal tax, or motor boat fuel tax. REP. REAM asked if the underground storage tank fee is a separate fee from the gas fee. REP. RANEY said it had to be. It is a fee added on to the distributors. It is not the gas tax. The gas tax will not change but the distributors' fee will stay at a cent. REP. GILBERT said it had to be listed as a fee because gasoline cannot be taxed unless it is used for roads. REP. GILBERT asked Greg Petesch to search in the statutes for the definition of "roads" and if the park "roads" fall into that category. He wants to know if it is legal and constitutional. Mr. Petesch said the constitution requires that certain excise and weight taxes be used for maintenance, construction, and improvement of "roads". The quarter cent on the gas tax would not generate federal matching funds from the highway program because these are not federal, primary or secondary roads.

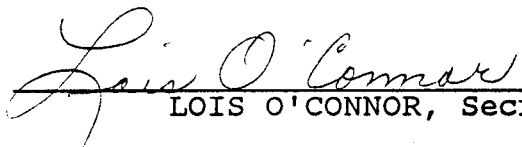
**Motion/Vote:** REP. REAM MADE A SUBSTITUTE RECOMMENDATION THAT HB 386 DO PASS AS AMENDED. Motion carried 6 to 4 with REPS. FOSTER, GILBERT, M. HANSON, and NELSON voting no.

#### ADJOURNMENT

Adjournment: 9:00 a.m.



BOB REAM, Chair



LOIS O'CONNOR, Secretary