

## **MINUTES**

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

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

**Call to Order:** By BOB REAM, CHAIR, on March 19, 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. Bea McCarthy (D)  
Rep. Tom Nelson (R)  
Rep. Bob Raney (D)  
Rep. Barry Stang (D)

**Members Absent:** Rep. Madison (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.

#### **Subcommittee Discussion on HB 973**

**Motion:** REP. STANG RECOMMENDED HB 973 DO PASS.

##### **Discussion:**

REP. STANG said HB 973 is a one cent fee on diesel fuel to start small petroleum cleanup funds similar to the funds REP. RANEY set last session. The tanks over 1,100 gallons were to be covered in REP. RANEY'S bill, and they found out later that they weren't. The number of underground tanks, currently leaking in the state, would be covered under this fund. He has always felt that gas and diesel taxes should be used to build roads. He has been convinced other wise.

**Motion:** REP. STANG moved to amend HB 973.

Informational Testimony:

Jean Riley, Petroleum Tank Release Compensation Board, explained the amendments proposed by REP. STANG.

On Page 6, Lines 2 and 3, striking "for license to sell special fuels as provided by 15-70-302. The reasoning behind this is special fuel license is a license to sell special fuel at a dealer or retail level. The petroleum distributor's license sells gasoline at least one level above the fuel dealer. The fee should be collected at this level because it is easier than collecting it at the retail level.

On Page 10, Lines 24 and 25, strike "July 1 1991 and insert "the effective date of this section". This would make the date of eligible costs of the small tank dealer the effective date of the act, and allow the owners and operators to submit claims for those costs at the effective date.

Page 12, Line 6, strike the ":". Amendments 4 and 5 go together, and would make the eligible date of a release April 13 instead of July 1.

Strike "one" on Line 7. Strike "four" on Line 7, and insert "fund" on Line 12.

Strike "July 1, 1991" on Page 11, Line 16 and add "April 13, 1989". This would make the effective date of the release eligible for reimbursement the same as the present time.

Tanks belonging to the federal government, refineries, and railroads are to be excluded from the small fund. The small, and heating oil tanks under 1,100 gallons are to be covered by the fund.

On Page 18, Line 24, strike "tanks" and insert "claims and complexity of claims". The number of tanks covered by the small fund could be greater than the present fund. The claims and complexity of claims will take more time. The bigger tanks involve a more complex claim.

Page 19, Line 1, refers to the number of claims and complexity of the claims not the number of tanks.

Page 20, Line 15, strike "tanks" insert "claims and complexity of claims".

Page 20, Line 17, is the same type of amendment.

Page 21, following Line 10, insert " that the Legislature may appropriate to the small petroleum tank release fund repayable advances from the petroleum tank release cleanup fund as necessary to carry out the administrative needs of this part.

The outstanding total repayable amount advances will not exceed the amount the board estimates will be received by the fund for the small petroleum tank cleanup fee during the next 12 months. Whenever determined appropriate by the board, the advances to the small petroleum tank release cleanup fund must be repaid with interest at a rate equal to the average short term investment. All advances to the fund plus interest must be repaid by Jan 1, 1994". The reason for this is that the board has allowed a loan from the present fund to help get this program started. It will be used for administrative costs.

Amendment 20 and 21, strike "and" following Line 1, insert "special fuel sold to the federal government, special fuel sold to gasoline distributor license under 15-70-201". These were exclusions from the fee payment. These people are not covered. This has been requested by the distributors because the federal government will not pay the fee.

Discussion/Questions from the Committee:

REP. ELLIOTT asked Jean Riley how many small tanks are there and if they were talking about diesel and heating oil solely. Ms. Riley said they were also talking about gasoline tanks under 1,100 gallon that are farm and residential, which are not covered by the cleanup fund. There are approximately 8,000 underground tanks and do not have the amount of above grounds because there is no registration. REP. ELLIOTT asked if there would be registration for those tanks. Ms. Riley said there would be a voluntary registration at the beginning. REP. REAM asked if the underground heating oil tanks are already covered. Ms. Riley said no. HB 973 would cover them.

REP. ELLIOTT asked if the total monies her office would take in would be through the one cent tax and if there was a sunset clause in the bill. Ms. Riley said the tax would never end. There would be a cap on the fund. Once the fund reaches \$6,000,000, the fee would be cut off. If the fund drops to \$3,000,000 the fee would be reinstated.

REP. GILBERT said the monies collected should be put into one fund or amend the bill so that by two years they should have enough money to become one fund. We are setting up double administration. We are setting up jobs that will be created at the taxpayers expense. REP. RANEY asked how much more administration will be created by the bill. Ms Riley said 6 1/4 FTEs will be hired for the first year and 6 for the second. The board will not hire people unless there is a need.

REP. RANEY said the first fund was passed to protect distributors and gas station owners. Now we are not looking at commercial interests. We should not combine the two at this time. EPA would not except it. REP. STANG said he didn't want to try to combine them and jeopardize the first fund. We would like to give the Department time to take a look at this proposal. If the

EPA says it is acceptable, then we will combine the two. He would like the funds to be kept separate for two years, even though, merging the funds would be better for everyone involved.

**Motion:** REP. GILBERT made the motion to amend HB 973. On Amendment 19 starting with the word the, strike the remainder of the sentence.

**Discussion:**

REP. REAM asked why they would want to lift the cap. REP. GILBERT said the cap is the total amount brought in for a whole year for administrative purposes only.

REP. GILBERT asked where the original \$20 registration fee is. Franklin Gessamen, Department of Health and Environmental Sciences, said the money is used to administer the regulatory program for the tanks. The regulatory portion of the program is funded by the tank administration. It is used to provide assistance and education to the tank owners.

**Motion/Vote:** REP. GILBERT made a motion to further amend HB 973. Change "12 months" to "4 months". Motion carried unanimously.

**Vote:** Motion on the amendments as a whole carried unanimously.

**Motion/Vote:** REP. RANEY moved to amend HB 973. Attach to the bill language that states "the board will report to the 53rd session of the Legislature its proposal for consolidating the two tank funds and administration". Motion carried unanimously.

**Motion/Vote:** REP. STANG MADE A SUBSTITUTE RECOMMENDED THAT HB 973 DO PASS AS AMENDED. Motion carried 8 to 1 with REP. M. HANSON voting no and REP. MADISON absent.

**Subcommittee Discussion on HB 721**

**Discussion:**

REP. RANEY said HB 721 requires \$800,000 a biennium to preform autopsies. REP. REAM said the money is being expended, it's a question of who will be paying for it. REP. RANEY said the cost will be passed down to the counties and the insurance people which means a rise in premiums. REP. NELSON said HB 721 would put a strain on the policies that seniors have had for years. It would jeopardize the reserves in the policies.

**Motion/Vote:** REP. STANG RECOMMENDED THAT HB 721 BE TABLED. Motion carried unanimously.

HOUSE INCOME/SEVERANCE TAX COMMITTEE

March 19, 1991

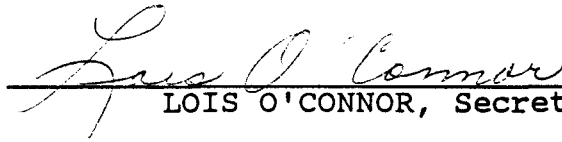
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ADJOURNMENT

Adjournment: 9:00 a.m.



BOB REAM, Chair



LOIS O'CONNOR, Secretary

BR/lo