

MINUTES

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

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on March 21, 1991, at
9:05 a.m.

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (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.

HEARING ON HB 904

Presentation and Opening Statement by Sponsor:

REP. KASTEN, House District 28, Brockway, said HB 904 would allow
social security to not be counted in figuring the elderly

eligibility for low income property tax reduction and the residential property tax credit for the elderly. Currently, when a spouse enters a nursing home; the social security check follows. The remaining spouse takes on a job to fill the gap in their income. Additional income often pushes the total above the \$13,000 that is allowed in the calculation.

HB 904 inserts in the various portions of the law the statement "but not including social security income paid directly to a nursing home".

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

REP. KASTEN made no closing statement.

HEARING ON SB 288

Presentation and Opening Statement by Sponsor:

SEN. WILLIAMS, Senate District 15, Hobson, stated SB 288 came about because of action in the last session addressing the asbestos safety program. This bill would simply change the funding of the program which is already a self funding program. SB 288 would change the funding from the asbestos control program in the RITT to the asbestos control account. This would make the account entirely self-supporting rather than withdrawing expenditures from the RITT.

Proponents' Testimony:

Adrian Howe, Department of Health and Environmental Sciences, provided written testimony. EXHIBIT 1

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

SEN. WILLIAMS stated that the fees being charged are restricted by statute to the cost of the program operation. As such, they are subject to a periodic review in conjunction with the review

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of the programs resource needs. If penalties are collected and deposited in the special revenue account, the result would be a decrease in the fees being charged. He urged the committee's support and stated that REP. HARPER will carry the bill.

HEARING ON HB 986

Presentation and Opening Statement by Sponsor:

REP. GILBERT, House District 22, Sidney, stated HB 986 would add two cents a gallon to the aviation fuel tax collected by the state. There has not been a tax increase on aviation fuel in a number of years. At one time, the Aeronautics Division had a trust account which was used to match the federal government funds to improve small airports in the state. This account is now gone.

One cent a gallon provides \$350,000 per year to run the entire Aeronautics Division which includes maintenance of beacons and all other things associated with it. This is not enough money to do the job. We are a very large state and have many aviation concerns. The majority of the aircraft used in the state are being used at smaller airports. This is primarily where the bulk of the money goes.

One cent of the money collected will go into a special account to provide loans and grants to local governments. He provided the committee with information on the aviation fuel taxes in the surrounding states. EXHIBITS 2,3

REP. GILBERT went on to say that weather flight service stations will be closing in the state. There is a new system where a pilot can go into an airport and receive a weather forecast for his area. North Dakota, with a eight cent aviation fuel tax, has eight of them. It is because they have a fuel tax which provides this for the people.

He and REP. SCHYE made a determination not to introduce the bill until after the aviation conference in Kalispell because they wanted to know that they had support from all the aviation in the state. When they came out of the conference, they had the support of every aviation group that was present.

Proponents' Testimony:

Joel Fenger, Montana Aeronautics Board, provided written testimony. EXHIBIT 4

Sig Ugrud, MAFA, stated that they found it remarkable that 45 years have gone by without an increase. The need is obvious as their income is \$350,000 and their budget is \$700,000. The division has many good programs and few that are controversial.

Aircraft today are more and more multi-engined and the requirements for keeping the runways in good shape are much higher. It is this type of safety that they are concerned about. They, therefore, have the need to upgrade many small airports. Economic possibilities will be enhanced, safety is addressed, and it opens up many small communities to better health options. Many small communities do not have a doctor or hospital. He provided the committee with the Executive Summary from the State Aviation System Plan. **EXHIBIT 5**

Dave Gates, Aviation Organizations of Montana, stated that the Montana Aviation Industries are in full support of HB 986 which he feels will cure or alleviate many problems confronting the aviation system. The Montana Board of Aeronautics has seen a severe budget shortfall which they have been operating under for years.

He said the opponents have always used the argument that the airlines support the programs but receive no benefits. He submitted that without the benefits supplied and maintained by the Aeronautics Division, there would be no airline services in parts of Eastern Montana. Even with the increase in tax proposed in HB 986, the aviation fuel tax would be less than in many neighboring states.

HB 986 will: (1) provide necessary improvements for life safety concerns for many of Montana's smaller airports allowing for safe air ambulance service at these airports; (2) provide adequate funding for maintenance and navigation aid used by all classes and categories of aircraft; and (3) bring in federal AIP funds at a ratio of 9 to 1. He submitted a letter from **Christina Pomeroy, Montana Ninety Nines**, who wanted to go on record in support of HB 986. **EXHIBIT 6**

Ron Mercer, Manager, Helena Regional Airport, stated that at the recent meeting in Kalispell the Airport Managers Association voted unanimously to support the two cent tax raise.

He related two issues relating to commercial air services. He stated that the revenue per mile is great out of Montana. Montanans pay as much as anyone else in the country to fly. We have 1.6 million passengers annually in Montana, a product that we give to the airlines, and those airlines are willing to take

those people. It will cost them 19 cents per passenger based upon the percentage of fuel tax that they will be paying. It will not be a significant impact on those air carriers.

We are sitting next to the largest nuclear arsenal in the United States. On the military side, we are sitting 49th on income from the military. The military plays an important role, and we need military tax on its aviation fuel. Montana aviation is going to need help in the coming years. It will impact all the airports in the state, and a state this size needs to get off the bottom of the list in aviation tax and start to move up the ladder.

Howard Gipe, MACO, went on support of HB 986.

John Dove, Montana Pilot's Association, stated that the Pilot's Association recognizes that there has been no change in the tax since 1945 and that the current funding is inadequate. They support the two cent increase because they understand the difficult position in asking people for funding. He asked the committee to authorize the funding, and they will undertake the tax increase themselves.

Many services are provided by the Aeronautics Division. He mentioned two events that were instigated by the Division that draws large numbers of people to Montana: (1) the Montana Aviation Conference which is held in a different city each year; and (2) a family fly-in which will be held July 5,6,7 in Kalispell and draws about 5,000 to 6,000 people. These events draw national and international attention.

Mr. Dove stated further that our Aeronautics Division has established an excellent reputation in the U.S. and Canada for effective programs. Flying safety, search and rescue, business development, and stressing the essential air services are especially important functions and need this added funding. Aviation in Montana has the same challenges as many other transportation support organizations in the state. We need to protect and expand our facilities, otherwise, we will be bypassed for better facilities in other states. Our geographical size demands that we rely more on aviation than other states. Unfortunately, our current funding doesn't allow the progressiveness that we need.

The members of the Montana Pilot's Association believe that the tax increase they support will help build a better Montana. We feel that a fair tax upon ourselves will provide services desperately needed.

Jerry Mayala, Experimental Aircraft Association, stated that the one thing that binds his group together is aviation. They are generally a quite organization, but they feel very strongly that safety is going to be suffering in the near future without an additional two cent a gallon tax on fuel. They are not interested in something for nothing and will pay their fair share. He urged the committee's support.

Kevin Grenier, Montana Aviation Trades Association, stated the purpose of his group is to foster, promote, and protect the aviation industry in the state. Their members consist of aerial applicators, fixed base operators, maintenance, avionics facilities, corporate aviation operators, and air ambulance service. The main benefit of HB 986 is to foster our small airports in the future of Montana. Safety is one of their growing concerns in the aviation field. Many airports need the funds to repair and maintain existing navigational equipment. It is important for him to know, when he flies, that the airport he is flying into has a working windsock, runway lights, and maintained runways.

Phil Perrini, Chief Airport Engineer, Morrison-Maierle/CSSA, stated that alot has been said about the infrastructure problems on roads, bridges, water, and sewer lines. Airports are very much the same.

Aviation needs are particularly important in Montana because we often need to shorten our vast open spaces. Our reliance on air travel is evident as our state is one of the highest per capita users of aircraft in the United States. In support of this aviation network, there are over 100 airports in the public use system. These facilities range from grass strip in Wisdom to multiple paved runways in Billings.

In each of these locations there is a continuing need for maintenance and upgrading. The federal government has identified over 70 of these airport in the National Plan of Integrated Airport Systems (NIPIAS). Being included in NIPIAS, does make each of these Montana airports eligible for federal assistance on planning projects. Since the tax freeze in 1986 and the loss of the Montana Aeronautics loan program, many airport owners and counties find it difficult to come up with the funds necessary to complete a project. Even though the federal government normally funds 90% of the improvements at these airports from the aviation trust fund, many necessary safety and development projects are being deferred in Montana because matching funds are not available in the community.

Airports also need help. Airport projects must be completed at many locations in Montana in order for the aviation system to continue to work. The Montana Aeronautics Division must have the tools and budget to help these communities who are without the funds to pay for these improvements. HB 986 offers a reasonable increase in the aviation fuel tax and directs that this money be earmarked for aviation purposes only. This fuel tax increase will not all the matching fund needs, but will provide relief for many communities.

Marilyn Lewis, Montana Flying Farmers, supported HB 986. She stated that many use planes in their farm and ranch operations. Many live in smaller communities see the need for financial help for small airport improvements. The Aeronautics Division is vital to maintain a strong aviation community, and they are willing to increase their funding help through the two cent fuel tax.

REP. SCHYE went on record in support of HB 986.

Opponents' Testimony:

Russ Pankey, Minuteman Aviation, Inc., provided written testimony. EXHIBIT 7

Larry Stanley, Delta Air Lines, stated that this type of legislation has come up before and has been defeated because he feels the tax does little or nothing for those asked to pay the majority of the increase.

Delta already contributes \$500,000 per year in salaries, purchases, fees, etc. to the Helena area. They have 19 employees, all of whom pay taxes to Lewis and Clark County and the city. They also pay corporate taxes as other business do. They pay over 20% of the user fees collected at the Helena Airport, and they provide a very important role in the transportation requirements for this area. Our motive is to provide the safest most convenient service they can at a profit. Unfortunately all the costs keep going up. Out of eight of the highest salary cost per passenger boarded cities in Delta's entire domestic system, two of those cities are in Montana. Any increase in cost is not something he can feel okay about unless they are getting something in return. This is not the case with this fuel tax increase.

Dwight Holman, Holman Aviation, said that he attended the conference in Kalispell, and the statement of strong support from the conference is misleading because the meeting did not

represent a good cross section of all aviation aspects in Montana. There was only one FBO present from a commercial airport in Montana.

Mark Richer, Corporate Air, said the Corporate Air is a Montana based FBO and the largest freight operator in the state. We employ 125 people throughout the state. The additional tax on aviation fuel would affect their FBO operations, charter, flight training and rental service plus their freight operations. Their runs are done on bids, and any increase in operating costs dramatically effect profitability. We can not afford to absorb these additional costs. They also rely heavily on their Fed-Express and UPS contracts, and they will carry heavier fuel loads to decrease their fuel costs. This means less fuel pumped in the state.

Karen Mills-Alston, Air Transport Association, stated that all of their members agree that they can not afford a new tax increase in Montana because they can not afford a similar increase in California, New York, Idaho, Nevada, Oregon, Kansas, Arkansas, Texas, and Florida. All of these states are proposing either a fuel tax increase or the removal of the exemption from aviation fuel.

They suffered a \$2 billion loss with \$1.7 billion in the last quarter of 1990. They are projecting a first quarter 1991 loss that will exceed \$1 billion. Every airline is incurring some loss. They understand that there has not been an aviation fuel tax increase for some time and that airports are in need of repair, but she can not understand why their industry, which is already paying its way in landing fees, lease and rental fees, and 100% to build, maintain, and operate facilities when they do fly, must share the cost of funding airports not served by members. They support the user fee concept.

Kay Foster, Billings Chamber of Commerce, provided written testimony. **EXHIBIT 8**

Alan Hobbs, Montana Refining Company, stated they opposed HB 986 for three reasons: (1) it is a user fee that heavily impacts nonusers; (2) they have to compete on a national and worldwide basis; (3) it affects Great Falls and its ability to attract growth from Malmstrom Air Force Base.

In the most recent calendar year, Montana Refining Company, paid over 25% in aviation fuel sales tax because they have to pay the state a penny per gallon in tax for every gallon paid before they sell. The federal government does not pay this tax nor do they

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pay the fee or lease of underground tanks. For a small refinery, whose gross margin is 2 1/2 cents a gallon, they can not recover another 2 cent increase.

They are not a user but they are paying the biggest percentage of the tax. For every gallon of gas there is a penny of tax for underground storage tanks, and every added penny tax impacts Montana Refining Company \$180,000. They are competing with Canada and surrounding states and they are at a disadvantage because they can not pass on the tax. They either absorb the loss and operate at a loss; or they pass it on and lose the business. Because they are not a user, they asked the committee to exempt military JP 4 sold to the defense fuel supply center from this sales tax as the Montana Refining Company has been trying to get business from Malmstrom Air Force Base for many years.

Homer Holman, Holman Aviation, Great Falls, stated that his company and eight others service the major air carriers in the state. They do none of their own fueling. They buy the product from the refinery and store them in his companies tanks. They pay an in-between fee and his company maintains the trucks and the men to service these major airlines. Since 1980, they have suffered a 50% loss in the fuel the airlines have used in Montana.

This fuel tax represents what happens to the general aviation fuel tax; it does not represent what happens to airline fuel tax. As operators in Montana, they only compete with four other cities: Spokane, Salt Lake City, Denver, and Minneapolis.

Washington has a 5 1/2 cent aviation fuel tax, but they also give an exemption to airlines, Boeing, all commercial flight operations for rancher, and aerial applicators. If you take the freight rates through the Yellowstone Pipeline, which goes through the Spokane Airport, the freight rate from Billings to Geyger Field is 2.29 cents. If we raise our taxes to three cents, they can buy Montana fuel in Spokane for 7/10 of a percent less than in Montana.

If this tax goes through, they will have to lay off four men and discontinue our 24 hour a day service.

Tom Hopgood, Northwest Airlines, stated that much has been said about the meeting in Kalispell. The airlines did not have a vote at this meeting. If they had, they would have voted against HB 986.

There are three reasons why they oppose the bill: (1) it is unfair. Airlines pay 51% of the tax that now exist. If this ratio holds true, it will pay 51% of the new tax and will not receive any benefit from the tax. The tax will go to smaller airports, the non-carrier airports. The airline industry collectively pays its own way in Montana. (2) the effect may be the opposite of what it is intended to be. Airlines are tankering the fuel in and not refueling in Montana. Regardless of what the fuel tax is in the state, you can buy fuel for less in other places. It is 10 to 15 cents less in Salt Lake City. Somewhere in the 10 to 15 cent differential, there is a point where it is cheaper to gas up in Montana. The price of fuel does fluctuate. There are many instances where it is cheaper for the airlines to tanker the fuel from Salt Lake. If you increase the price of fuel by this fuel tax, you will increase the instances where this occurs. (3) the airlines can not afford this added tax. It will cost the airlines \$334,000 if they continue buying fuel in Montana. Mr. Hopgood submitted a proposed amendment which would exempt airlines from the new tax. EXHIBIT 9

Bill Ayer, Horizon Airlines, stated that Horizon is the origination airline for Northwest. In 1990, Horizon purchased about 20 million gallons of fuel throughout their system, 1.2 million in Montana. Fuel prices play a major role in the success of their industry. They have very thin profit margins even in the best of times, and they have only a limited ability to pass along the cost increases to their passengers.

Fuel prices are an important consideration in Horizon's route planning and scheduling decisions. Montana routes are the most costly for the company due to the low levels of demand and need for frequency. The fuel prices are already high compared to the rest of the system. In February, 1991, Montana's average was 17 cents higher per gallon than the system average.

Mr. Ayers stated further that Horizon is very sensitive to the economic development of the cities it serves. In Montana, they understand the important role that air service plays. They have recently initiated their own effort to better understand their communities needs by starting what they call Community Advisory Boards. What they hear from the boards is that we need lower fares because many people who used to fly are now driving; and there is a need for larger air flights. They are also planning some improvements in Montana's flight schedule for the summer. Our ability to make these changes profitable depends on controlling costs. They need the committee's help in not levying

this additional tax so they can continue to grow.

Jeff Morrison, Morrison Flying Service, Helena, stood in opposition to HB 986.

REP. PHILLIPS, opposed HB 986.

Questions From Committee Members:

REP. SCHYE said the opposition always mentioned tankering in fuel and they always forget that there are FAA rules on whether they have to tanker fuel. He asked **Tom Hopgood** if this was not correct. **Mr. Hopgood** said yes. There are many factors that go into tankering. The federal requirements play a large role, but so does the price of fuel.

REP. DOLEZAL asked **Alan Hobbs** why he had to absorb the tax that he referred to in his testimony. **Mr. Hobbs** said the federal government will not pay the tax. We compete with other areas for the defense fuel supply center business. They place bids and sometimes, they do not get the bids. When they get beat, they have to scramble to survive. In the past few years, their volume to the defense fuel supply center has changed. Last year, it was 14.7% of their business. If they pull the defense fuel supply center pulls their whole contract, Montana Refinery will be out of business.

REP. SCHYE asked **Mr. Hobbs** why the 1 cent is not added on to his bid price. **Mr. Hobbs** said if they did, it would be too high. Currently, they are the highest prices in the U.S. **REP. SCHYE** asked **Mr. Hobbs** if he could be available for the subcommittee to answer questions.

REP. SCHYE asked **Mr. Morrison** if he sold military fuel and if he gets the tax. **Mr. Morrison** said yes. He said he takes the base price and the taxes are added in. The base price is part of the bid but the taxes are not. The military pays them the tax.

REP. SCHYE said that he and **Sig Ugrud** have been around this issue for many years and for most of those years have been on opposite sides. He asked **Mr. Ugrud** why he has changed his mind. **Mr. Ugrud** said he has a real interest in small airport safety.

REP. SCHYE asked **Ron Mercer** why he stood as a proponent to HB 986 when he was from the same airport that some of the opponents where from. **Mr. Mercer** said it was hard for him to stand against

the operators in his area. He is confident that Montana's product will be purchased and he doesn't feel 2 cents will make a difference in that. He doesn't think companies will tanker the fuel or reduce the amount of fuel.

REP. DOLEZAL asked REP. GILBERT if he was going to address the question as to whether this is a user fee. REP. GILBERT said yes.

Closing by Sponsor:

REP. GILBERT said Minuteman Aviation said that the airlines would tanker in more fuel in the state if we go up two cents. Every surrounding state is higher in taxes. The taxes are not going to be the difference. Fuel doesn't pay anything; passengers do. If you do tanker more fuel, you have more weight and you burn more fuel. There has to be a point of diminishing returns. Corporate air had a plane go down. The Aeronautics Division did their job with the money that we pay for our fuel taxes to go in and find the pilot.

REP. GILBERT responded to Kay Foster, Billings. He stated that Billings is one of airports that doesn't like general aviation. They do not understand emergency air service. They do not fly Billings passengers into that airport. They go out of town and fly hurt, critically burned, and injured victims into the Billings hospitals. Billings makes millions of dollars a year as one of the premier medical center between Minneapolis and Seattle. Those airplanes are bringing people in for Billings to make money, and they are opposing a two cents a gallon raise. They are wrong. Even though Sidney, Glendive, and Miles City have excellent hospitals, they need a fully equipped air ambulance services to take critically hurt people to Billings. Maybe they shouldn't take them to Billings.

REP. GILBERT addressed Mr. Hobbs, Montana Refining Company, by saying said that SB 72 was introduced at Mr. Hobbs request. It would have wiped out the aviation fuel tax all together. It would have put the Aeronautics Division out of business. It would have also charged 20 cents a gallon on aviation fuel and given it to the highway department. REP. GILBERT said that you can't tell him that you can refine fuel in Great Falls and not be competitive with refineries in Wyoming. When he buys diesel fuel out of the pipeline in Glendive, it costs him two cents a gallon to haul it 52 miles. Do you think the federal government can buy that fuel in Wyoming, and ship it to Great Fall free? They can be competitive.

The federal government is paying a tax in the state indirectly because it is figured into the price of a bid. They are using our airspace, why shouldn't they pay. Montana hasn't raised its fuel aviation tax since 1945. Can you think of any other tax that has not been raised since then? One cent a gallon of this proposed increase will go into the trust and loan program. This money will be used to go on a 9 to 1 match from the federal government. You can't find a better match than that. This is what builds airport in the state. Billings did not build their airport all by themselves. Many federal dollars went into it.

The airlines will fly into Montana as long as there are customers. Testimony was heard that airplanes are going out and there are not as many airlines flying in. The tax had nothing to do with it. Deregulation had something to do with it. They will still buy the fuel in the state, and we need the money for the Aeronautic Division to stay alive and to provide the services needed in the state.

HEARING ON HB 985

Presentation and Opening Statement by Sponsor:

REP. RANEY, House District 82, Livingston, stated that all are aware of the conditions of the roads in Montana. They are falling apart faster than our reconstruction trust fund is capable of rebuilding them. We are also painfully aware of what is taking place in Washington D.C. The populated areas of this nation are restricting the amount of money the federal government is going to be sending the state for highway maintenance. We will be getting less money. The problems that we have are going to grow; as a result, we must find a way to raise more money for highway maintenance in Montana.

REP. RANEY said that he was not here to tell the people that HB 985 is the way to solve the problem, but it is an alternative. When it comes to taxing the transportation industry, Montana has a very unbalanced system, one that is unfair between competitors. We have a tax policy that provides significant assistance to one industry (the trucking industry); and one that significantly burdens another (the railroads). It is a policy to draw a large sum of money from the taxpayers to build and maintain highways in support of the trucking industry. This is not fairness in taxation, it is a tax policy that we are pursuing in Montana.

He is presenting HB 985 to call the committee's attention to this tax policy, and it will require you to vote as to whether you

want to continue that tax policy or change it. The policy change HB 985 proposes is a weight-distance tax on the trucking industry. This will require over-the-road trucks to pay for their share of highway reconstruction, reasonable costs of that construction, and reasonable cost of maintenance.

REP. RANEY further stated that it was the general sources of revenue that built our highways in the first place. It purchased the lands on which the highways are located. This general revenue is basically being used for the overall operation of the Highway Department in Montana. Up to this point, the trucking industry has paid very little. Now, that the road is completed, at relatively no cost to the industry, what proportion do they pay us in the maintenance and construction of the roads? As compared to the private automobile industry, a fully loaded 18 wheeler passing point A in the highway, how much damage does it do as compared to an automobile. It will take many automobiles to pass point A on the highway to do the same amount of damage as one truck.

The roads in Montana are not built to the specification of the interstate. When you get on to the rural roads which have thin asphalt, imagine how much more that damage escalates. We built the rural roads for automobile and light agriculture traffic. Now that are being used for the trucking industry. The interstate that passes through Montana was built for 73,000 pounds, and the average weight of a truck is 80,000 pounds, and they want to go to 105,000 to 110,000 pounds. The highways weren't built to take it. It is costing the taxpayer in Montana a fortune to support this industry.

Is this a new tax policy? This tax policy is prejudiced from one industry against the other. Trucks compete with the railroads. Right next to the highways, which the taxpayers build and maintain, are the railroad tracks, which the railroads build and maintain. We tax the railroad for their right of way for the tracks that are on it. The more they maintain and improve this land, the more we tax them. Side by side, we have to competing modes of transportation. One which is a revenue producer; and one which is a revenue consumer. This is not sound tax policy when you consider that the two industries are in direct competition with each other. We are laying out an unfair tax policy for a private industry.

Our present policy encourage the use of fossil fuels in a negative manner. We are encouraging the construction and reconstruction in the use of asphalt and all the energy that it takes to build highways. We are encouraging the transportation

of tonnage by truck, when we have next to it a much cleaner, more fuel efficient railroad locomotive.

The railroads in Montana employ Montanans, and they pay them alot of money. The truckers may or may not be Montanans. A significant number of them are not. As they are all about to tell you, they are all struggling to stay in business. They are going to tell you that the tax proposed will run them out of business, and it may. This is something the committee has to consider in their tax policy. The trucking industry is struggling even though, we as the taxpayers of Montana are building and maintaining their right of way while we are taxing their competitor for their right of way.

He proposed in HB 985 to exempt agriculture truckers who are hauling their products to market. He also proposed to amend the bill to eliminate the tax from the logger hauling the logs to the mill. Is it good tax policy to exempt anyone using the highway. The fiscal note is an opinion, and he believes it is an opinion designed to kill the bill. Granted, it will take some employees to administer this bill, but not anywhere near the 93 mentioned in the fiscal note.

Proponents' Testimony: None

Opponents' Testimony:

Gary Gilmore, Montana Department of Highways, stated the Department opposes HB 985 for several reasons. (1) several states have tried this. Currently, there are seven states that still have the weight-distance tax in affect. They have been eliminated because of administrative nightmares, they have been deemed unconstitutional, and because of major lobbying efforts by the trucking industry. They have the same concerns. A weight-distance tax must be based upon a cost allocation study. We presently have in the budget the necessary funds in the 1991 - 92 budget to do this study. We believe it would be prudent to wait for the results before evaluating on Montana's fee structure on heavier vehicles.

Montana is a member of the International Registration Plan along with 41 other jurisdictions. This plan is not set up to collect weight-distance taxes. We would have to set up a separate section to collect these fees. We estimate that it will take an additional 12 FTEs to administer this program. Strong audit programs are essential. When a truck comes into the state, we have to have someone insure that the truck does pay his taxes at various points across the state. This type of tax is extremely

easy to evade. We estimate the need for 20 additional auditors to properly administer this portion of the tax.

You must have a substantial amount of weigh stations to gather information to feed the audit staff. Oregon has over 60 weigh stations that are operated 24 hours a day. Montana has 27. If you compare the size of Oregon to Montana, the fiscal note says that we estimate 3 additional stations when probably 30 or 40 would be more like it. We also estimate that we need 50 additional enforcement officers who man the present stations.

This tax exempts agricultural carriers and one proposed for the loggers. Several states have been sued over the constitutionality of their weight-distance taxes. The states who lost have done so because they did not treat all carriers alike. We believe this exemption needs further exploration. HB 985 provides reciprocal agreements with other states to collect the tax. This means we would have to set up separate accounts for many trucks. We have estimated this bill to the best of our ability, and they feel that they have made some sound assumptions. The Department feels that is too early to make this decision.

Ben Havdahl, Montana Motor Carriers, provided written testimony. EXHIBIT 10

Jon Largis, Mergenthaler Transfer and Storage, provided written testimony. EXHIBIT 11

Mike Molitor, M. S. Molitor Trucking, Boulder, provided written testimony. EXHIBIT 12

Debra Will, Keller Transport, said last year, they paid \$92,000 on their GVW, \$78,000 for their fuel tax liability which left them left them \$173,000. HB 985 based on 1.7 million miles would cost them \$151,000. We can not afford anymore, they have no margin, and no where to get the money from.

Bill Fogarty, Port of Montana, Butte, provided written testimony. EXHIBIT 13

Rose Bullock, Montana Taverns Association; Roger Tippy, Montana Beer and Wine Wholesalers, stood in opposition to HB 985.

Mark Cole, Dick Irvin, Inc., provided written testimony. EXHIBIT 14

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Ray Kuntz, Watkins Shepard Trucking Inc., provided written testimony. EXHIBIT 15

J. E. Williams, J.E. Williams Trucking Inc.; Darrell Eastlick, S.D. Eastlick Inc.; Bart Cooper, Boulder; Lloyd Sullivan, Tri-Becc, Billings; Kay Norenberg, Wife of Trucker; Lorna Frank, Montana Farm Bureau; Ben Ives, Industrial Transfer and Storage Co.; Bob Stephens, Montana Graingrowers Association; Duane Larson, A and A Transport; Steve Downey, J and S Transport; Rod Propp, Propp Livestock; Bill Biggers, Biggers Transport; Sue Weingartner, Montana Solid Waste Contractors; Keith Olsen, Montana Logging Association; REP. WANZENRIED; and REP. FOSTER went on record in opposition to HB 985.

REPS. STANG and GILBERT submitted testimony for constituents. EXHIBITS 16,17,18

Questions From Committee Members: None

Closing by Sponsor:

REP. RANEY stated that he asked no one to sign his bill, and he told all who wanted to testify to not show up. There was a specific reason for this, and it was because he viewed this as a discussion of tax policy. We have some tough decisions to make and one is the maintenance of Montana's infrastructure. All of the trucking companies are here to testify against the bill. How long are they going to be able to stay in Montana when we no longer have highways for them to operate on? If anyone thinks that our present tax structure is going to be able to maintain Montana's highways, they have their head in the sand. So where is the revenue going to come from? This issue is not whether he is right or wrong, but whether we wish to continue to subsidize one business against the other. There is no doubt that HB 985 will raise the cost of transportation and that truckers and businesses will leave Montana, but how are we going to reconstruct Montana's highways? There are better ways to handle transportation in the state. One of the keys would be hub centers. It would make more sense to support a hub than it is to pour the dollars down the highway drain.

The committee must also consider what we are doing to the trucking industry's competitor. We are taxing them to the point that they pulled all their branch lines up. They didn't leave the farmer because they wanted to. They left the farmer because of our tax policy which was so onerous upon them that they had no choice but to pull up their branch lines; which in turn, forced all the traffic to trucks. The trucks are now using all of

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Montana's poorly designed roads. It is our tax policy that has created the trouble that we are in. At some point, we must face this fact and decide what we are going to do. If we are maintaining the highway system for the trucking industry, then we should be maintaining the railroad system as well. This would be fair tax policy.

There are many issues involved in the bill that was brought before the committee. Building and rebuilding Montana's highways, maintain our highways, unfair competition created by tax policy, environmentally sound competition versus environmentally unsound competition, employment of Montanans by Montana businesses, safer highways, and the more efficient use of tax dollars. HB 985 is one of those bills. One man said that if this bill passes, his business is out of here. REP. RANEY stated that if something isn't passed soon, all of the trucking businesses will be out of hear because there won't be any highways for them to operate on.

REP. RANEY addressed Mr. Gilmore from the DOH. He stated that he was going to talk to the Governor's staff about his testimony. When the Department comes before them, they tell us why our bills don't work and how to make them work. Mr. Gilmore has obviously been a lobbyist for the trucking industry. He has lobbied for every bill that is pro-trucking and lobbied against any bill that he perceives to be anti-trucking. This is not his position in government. Statistics from the DOH have stated that the passage of a fully loaded 18 wheeler inflicts \$1.05 of highway damage per mile of travel. Montana's highways can not continue to take this beating. DOH has stated alternatives to fuel tax increases will have to be explored. Mr. Gilmore stated that the DOH didn't need anymore money for two years, but his own department has published statistics that say otherwise.

Under the present system, Montana is not obtaining a fair share from trucks in relation to their use of the highways. He understands that HB 985 will not go anywhere, but after the DOH does their study and the next Legislature comes up, we are going to have to do something like this.

HEARING ON SB 279

Presentation and Opening Statement by Sponsor:

SEN. BROWN, Senate District 2, Whitefish, stated SB 279 is an act providing a taxpayer bill of rights; guaranteeing to all Montana taxpayers specified procedural rights in the administration and collection of taxes by the DOR; and creating an office of

taxpayer assistance.

The first taxpayer bill of rights was enacted in California several years ago. Six states have adopted this similar statute. Most of what is in the bill is existing Department policy. SB 279 places the rights that the taxpayer are entitled to in one place in the codes.

Section 2 states that the taxpayer has the right to record any interview meeting, or conference with auditors or any other representative of the department, the taxpayer has the right to hire a representative of the taxpayer's choice to represent his interests, etc.

Section 3 stated the DOR shall establish and maintain an office of taxpayer assistance.

Proponents' Testimony:

Dave Woodgerd, DOR, stated that SB 279 was at the request of the DOR. It is an idea that has been around the Department for several years. He provided written testimony. **EXHIBITS 19,20**

Mark Russell, Montana Society of CPAs, stood in support of SB 279.

Opponents' Testimony: None

Questions From Committee Members:

REP. STANG asked Dave Woodgerd if this was going to be done at the state or county level. Mr. Woodgerd stated SB 279 only addresses taxes administered and collected by the state. It wouldn't concern the collection on property taxes at the local level.

Closing by Sponsor:

SEN. BROWN made no closing statement.

HEARING ON HB 947

Presentation and Opening Statement by Sponsor:

REP. McCAFFREE, House District 27, Forsyth, stated HB 947 would implement a minimum tax collection of \$5.00. The reason being that there are many ghost towns and for some reason somebody has

bought a lot. The county treasurers need to recoup their loss for sending the tax statement.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members:

REP. RANEY asked REP. McCAFFREE what Section 2 was--"the minimum tax imposed by [section 1] is not affected by the provisions of this part". REP. McCAFFREE deferred the question to Lee Heiman, Legislative Council. Mr. Heiman said the codification instructions [section 3, (2)] puts this in Title 15, Chapter 10, Part 4 where I-105 is codified. It's just put in so that I-105 and this bill don't conflict with each other.

Closing by Sponsor:

REP. McCAFFREE made no closing statement.

EXECUTIVE ACTION ON HB 947

Motion: REP. STANG MOVED HB 947 DO PASS.

Discussion:

REP STANG asked Lee Heiman if it meant that the minimum tax, if subject to I-105 and a person has a dollar in taxes, the tax will still be one dollar and not the five dollars. Mr. Heiman said the bill exempts the dollar and makes it five dollars.

REP. FOSTER said that on one hand REP. McCAFFREE is saying that HB 947 does go against I-105 and on the other Mr. Heiman is saying that we have excluded it from I-105. Mr. Heiman said that both were stated. REP. M. HANSON said that the reason that the DOR wanted the bill was to recover costs.

Judy Rippingale, DOR, asked the committee to look at Page 1, Line 10. She suggested that the word "assessment" be struck and insert the word "tax". REP. COHEN stated that Whitefish specials assessments are in excess of their property tax. The idea is if the total tax bill is less than \$5.00. What Ms. Rippingale is saying is that she wants just taxes and not assessments. Ms. Rippingale said in terms of clarification, many people think of

assessment as assessed value. REP. COHEN asked if the word "special" would be better. Ms. Rippingale said yes.

Motion/Vote: REP. COHEN moved to amend HB 947. EXHIBIT 21
Motion carried unanimously by voice vote.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 947 DO PASS AS AMENDED. Motion carried 19 to 2 with REPS. GILBERT and STANG voting no.

EXECUTIVE ACTION ON SB 279

Motion/Vote: REP. STANG MOVED sb 279 BE CONCURRED IN. Motion carried unanimously by voice vote.

EXECUTIVE ACTION ON SB 288

Discussion:

REP. O'KEEFE asked where the money comes from. CHAIR HARRINGTON said the money was already there. The money comes out of a special revenue that is required by certain fees and penalties is deposited into a special account. REP. O'KEEFE asked if instead of going into the RITT fund, it will go into a special revenue account. CHAIR HARRINGTON said yes and suggested that SB 288 be passed for the day.

Vote: NO ACTION WAS TAKEN ON SB 288.

EXECUTIVE ACTION ON HB 518

Motion: REP. FOSTER MOVED HB 518 DO PASS.

Discussion:

REP. COHEN explained the amendments. He stated the amendments were brought to the subcommittee by Chuck Stearns, Finance Officer, Missoula. He stated the amendments would create no extra burden on anyone.

Motion//Vote: REP. HOFFMAN moved to amend HB 518. EXHIBIT 22
Motion carried 20 to 1 with REP. HARRINGTON voting no.

Motion: REP. FOSTER moved to further amend HB 518 to include school districts

Discussion:

CHAIR HARRINGTON they are already exempt in the taxing authority. REP. COHEN said that this was discussed in great length in the subcommittee and that school districts had supplied them with the information and that they are already exempt.

Motion: REP. FOSTER withdrew his motion to amend HB 518.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 518 DO PASS AS AMENDED. Motion carried 17 to 4 with REPS. HARRINGTON, MCCARTHY, O'KEEFE, and McCAFFREE voting no.

EXECUTIVE ACTION ON HB 693

Motion: REP. STANG MOVED HB 693 DO PASS.

Discussion:

REP. THOMAS said that HB 693 was the bill address the health insurance for uninsured Montanans. He stated the bill (1) sets up a basic health care plan to be purchased and sold to uninsured Montanans; (2) it couples with it a tax credit to the employer who provides such as an incentive to insure uninsured employees. He added that the discussion in the subcommittee centered around the \$1,000 as a minimum. The subcommittee discussed whether this should be raised. They decided that the \$1,000 would be the minimum amount that could be offered.

REP. COHEN said that he would oppose the bill with great regret because HB 693 offers a tax credit to those employers who have not been providing an opportunity for insurance to their employees. As an employer, he does provide medical insurance to his employees and he feel it is unfair because he is not eligible for the incentive. Any enlightened employer would be providing medical insurance very early on as he gets above the minimum wage. The irresponsible employers get the incentive and the responsible employer get nothing and he finds that objectionable.

REP. MCCARTHY said Page 5, Line 24, was discussed in the subcommittee. Section 4 is the part that many committee members have a problem. This is the section that states that the person may not be claimed for a period of more than 36 months. We wanted to insert the word "consecutive" into that section. It was her understanding that it had been inserted. Lee Heiman stated that he had not been there for the final time the bill went out of subcommittee, but he wrote down "consecutive" and something about a "tax credit may not be granted to an employer

HOUSE TAXATION COMMITTEE

March 21, 1991

Page 23 of 25

or its successor within 10 years of the last consecutive credit claimed". REP. M. HANSON said the subcommittee moved that amendment unanimously. Lee Heiman went over the proposed amendments with the committee.

Vote: Motion to amend HB 693 carried unanimously.

Discussion:

REP. RANEY wanted REP. THOMAS to address the concerns of REP. COHEN. REP. THOMAS stated that REP. COHEN has a good point. When we first talked about this in the committee, it was mentioned that everyone should get this credit. We couldn't propose this because the costs would be substantial. We tried to put together a tax credit that would be as narrow as we could so the cost would be as low as possible. This is what is in HB 693. Will Montanans benefit from buying health insurance? The answer is yes because there are many government programs that address this area. Medicaid is the big one. There is no way to calculate what saving there will be under medicaid. The big area is that there is a huge cost shift to everyone insured.

Motion: REP. REAM moved to further amend HB 693. On page 4, line 12, strike: "lifetime" and insert: "annual".

Discussion:

REP. REAM said that this was talked about in the subcommittee and this would only increase the cost by 25%. It is well worth it. For the minimal amount of extra cost, there would be more extended coverage. REP. THOMAS said what the amendment does is that it makes it so that the \$1,000 would apply annually but 25% of the utilization would repeat the next year. The cost would not be tremendous but asked that the committee not make it because (1) we are striving to keep the cost down, (2) anyone who is not insured and who would become insured through this bill, has 100% more coverage than they used to, (3) we can go through the bill and make it better. When you add up all the costs to do this, it becomes substantial. He urged the committee to pass the bill intact.

Vote: Motion on REP. REAM'S amendment carried 12 to 9 on a roll call vote. EXHIBIT 23

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 693 DO PASS AS AMENDED. EXHIBIT 24 Motion carried unanimously.

EXECUTIVE ACTION ON HB 721

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Motion/Vote: REP. REAM MOVED HB 721 BE TABLED. Motion carried 20 to 1 with REP. O'KEEFE voting no.

EXECUTIVE ACTION ON HB 822

Motion/Vote: REP. O'KEEFE MOVED HB 822 DO PASS. Motion carried 12 to 8 on a roll call vote. EXHIBIT 25

EXECUTIVE ACTION ON HB 793

Motion: REP. M. HANSON MOVED HB 793 DO PASS.

Motion: REP. M. HANSON moved to amend HB 793. She proposed to strike the amendments made by the committee in the hearing.

Discussion:

REP. M. HANSON said she met with OPI, SEN. GAGE, REP. STEPPLER, and herself and they worked out an agreement. We are going to try to pass REP. STEPPLER'S bill with the DOR amendments. After SEN. GAGE'S bill is heard, we will table it. SEN. GAGE has agreed to put portions of his bill into her bill.

Vote: Motion on REP. M. HANSON'S amendment carried unanimously.

Motion: REP. M. HANSON moved to amend HB 793. EXHIBIT 26

Discussion:

REP. M. HANSON explained the amendments dated March 20, 1991. She stated that the bill as written gave the coal counties who levied mills one year and didn't have to levy mills the next year because of the flat tax money they received. It put them on a roller coaster. She had Madalyn Quinlan, OPI, to address the amendments. Ms. Quinlan stated that there were three options facing the Legislature. (1) They could continue to distribute flat tax money on mills that were set in August of 1989. (2) They could go to previous years. (3) They could go to current years. There were problems going to previous and current years. So the group decided to stick with 1990, mills that were set in August 1989, or fiscal 1990 which is the first year before the school funding bill went into affect. If you have three school districts and a county involved in getting flat tax revenue, and in 1989 they each got 25%, these amendments will continue the 25% to each one of the entities. Once it gets to the county, the county commissioners have some flexibility as to the school districts to reapportion those funds in their local governments.

Vote: Motion to amend HB 793 carried unanimously.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 793 DO PASS AS AMENDED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 868

Motion: REP. STANG MOVED HB 868 DO PASS.

Motion: REP. SCHYE moved to amend HB 868. EXHIBIT 27

Discussion:


Madalyn Quinlan said that they were technical amendments to make sure that the intent of the bill is carried out. There is no fiscal impact on the state.

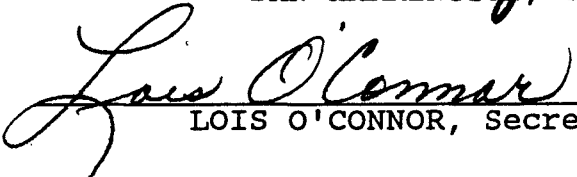
Vote: Motion to amend HB 868 carried unanimously.

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 868 DO PASS AS AMENDED. Motion carried 18 to 3 with REPS. McCaffree, Raney, and Wanzenried voting no.

ADJOURNMENT

Adjournment: 12:20 p.m.


DAN HARRINGTON, Chair


LOIS O'CONNOR, Secretary

DH/lo

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 3/21/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓		
REP. BOB RANEY	✓		
REP. TED SCHYE	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS	✓		
REP. DAVE WANZENRIED	✓		

all here.

HOUSE STANDING COMMITTEE REPORT

March 21, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 947 (third reading copy -- blue) do pass as amended .

Signed: 
Dan Harrington, Chairman

And, that such amendments read:

1. Page 1, line 10.
Following: "taxes and"
Insert: "special"

HOUSE STANDING COMMITTEE REPORT

March 21, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 279 (third reading copy -- blue) be concurred in .

Signed: _____

Dan Harrington, Chairman


Carried by: Rep. Harrington

HOUSE STANDING COMMITTEE REPORT

March 21, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 518 (first reading copy -- white) do pass as amended.

Signed: 
Dan Harrington, Chairman

And, that such amendments read:

1. Page 2, line 20.

Strike: "substantially as follows"

Insert: "with at least the following information"

2. Page 3, line 5.

Strike: "based upon"

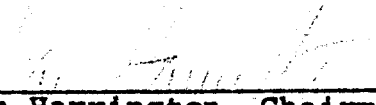
Insert: "after considering"

HOUSE STANDING COMMITTEE REPORT

March 21, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 693 (first reading copy -- white) do pass as amended.

Signed: 
Dan Harrington, Chairman

And, that such amendments read:

1. Page 4, line 12.

Strike: "lifetime"

Insert: "annual"

2. Page 5, line 24.

Following: "36"

Insert: "consecutive"

Following: "months."

Insert: "A tax credit may not be granted to an employer or its
sucessor within 10 years of the last consecutive credit
claimed."

HOUSE STANDING COMMITTEE REPORT

March 21, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House
Bill 822 (first reading copy -- white) do pass .

Signed: 
Dan Harrington, Chairman

HOUSE STANDING COMMITTEE REPORT

March 21, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 793 (first reading copy -- white) do pass as amended.

Signed: Dan Harrington
Dan Harrington, Chairman

And, that such amendments read:

1. Page 3, line 2.

Strike: "transfer"

Insert: "reallocate"

2. Page 3, lines 8 through 19.

Strike: subsections (a) through (d) in their entirety

Insert: "(a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within the county in the same proportion that all other property tax proceeds were distributed in the county in fiscal year 1990.

(b) If the allocation in subsection (5)(a) exceeds the total budget for a taxing unit, the commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

(6) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds taxes distributed to the district by the county treasurer under the following conditions:

(a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year 1990.

(b) If the allocation under subsection (6)(a) exceeds the total budget for a fund, the trustees may allocate the excess to any budgeted fund of the school district."

3. Page 6, line 23.

Strike: "transfer"

Insert: "reallocate"

4. Page 7, lines 4 through 16.

Strike: subsections (a) through (d) in their entirety

Insert: "(a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within the county in the same proportion that all other property tax proceeds were

March 21, 1991

Page 2 of 2

distributed in the county in fiscal year 1990.

(b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

(7) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds taxes distributed to the district by the county treasurer under the following conditions:

(a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year 1990.

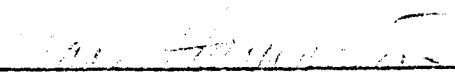
(b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may allocate the excess to any budgeted fund of the school district."

HOUSE STANDING COMMITTEE REPORT

March 21, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 868 (first reading copy -- white) do pass as amended.

Signed: 
Dan Harrington, Chairman

And, that such amendments read:

1. Page 1, line 25.

Following: "coal"

Insert: "for each mine"

2. Page 2, line 1.

Following: the second "for"

Insert: "each mine in"

3. Page 5, lines 8 through 10.

Strike: "excess" on line 8 through "15-23-703(6) (a)"

Insert: "coal gross proceeds redistribution account established in [section 4]"

4. Page 5, line 15.

Following: "collected"

Insert: "by each county"

5. Page 5, line 16.

Following: "15-23-703(4)"

Insert: "for that county"

6. Page 5, line 18.

Following: "difference"

Insert: "from the state special revenue account established in [section 4]"

7. Page 5, line 20.

Strike: "Any"

Insert: "If the"

Strike: "by which the total amount"

8. Page 6, line 2.

Strike: "amount"

Insert: "amounts of each taxing unit"

March 21, 1991

Page 2 of 2

9. Page 6, line lines 2 and 3.

Strike: "distribution" on line 2 through "county" on line 3

Insert: "shortage amounts of all taxing units"

10. Page 6, line 4.

Following: the first "percentage"

Insert: "for each taxing unit"

Following: the second "percentage"

Insert: "for each taxing unit"

11. Page 6, line 11.

Following: "amount"

Insert: "each taxing unit in"

12. Page 6, line 14.

Strike: "subsections (2) and (3)"

Insert: "subsection (3)(b)"

13. Page 6.

Following: line 15

Insert: "NEW SECTION. Section 4. Coal gross proceeds redistribution account. (1) There is within the state special revenue fund a coal gross proceeds redistribution account.

(2) All money received from county treasurers as provided in 15-23-703(6)(a) must be deposited by the department into the coal gross proceeds redistribution account for redistribution as provided in [section 3]."

Renumber: subsequent sections

14. Page 8, lines 9 and 12.

Following: "1"

Insert: ", 3,"

Strike: "3"

Insert: "4"

EXHIBIT 1
DATE 3-21-1991
HB SB 288

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

TESTIMONY
on
SENATE BILL NO. 288

Presented by Adrian C. Howe

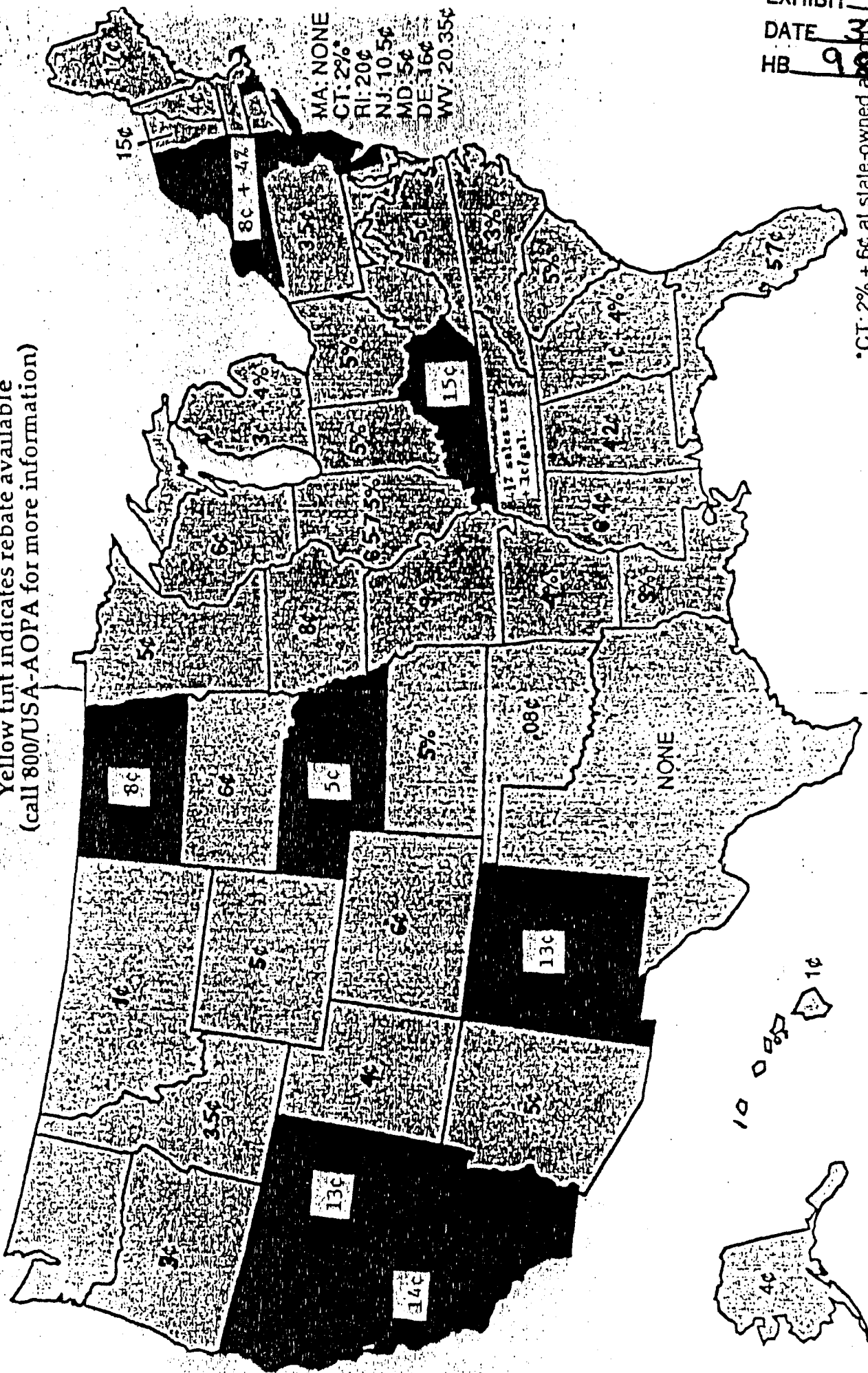
A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE AN ASBESTOS CONTROL ACCOUNT IN THE STATE SPECIAL REVENUE FUND; TO REQUIRE MONEY RECEIVED FROM THE COLLECTION OF CERTAIN FEES AND PENALTIES TO BE DEPOSITED IN THE ACCOUNT; TO ALLOCATE MONEY IN THE ACCOUNT TO THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES TO FUND ASBESTOS CONTROL PROGRAMS; AMENDING SECTION 75-2-514, MCA; REPEALING SECTION 75-2-512, MCA; AND PROVIDING AN EFFECTIVE DATE."

The 51st Legislature established the Asbestos Control Program within the Department of Health and Environmental Sciences (DHES). At that time, there was no established history on the numbers of individuals needing accreditation in the asbestos related occupations or the number of asbestos abatement projects in the state. Therefore, to establish a stable funding source for the program, funding was established as the Resource Indemnity Trust Fund (RIT) with all fees and penalties deposited back into the RIT. The workload history established during the first year of operation indicates that the program would generate sufficient revenue to be entirely self-supporting as was the original intention.

If enacted, Senate Bill No. 288 will merely change the funding source for the Asbestos Control Program from the RIT to the Asbestos Control Account. This in effect would make the program entirely self-supporting, rather than being able to draw expenditures from the RIT. The Appropriations Committee has funded the Asbestos Control Program during the next biennium from fee funds, as requested by DHES in anticipation of enactment of the proposed legislation contained in Senate Bill No. 288 establishing the Asbestos Control Account in the State Special Revenue Fund. Therefore passage of Senate Bill No. 288 will have no fiscal impact on the program.

On behalf of the DHES, I ask that the Committee favorably consider this bill. Thank you.

BASIC STATE TAXES ON AVGAS (per gallon)
FEDERAL TAX: 12.1¢ per gallon
 *Yellow tint indicates rebate available
 (call 800/USA-AOPA for more information)



CT: 2% + 6% at state-owned airports

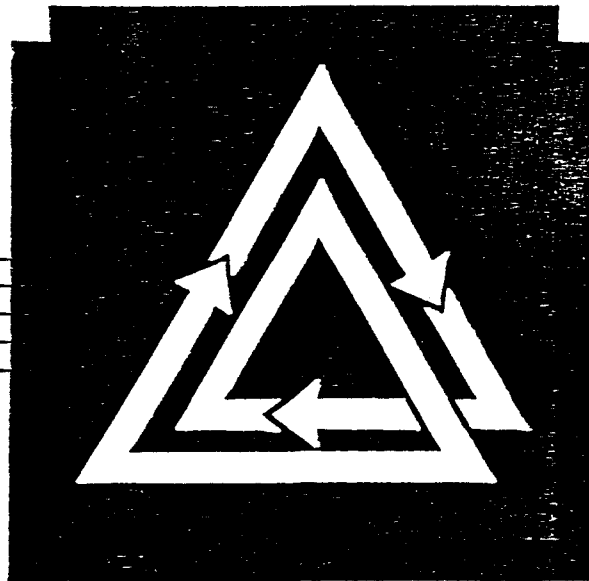
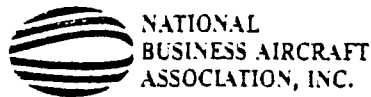
EXHIBIT 2
DATE 3-21-91
HB 986

Don't Wait Until

EXHIBIT 3
DATE 3-21-91
HB 986

1990 NBAA STATE AVIATION FUEL TAX SURVEY

Tax and Refund Procedures



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1200 Eighteenth Street, NW ■ Washington, DC 20036 ■ (202) 783-9000 ■ Fax: (202) 331-8364

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MONTANA AERONAUTICS DIVISION
HELENA, MONTANA

NBAA

STATE AVIATION FUEL TAX SURVEY

INTRODUCTION

Due to the overwhelming response to the 1988 *State Aviation Fuel Tax Survey*, NBAA has chosen to continue to provide this information to its members. The survey, which was compiled from data collected within the past several months and reflects the most recent changes, provides a quick reference to the various state aviation fuel tax procedures.

The survey is divided into two separate sections. The first is a summary of the states' Avgas tax, Jet A tax, applied state sales tax, whether there is an exemption or refund mechanism in place, if money collected is dedicated to aviation and whether a registration fee is imposed. This section was prepared in order to provide a quick and easy review of the information.

The body of the survey contains an expanded state-by-state survey that provides more detail, such as the type of refunds offered, who is entitled to a refund, where and how to apply for them and additional information on aircraft registration fees.

A brief analysis indicates approximately 20 percent of the states impose a state sales tax on Avgas and 30 percent on Jet A, in lieu of an excise tax. In addition, there are seven states that impose a state sales tax in conjunction with the excise tax on both the Avgas and Jet A, while two states only impose a state sales tax in addition to the excise tax on Jet A. Most states of-

fer some type of exemption or refund. However, some of the largest general aviation states do not offer refunds to noncommercial operators. Still, enough states do offer refunds to make it worth the operators' time to check out the refund policies within the various states.

It is interesting to note that Texas is the only state that does not impose an excise tax nor a state sales tax on aviation fuel. It is also encouraging to see that in most states (over 50 percent) the excise tax on aviation fuel is dedicated to an aviation or transportation fund.

Several states assess a registration fee on aircraft. Some of the methods are: a flat rate, gross weight of the aircraft, age of the aircraft and seating capacity. Revenues collected from registration of aircraft are generally dedicated to aviation.

Since individual states are continually altering their tax rates, NBAA will continue to publish this survey on a regular basis and will publish changes in the *NBAA Business Aviation Digest*. If you are aware of a recent change in the tax structure within any of the states, do not hesitate to give us a call.

If you would like additional information regarding aviation fuel taxes or other related matters, please contact Nel Sanders, assistant manager, government affairs at (202) 783-9000.

STATE TAX RATES ON AVGAS AND JET A EXEMPTIONS & REFUNDS

STATES	AVGAS	JET A	APPLIED STATE SALES TAX	R & E	DEDICATED TO AVIATION	REGISTRATION FEE
Alabama	\$.042	\$.014	None	E	Yes	None
Alaska	\$.04	\$0.25	None	R&E	No	None
Arizona	\$.05	Sales Tax	5%	R&E	Yes	Yes
Arkansas	Sales Tax	Sales Tax	4%	E	Yes	None
California	\$.09	\$.02	6% on jet a	E	Yes	None
Colorado	\$.06	\$.04	3% on jet a	R&E	Yes	None
Connecticut	Sales Tax	Sales Tax	2.5%	E	Yes	None
Delaware	\$.16	None	None	R&E	No	None
Florida	\$.057	\$.057	None	E	No	None
Georgia	\$.01	Sales Tax	3%	E	No	None
Hawaii	\$.01	\$.01	4%	R&E	Yes	Yes
Idaho	\$.035	\$.035	None	E	Yes	Yes
Illinois	Sales Tax	Sales Tax	6.25%	R&E	No	Yes
Indiana	\$.15	Sales Tax	5%	R&E	No	Yes
Iowa	\$.08	\$.03	None	E	Yes	Yes
Kansas	Sales Tax	Sales Tax	4.25%	E	No	None
Kentucky	\$.15	Sales Tax	5%	R&E	No	None
Louisiana	Sales Tax	Sales Tax	3% & 4%	R	Yes	None
Maine	\$.17	\$.034	None	R&E	No	Yes
Maryland	\$.05	\$.05	None	R&E	No	None
Massachusetts	None	\$.10	None	None	No	Yes
Michigan	\$.03	\$.03	4%	R&E	Yes	Yes
Minnesota	\$.05	\$.05	None	R&E	Yes	Yes
Mississippi	\$.064	\$.0525	None	E	Yes	Yes
Missouri	\$.11	Sales Tax	4.425%	R&E	Yes	None
Montana	\$.01	\$.01	None	None	Yes	Yes
Nebraska	\$.05	\$.03	None	E	Yes	None
Nevada	\$.18	\$.01	None	R&E	No	None
New Hampshire	\$.04	\$.02	None	E	No	Yes
New Jersey	\$.125	\$.02	None	R&E	Yes	None
New Mexico	\$.13	Sales Tax	4.75-5.75%	E	Yes	Yes
New York	\$.08	\$.10	4-8.25%	R&E	No	None
North Carolina	Sales Tax	Sales Tax	3 + 2%	R&E	No	None
North Dakota	\$.08	\$.08	None	R&E	Yes	Yes
Ohio	Sales Tax	Sales Tax	5%	R&E	No	Yes
Oklahoma	\$.0008	\$.0008	None	None	No	Yes
Oregon	\$.03	\$.005	None	R&E	Yes	Yes
Pennsylvania	\$.032	\$.017	None	E	Yes	None
Rhode Island	\$.18	\$.18	None	R	No	Yes
South Carolina	Sales Tax	Sales Tax	5%	E	No	None
South Dakota	\$.06	\$.04	None	E	Yes	Yes
Tennessee	\$.01	\$.01	5.5%	E	Yes	None
Texas	None	None	None	None	No	None
Utah	\$.04	\$.04	None	E	Yes	Yes
Vermont	\$.15	Sales Tax	4%	R&E	No	None
Virginia	\$.05	\$.05	None	R&E	No	Yes
Washington	\$.055	\$.055	7.8%	R	Yes	Yes
West Virginia	Sales Tax	Sales Tax	5%	None	Yes	None
Wisconsin	\$.06	\$.06	None	R&E	Yes	Yes
Wyoming	\$.04	\$.05	None	R&E	No	None

STATE AVIATION FUEL TAXES

(AVGAS AND JET A)

ALABAMA

Avgas Tax: \$0.042 per gallon
Jet A Tax: \$0.014 per gallon
State Sales Tax: None
Exemption: "HUB" operations are exempt from the excise tax.
Refund: None
Registration Fee: None

ALASKA

Avgas Tax: \$0.04 per gallon
Jet A Tax: \$0.025 per gallon
State Sales Tax: None
Exemption: The Federal Government, State & Local Governments, U.S. Military/ National Guard, Export or International Flight Operations and Charitable Flight Operations are exempt from the excise tax.
Refund: The same are also entitled to a refund, if the excise tax is accidentally remitted, by submitting original invoices and statement of use.
Registration Fee: None

ARIZONA

Avgas Tax: \$0.05 per gallon
Jet A Tax: Sales tax in lieu of
State Sales Tax: 5% on jet a
Exemption: The U.S. Military/National Guard is exempt from both the excise tax and sales tax.
Refund: Aerial Applicators are entitled to a refund of the avgas tax by submitting request forms and documentation of purchase.
Registration Fee: Yes. There is a \$5.00 registration fee plus an in lieu tax of one half of one percent of the fair market value of the aircraft.

ARKANSAS

Avgas Tax: Sales tax in lieu of
Jet A Tax: Sales tax in lieu of
State Sales Tax: 4%
Exemption: The Federal Government and the U.S. Military/National Guard are exempt from the sales tax.
Refund: None
Registration Fee: None

CALIFORNIA

Avgas Tax: \$0.09 per gallon
Jet A Tax: \$0.02 per gallon
State Sales Tax: Jet A—Sales tax in addition to. 6% plus 1/2% to 1% in transit districts.
Exemption: U.S. Military is exempt from avgas excise tax. U.S. Military, Common Carrier and business of constructing or reconstructing by manufacture or assembly of completed aircraft or modifying, overhauling, repairing, maintaining or servicing of aircraft are exempt from jet a excise tax. Fuel sold to a Common Carrier for consumption on a flight whose first destination is a foreign destination and the U.S. government are exempt from the sales tax.
Refund: None
Registration Fee: None
Note: On August 1, 1990 the tax on avgas will increase to \$.14 per gallon. On January 1, 1991, this will go up to \$.15 per gallon and 1 cent every year until 1994, at which it will remain at \$.18 per gallon.

COLORADO

Avgas Tax: \$0.06 per gallon
Jet A Tax: \$0.04 per gallon
State Sales Tax: 3% in addition to jet a excise tax.
Exemption: The Federal Government, State and Local Governments and the U.S. Military/National Guard are exempt from the excise tax and the state sales tax. Commercial Operations are exempt from the excise tax but not the state sales tax.
Refund: Agricultural Operations are entitled to a 50% refund by using an aviation fuel tax refund permit and submitting fuel receipts meeting criteria.
Registration Fee: None

CONNECTICUT

Avgas Tax: Sales tax in lieu of
Jet A Tax: Sales tax in lieu of
State Sales Tax: 2.5% **Note:** 50% of sales tax revenue from the sale or use of any aviation fuel at Bradley International Airport is credited to the Bradley International Airport revenue fund.
Exemption: The Federal Government, State and Local Governments, U.S. Military/National Guard and Flight Testing and/or Design Operations are exempt from the state sales tax. Charitable Operations are exempt if they have an exemption number.
Refund: None
Registration Fee: None

DELAWARE

Avgas Tax: \$0.16 per gallon
Jet A Tax: None
State Sales Tax: None
Exemption: The Federal Government, State and Local Governments and the U.S. Military/National Guard are exempt from the excise tax.
Refund: All tax is refundable upon submission of Refund Claim Form MFT-4 and original fuel purchase invoices, within one year from date of purchase.
Registration Fee: None

FLORIDA

Avgas Tax: \$0.057 per gallon
Jet A Tax: \$0.057 per gallon
State Sales Tax: None
Exemption: The Federal Government, the U.S. Military and bonded export or International Flight Operations are exempt from the excise tax.
Refund: None
Registration Fee: None

GEORGIA

Avgas Tax: \$.01 per gallon
Jet A Tax: Sales tax in lieu of
State Sales Tax: 3% in addition to avgas tax and in lieu of the jet a excise tax.
Exemption: The Federal Government, the U.S. Military and Export or International Flight Operations are exempt from both the state sales tax and the excise tax.
Refund: None
Registration Fee: None

HAWAII

Avgas Tax: \$0.01 per gallon
Jet A Tax: \$0.01 per gallon
State Sales Tax: The Hawaii General Excise Tax (GET) is imposed in addition to the fuel tax. Amounts collected by distributors as fuel taxes and the retail sales of alcohol fuels are exempt from the GET. 1/2% on wholesale sales and 4% on retail sales.
Exemption: Fuel and general excise taxes are imposed on licensed distributors and retail dealers and not on aircraft operators.
Refund: Yes, when erroneously paid.
Registration Fee: Yes, there is an annual registration fee of \$10.

IDAHO

Avgas Tax: \$0.035 per gallon
Jet A Tax: \$0.035 per gallon
State Sales Tax: None
Exemption: The U.S. Military/National Guard are exempt from the excise tax.
Refund: None
Registration Fee: Yes. The rate is one cent per pound of the aircrafts gross weight, not to exceed \$200.

ILLINOIS

Avgas Tax: Sales tax in lieu of
Jet A Tax: Sales tax in lieu of
State Sales Tax: 6.25%, plus local if applicable.
Exemption: The Federal Government, State and Local Governments, U.S. Military/National Guard, Export or International Flight Operations and Charitable Flight Operations are exempt from the sales tax.
Refund: Yes, when erroneously paid.
Registration Fee: Yes. \$10 per each aircraft per year.

INDIANA

Avgas Tax: \$.15 per gallon
Jet A Tax: \$.0008 per gallon inspection fee
State Sales Tax: 5% in addition to avgas and jet a tax.
Exemption: The Federal Government and the U.S. Military are exempt from the excise tax and state sales tax. However, users of avgas may apply for an "aviation fuel permit" which would allow them to be exempt from the \$.15 per gallon excise tax on avgas.
Refund: Everyone is entitled to a refund of the avgas excise tax. To obtain a refund send in Form 4136 with original invoices.
Registration Fee: Yes, \$10 registration fee annually per aircraft.

OWA

Avgas Tax: \$0.08 per gallon
Jet A Tax: \$0.03 per gallon
State Sales Tax: None
Exemption: The Federal Government, State and Local Governments and the U.S. Military/National Guard are exempt.
Refund: None
Registration Fee: Yes. 1.5% of list price for first year, 75% of first year the 2nd year, 50% of first year the 3rd year and 25% of the first year for 4th year and each year following.

KANSAS

Avgas Tax: Sales tax in lieu of
Jet A Tax: Sales tax in lieu of
State Sales Tax: 4.25% plus applicable local sales tax.
Exemption: The Federal Government, State and Local Governments, the U.S. Military/National Guard and Interstate Common Carriers are exempt from the state sales tax.
Refund: None
Registration Fee: None

KENTUCKY

Avgas Tax: \$.15 per gallon
Jet A Tax: Sales tax in lieu of
State Sales Tax: 5%
Exemption: The Federal Government, State and Local Governments, U.S. Military/National Guard and Charitable Flight Operations are exempt from the sales tax. Sales by licensed gasoline dealers of aviation gasoline sold in individual deliveries of 2000 gallons or more to United States Government or instrumentalities are exempt from the excise tax.
Refund: 95% of avgas tax is refundable to bonded aviation operators then subject to 5% sales tax.
Registration Fee: None

LOUISIANA

Avgas Tax: Sales tax in lieu of
Jet A Tax: Sales tax in lieu of
State Sales Tax: 3% on avgas and 4% on jet a.
Exemption: None
Refund: There is a refund of the excise tax on automotive fuel used in aircraft.
Registration Fee: None

MAINE

Avgas Tax: \$.17 per gallon
Jet A Tax: \$.034 per gallon
State Sales Tax: 5%
Exemption: The Federal Government, U.S. Military/National Guard and Export/International Flight Operations are exempt from both the sales tax and the excise tax.
Refund: State and Local Governments are entitled to a full refund. There is also a refund mechanism which allows for a refund of the excise tax on avgas tax paid, which is then subject to the sales tax after the refund, less \$.04.
Registration Fee: Yes, \$10 registration fee annually per aircraft.

MARYLAND

Avgas Tax: \$.05 per gallon
Jet A Tax: \$.05 per gallon
State Sales Tax: None
Exemption: The Federal Government, State and Local Governments, U.S. Military/ National Guard, Export Operations and scheduled air carriers engaged in the common carriage of persons or property are exempt from the excise tax.
Refund: The Federal Government, State and Local Governments, U.S. Military/ National Guard, Export Operations, Agricultural Operation, Aircraft Manufacturing companies located in Maryland and scheduled air carriers are entitled to a refund.
Registration Fee: None

MASSACHUSETTS

Avgas Tax: None
Jet A Tax: Local option tax of \$.10 which when collected goes into the city general fund.
State Sales Tax: None
Exemption: None
Refund: None
Registration Fee: Yes. Collected bi-annually and is based on gross weight of aircraft. Aircraft less than 2,000 lbs. is \$48, 2,000-3,000 lbs is \$76, 3,500-12,500 lbs is \$112 and over 12,500 lbs is \$148.

OHIO

- Avgas Tax: Sales tax in lieu of
- Jet A Tax: Sales tax in lieu of
- State Sales Tax: 5%
- Exemption: The Federal Government, State and Local Governments, U.S. Military/National Guard, Commercial Operations (by scheduled airlines), Agricultural Operations and Charitable Flight Operations are exempt from the sales tax.
- Refund: Excise tax paid on non-aviation fuel.
- Registration Fee: Yes. Based on seating capacity: for 1-2 seats annual fee is \$6; 3 seats, \$8; 4 seats, \$12; 5 seats, \$15; over 5 seats, \$15, plus \$5 per person in excess of five.

OKLAHOMA

- Avgas Tax: .08 of one cent per gallon
- Jet A Tax: .08 of one cent per gallon
- State Sales Tax: None
- Exemption: None
- Refund: None
- Registration Fee: Yes. The registration fee is based on gross weight, date manufactured and type of aircraft.

OREGON

- Avgas Tax: \$.03 per gallon
- Jet A Tax: \$.005 per gallon
- State Sales Tax: None
- Exemption: The U.S. Military is exempt from the excise tax.
- Refund: The Federal Government, U.S. Military and Export/International Flights are entitled to a refund by written request and submission of Claim Form 1023 plus purchase invoices.
- Registration Fee: Yes, based on the gross weight and age of the aircraft.

PENNSYLVANIA

- Avgas Tax: \$.032 per gallon
- Jet A Tax: \$.017 per gallon
- State Sales Tax: None
- Exemption: The Federal Government, State and Local Governments, U.S. Military/National Guard, Export/International Flight (bonded fuel only) and Agricultural Operations (if farmer) are exempt from the excise tax.
- Refund: None
- Registration Fee: None

RHODE ISLAND

- Avgas Tax: \$.13 per gallon
- Jet A Tax: \$.18 per gallon
- State Sales Tax: None
- Exemption: None
- Refund: All classes of aircraft operators are entitled to a refund of the excise tax by submitting RI Claim for Refund form —Motor Fuel and supporting documentation showing tax paid.
- Registration Fee: Yes. It is collected annually and is based on the gross weight of the aircraft: less than 2,000 lbs. is \$30; 2,001-3000 is \$60; 3,001-4,500 is \$110; 4,501-12,500 is \$160; and over 12,500 is \$250.

SOUTH CAROLINA

- Avgas Tax: Sales tax in lieu of
- Jet A Tax: Sales tax in lieu of
- State Sales Tax: 5%
- Exemption: The Federal Government, State and Local Governments and the U.S. Military/National Guard are exempt from the sales tax.
- Refund: None
- Registration Fee: None

SOUTH DAKOTA

- Avgas Tax: \$.06 per gallon
- Jet A Tax: \$.04 per gallon
- State Sales Tax: None
- Exemption: The Federal Government and the U.S. Military are exempt from the excise tax.
- Refund: None
- Registration Fee: Yes, based on the gross weight and age of the aircraft, the minimum being \$10 annually and the maximum being \$100 annually.

TENNESSEE

- Avgas Tax: \$.01 per gallon
- Jet A Tax: \$.01 per gallon
- State Sales Tax: 5.5% in addition to excise tax.
- Exemption: The Federal Government, State and Local Governments, U.S. Military/National Guard are exempt from the sales tax and also from the excise tax provided they have a government permit.
- Refund: None
- Registration Fee: None

TEXAS

Avgas Tax: None
Jet A Tax: None
State Sales Tax: None
Exemption: None
Refund: None
Registration Fee: None

UTAH

Avgas Tax: \$.04 per gallon
Jet A Tax: \$.04 per gallon
State Sales Tax: None
Exemption: The Federal Government, State and Local Governments, U.S. Military/National Guard and Export Flight Operations are exempt provided the purchase is for 750 gallons or more.
Refund: None
Registration Fee: Yes, \$25 per aircraft annually.

VERMONT

Avgas Tax: \$.15 per gallon
Jet A Tax: Sales Tax in lieu of
State Sales Tax: 4% on jet a fuel
Exemption: Commercial Operations (scheduled flights) are exempt from both taxes.
Refund: The Federal Government, the U.S. Military and Commercial Operations (scheduled flights) are entitled to a refund of both taxes.
Registration Fee: None

VIRGINIA

Avgas Tax: \$.05 per gallon
Jet A Tax: \$.05 on first 100,000 gallons purchased or acquired for use in a fiscal year; thereafter \$.005 in the same fiscal year.
State Sales Tax: None
Exemption: The Federal Government, State and Local Governments, U.S. Military/National Guard and Export/International Flight Operations are exempt from the excise tax.
Refund: None
Registration Fee: Yes, \$5 for state registration fee.

WASHINGTON

Avgas Tax: \$.055 per gallon or 3%, whichever is higher
Jet A Tax: \$.055 per gallon or 3%, whichever is higher
State Sales Tax: 7.8% in addition to
Exemption: None
Refund: Commercial Operations (certificated), Agricultural Flight Operations (if 95% of operations is from a private airport) and Flight Testing and/or Design Operations are entitled to a refund by application and submission of certifications, audit records and receipts.
Registration Fee: Yes, \$4 per year per aircraft, plus excise tax in lieu of personal property tax.

WEST VIRGINIA

Avgas Tax: Sales tax in lieu of
Jet A Tax: Sales tax in lieu of
State Sales Tax: 5%
Exemption: None
Refund: None
Registration Fee: None

WISCONSIN

Avgas Tax: \$.06 per gallon on general aviation fuel only.
Jet A Tax: \$.06 per gallon on general aviation fuel only.
State Sales Tax: None
Exemption: The Federal Government, U.S. Military and Commercial Operations are exempt from the excise tax.
Refund: Commercial (Part 121) Operations are entitled to a refund.
Registration Fee: Yes, based on the gross weight and age of aircraft (ranges from \$30-\$3,125)

WYOMING

Avgas Tax: \$.04 per gallon
Jet A Tax: \$.05 per gallon
State Sales Tax: None
Exemption: The Federal Government, U.S. Military, Export Flight Operations, University of Wyoming, Wyoming Community Colleges and Wyoming Public Schools are exempt from the excise tax.
Refund: Agricultural Flight Operations are entitled to a refund of 70% of tax paid by yearly applications and submission of receipts indicating purchase and tax.
Registration Fee: None

OFFICE TO WHICH REFUND REQUEST SHOULD BE MAILED

DATE 3-21-91

FILED 986

Alaska	— Department of Revenue Income/Excise Audit P.O. Box 5A Juneau, AK 99811 (907) 465-2322	Maine	— Bureau of Taxation Excise Tax Section State Office Building Augusta, ME 04333 (207) 289-2076
Arizona	— Motor Vehicle Division/ Motor Carrier P.O. Box 2100 Room 528M Phoenix, AZ 85001 (602) 255-7427	Maryland	— Motor Vehicle Fuel Tax Division P.O. Box 1751 Annapolis, MD 21404 (301) 974-3131
Colorado	— Department of Revenue Excise Tax Section 140 W. 6th Avenue Room 109-A Denver, CO 80261 (303) 620-4156	Michigan	— Dept. of Treasury Motor Fuel, Cigarette & Miscellaneous Taxes Treasury Building Lansing, MI 48922 (517) 373-3130
Delaware	— Division Motor Fuel Tax P.O. Drawer-E Dover, DE 19903 (302) 736-5218	Minnesota	— Special Tax Division Department of Revenue 10 River Park Plaza St. Paul, MN 55146 (612) 642-0460
Hawaii	— State of Hawaii Department of Taxation Technical Review Office P.O. Box 259 Honolulu, HI 96809 (808) 548-7561	Missouri	— Miscellaneous Business Taxes Motor Fuel/Special Fuel Tax Section P.O. Box 800 Jefferson City, MO 65105 (314) 751-2008
Indiana	— Revenue Department 202 State Office Building Indianapolis, IN 46204 (317) 232-1863	Nevada	— Nevada Dept. of Taxation 1340 South Curry Street Carson City, NV 89701 (702) 885-4820
Illinois	— Claims & Refunds P.O. Box 19040 Springfield, IL 62794 (217) 785-2602	New Jersey	— Division of Taxation Fuels Tax Department of Treasury 225 West State Street Trenton, NJ 08625 (609) 984-7171
Kentucky	— Motor Fuel Tax Section 209 St. Clair Street Frankfort, KY 40601 (502) 564-4890	New Mexico	— Taxation & Revenue Dept. P.O. Box 630 Santa Fe, NM 87509-0630 (505) 827-2294
Louisiana	— Dept. of Revenue & Taxation Excise Taxes Section P.O. Box 201 Baton Rouge, LA 70821 (504) 925-7652	New York	— Dept. of Taxation & Finance Fuel Tax Refund Unit P.O. Box 5501 Albany, NY 12205 (518) 438-8581

North Dakota — Office of State Tax Commissioner
State Capitol Building
Bismarck, ND 58505
(701) 224-2770

Ohio — Motor Fuel Tax Refund Unit
Excise, Motor Fuel & Hwy. Use
Tax Division
Ohio Dept. of Taxation
P.O. Box 530
Columbus, OH 43266-0030
(614) 466-3960

Oregon — Fuels Tax Branch
Department of Motor Vehicles
8710 SE Powell Blvd.
Portland, OR 97266-1935
(503) 371-2200

Rhode Island — State of Rhode Island
Department of Admin.
Division of Taxation
289 Promenade Street
Providence, RI 02908
(401) 277-2950

Virginia — Department of Motor Vehicles
Fiscal Affairs Division
P.O. Box 27422
Richmond, VA 23261
(804) 367-8116

Vermont — Agency of Transportation
Planning Division
133 State Street
Montpelier, VT 05602
(802) 828-2711

Washington — Washington State
Department of Licensing
Fuel Tax Division
Highways—Licenses
Building
PB-01
Olympia, WA 98504
(206) 753-7115

Wisconsin — Department of Revenue Income,
Sales, Inheritance & Excise Tax
125 South Webster
Madison, WI 53703
(608) 266-6466

Wyoming — Gasoline Tax Refund
WY State Treasurer
200 West 24th Street
State Capitol Bldg.
Cheyenne, WY 82002
(307) 777-5293

XE
986

Mr. Chairman, Members of the Committee.
For the record my name is Joel Fenger,
Chester, Montana. I am Chairman of the
Montana Aeronautics Board and own and
operate a commercial fixed based
operation on the Chester Airport. I
speak today in support of HB986
representing the Montana Aeronautics
Board and as an aviation business owner
and operator.

HB986 will increase by two cents per
gallon the aviation fuel user fee. One
cent of this money or approximately
\$336,000 will be used for loans, grants
and navigational aids to local and state
governments for aeronautical purposes
after approval by the Montana
Aeronautics Board.

Due to property tax mill levies frozen at the 1986 level by Initiative-105, communities are increasingly unable to properly maintain their airports let alone accumulate surpluses needed to pay its 10% local matching share required by the Federal Aviation Administration prior to receiving monies from the Aviation Users Trust Fund.

Of the 114 airports included in Montana's State Aviation System Plan, 43 airports are not included in the Federal Aviation Administration's National Plan of Integrated Airport Systems and therefore are not eligible for any federal funding. Consequently, most airports included in this category are completely isolated from obtaining financial assistance to make capitol

improvements, much less meet general maintenance demands.

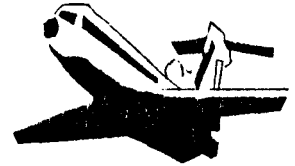
The current one cent per gallon aviation fuel user fee was established in Montana in 1945. At that time aviation fuel sold for 26 cents per gallon and represented 3.8% of the cost of fuel. Today aviation fuel sells for \$2.20 per gallon or 4/10th of one percent at the current one cent per gallon rate.

On behalf of the Montana Aeronautics Board I urge you to support HB986 to enable programs so vitally important to the health of the aviation infrastructure in Montana.

Exhibit # 4
3-21-91 HB 986

ACTION CALL

AVIATION FUEL USER FEE INCREASE PROPOSED BY HB 986
by Joel Fenger, Chairman
Montana Aeronautics Board



The Aeronautics Board has proposed a 2 cent per gallon aviation fuel user fee increase for all aviation fuel sold in Montana. Joining the Aeronautics Board in unanimous support of this proposal is the Aviation Organizations of Montana (AOM), representing Montana Pilots Association, Montana Flying Farmers, Montana Aviation Trades Association, Montana Airport Management Association, Experimental Aircraft Association, MT. Chapter of International Ladies 99's, Montana Antique Aircraft Association and Civil Air Patrol.

Our action call is to discuss this subject so vitally important to the health of aviation infrastructure in Montana. To this end I have organized this article into what, why and how.

WHAT IS THE PROBLEM?

1. The original Aeronautics Division's Airport Loan Program, started in 1957 was terminated in 1983 due to inadequate funding. This loan money came from a 1 cent per gallon user fee and could be used to finance any airport related project. During this 26-year period, the loan interest began at 0% and ended at .05%.
2. Montana Aeronautics had until July 1989, a new loan program at a fixed interest of 7.250%. This money came from bond sales and was terminated due to very short and, therefore, unfavorable loan payment terms.
3. Due to property tax mill levies frozen at the 1986 level by initiative 105, communities are increasingly unable to properly maintain their airports let alone being able to accumulate surpluses needed to pay for the 10% local matching funds required to leverage Airport Improvement Program (AIP) monies from the Aviation Users Trust Fund administered by the FAA.
4. Of the 114 airports included in Montana's State Aviation System Plan, 44 airports are not included in FAA's National Plan of Integrated Airport Systems (NPIAS); and, therefore, are ineligible for any federal funding. Consequently, most airports included in this category are now completely isolated in obtaining adequate financial assistance of any kind to make capital improvements, much less meet general maintenance demands.

WHAT IS THE DEMAND?

Exhibit # 4
3-21-91 HB 986

Demand can be looked at from two perspectives to arrive at a total five year projected cost for improvements to Montana's Aviation infrastructure.

The Montana Aviation System Plan, completed September 1990, identifies capital improvement project costs at 23 of 72 general aviation NPLAS airports only (eligible for federal funding and therefore requiring a 10% match) totaling \$12,168,500 . Using this as a baseline for the sake of brevity, Aeronautics can forecast approximately \$26,500,000 additional funds required per five year planning period for all remaining airports in the system. This is summarized below.

identified NPLAS airport capital improvements	\$12,168,500
estimated system wide improvements	<u>\$26,500,000</u>
total per five year planning period	\$38,668,500

This results in an approximated local share required of \$3,866,850 per five years or \$773,370 average per year. Note that 1 cent of the 2 cent increase as mentioned earlier is projected to be \$344,000 per year.

WHY THE INCREASE?

As is currently proposed, the bill specifies an increase of 2 cents a gallon to a total of 3 cents for all aviation fuel sold in Montana. Aviation gasoline is defined as any liquid fuel used in aircraft which includes Avgas and jet fuel used in general aviation, airline, and military aircraft. One cent of this money which may generate approximately \$336,000 based on FY 90 fuel sales is specifically directed in the proposed legislation to be used for "loans, grants and navigational aids to local and state governments for aeronautical purposes. Money allocated from this account must receive prior approval from the Montana Aeronautics Board."

The chart below portrays cumulative data for Montana aviation fuel types and users by percent.

Comparison of Fuel Types and Users

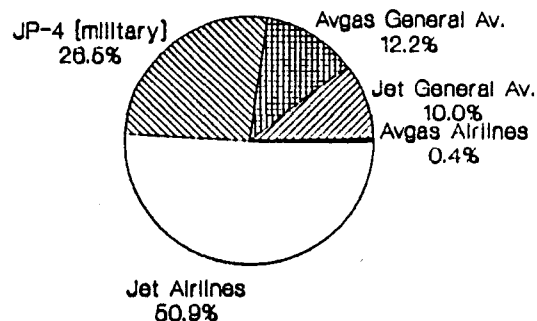
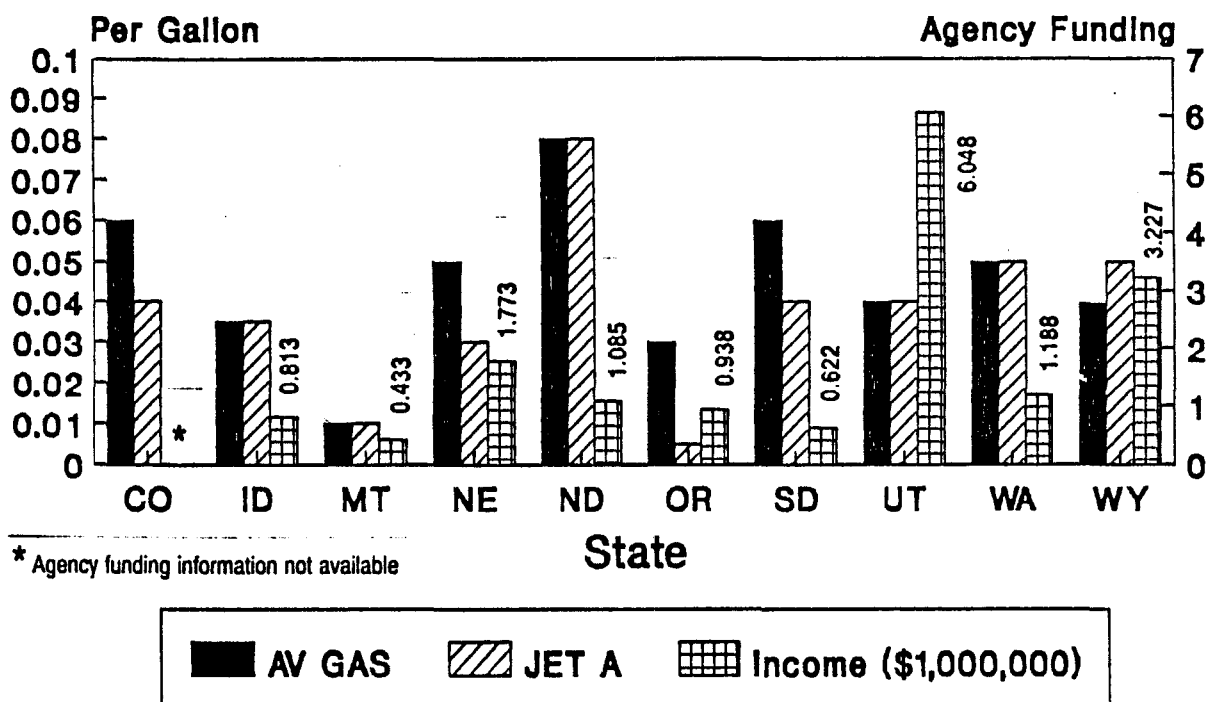


TABLE BASED ON CALENDER YEAR 1990
AND AIRLINE FUEL SURVEY 1989

Although the preceding chart is useful in determining who pays what, the aviation community is interested in the bottom line. More particularly, how much income is made available to reinvest into aviation capital improvements. The next chart compares on regional basis the aviation user fee levied for AVGAS and jet fuel and, more importantly the income made available to the applicable state aviation agency for administrative and program developments.

Aviation Fuel Tax Rates and Aviation Agency Funding



SOURCE: NBAA FUEL TAX SURVEY, JULY 1990
NABAO, THE STATES AND TRANSPORTATION,
TABLE 2-4, 1988

The most striking feature that is pictured by this graph is the poor state of financial resources (none) available for investment in Montana's aviation future. The one cent a gallon aviation fuel user fee in Montana was established in 1945 when aviation fuel sold for 26 cents per gallon. At that time, the user fee represented 3.8% of the cost of fuel while today at \$2.20 per gallon represents 4/10th of one percent. If the original one cent per gallon user fee was adjusted for inflation, the user fee would now have to be over 15 cents per gallon to yield the equivalent value of the original fee.

HOW DOES IT AFFECT USERS?

—Exhibit # 4
3-21-91 HB 986

The table below depicts a few examples of aircraft and how the proposed 2 cent increase changes the per hour cost.

AIRCRAFT	FUEL FLOW	ADD'L COST/HOUR
C-172	8 GPH	\$0.16
Beech A-36	14 GPH	\$0.28
Beech King Air	72 GPH	\$1.44
Boeing 737-200	910 GPH	\$18.20

HOW CAN YOU PARTICIPATE?

Although the Aeronautics Board has the support of all aviation organizations in Montana, we encourage its members and all others dedicated to aviation to participate by contacting your district state senator and representative to let them know what the issue is and voice your opinion. A very convenient method to contact them is at the **Legislative Operator at 444-4800**. To use this service you must have your legislators name and House Bill Number 986. Additionally you may write to your legislator giving your name, address and some background information as to your interest in the legislation and how you wish to have them vote when the issue comes to the floor.

Another, and probably more effective method to express your views is to testify at the committee hearing. The committee hearing occurs prior to the bills introduction to the floor. Mr. Keith Colbo has been retained by AOM to organize and spearhead the efforts towards the bills acceptance and passage. Please contact Mr. Colbo for information as to times of hearings and helpful hints in testifying. **Mr. Colbo can be reached by telephone at 443-4940**, or by mail to Intertec Helena, Power Block Building Level Four, 7 West 6th Ave., Helena, Mt. 59601.

Montana Aeronautics Board
P.O. Box 5178
Helena, Montana 59601



COUNTY OF LIBERTY

STATE OF MONTANA
Chester, Montana 59522

COUNTY COMMISSIONERS

Trudy Laas Skari
Robert W. Moog
Gordon Ray Standiford

CLERK & RECORDER

Alma Soper

DEPUTY

Maureen Cicon

PH. (406) 759-5365

Members of the Appropriations Committee
Montana Legislature
State Capitol
Helena, MT 59620

Honorable Legislators:

Aviation in small rural areas is critical to many aspects of business. Contractors fly from a distance to build and construct, public officials such as myself use these services to better serve the community due to the great distances to be covered in our state. Medical persons depend largely on these airports for quick transport of patients as well as lab work.

Many people depend on the aviation industry for Search and rescue services, fire fighting, health services and business dealings.

The continued existence of the Montana aviation system is vital to all Montanans. One cent of this fee would be dedicated to "loans, grants, and navigational aide to local and state governments for aeronautical purposes, such as improvements on airports and match for federal funds which could provide greater improvements to airports as well as additional employment.

The other one cent would replace fees for operating which will soon be depleted due to prior loan programs being curtailed.

We need our aviation industry and should support them by supporting HB 986.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ray Standiford'.

Ray Standiford

RICHARD S. BUKER, JR., M.D.
LIBERTY COUNTY PROFESSIONAL BUILDING
P.O. BOX 506
CHESTER, MONTANA 59522
TELEPHONE 759-5194

03/18/91

I would like to voice my support for HB 986 which places a two cent per gallon additional fee on aviation fuel.

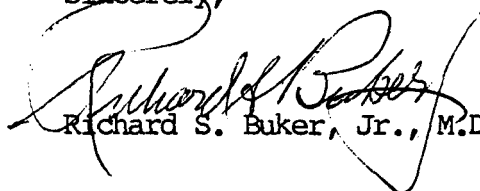
It is my understanding that the aviation industry will soon be losing operating monies and will be unable to continue operating at its current level.

The aviation industry and small airports are a vital link in medical care and for doctors in small communities in Montana.

The wellbeing of individuals using Montana's air space and the airport facilities and services available are necessary for rural communities.

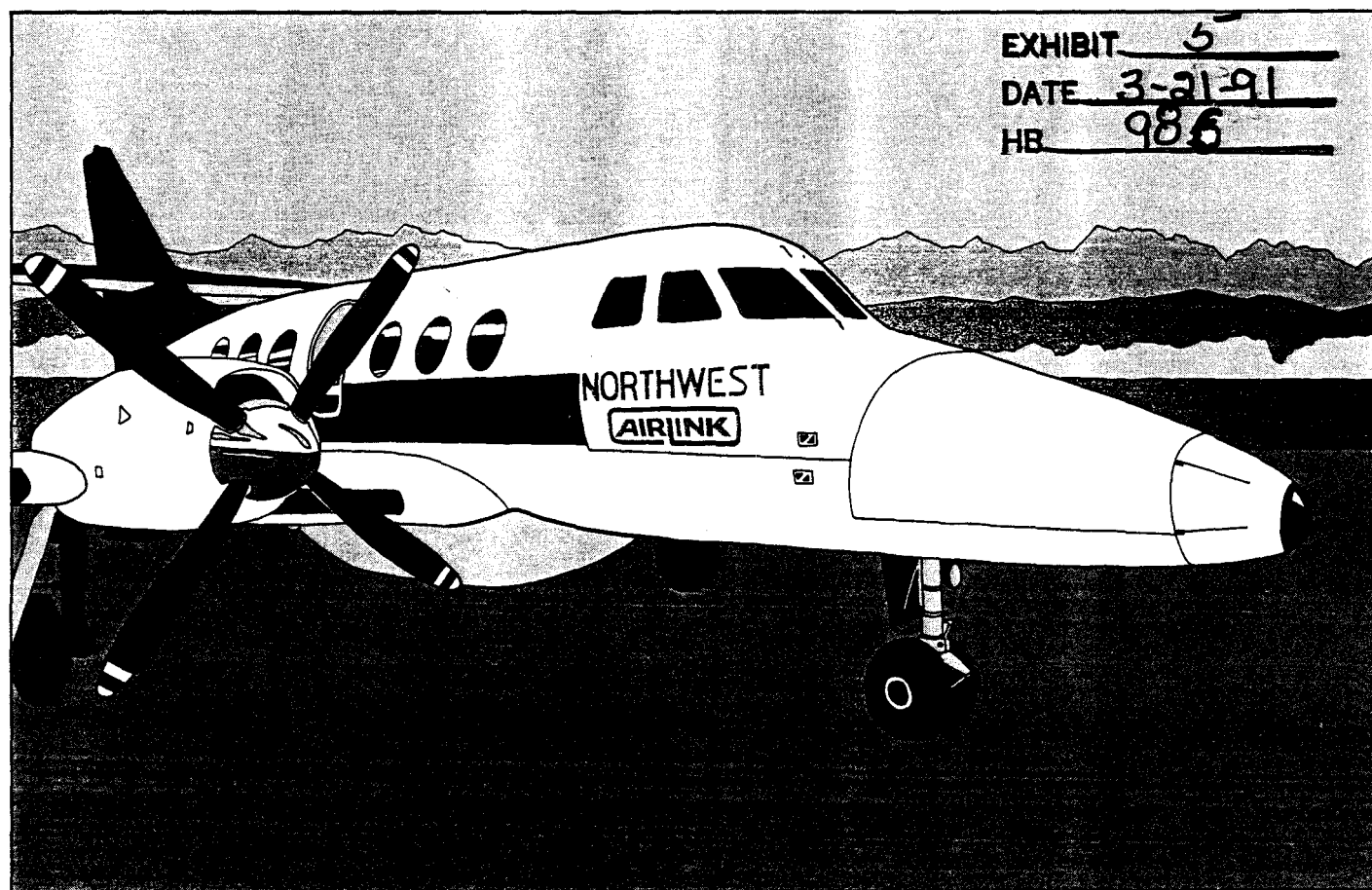
Please support the aviation industry and vote for HB 986.

Sincerely,

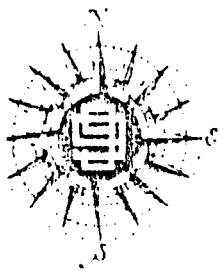

Richard S. Buker, Jr., M.D.

MONTANA

State Aviation System Plan Executive Summary



Montana Department of Commerce
Aeronautics Division
in cooperation with the
Federal Aviation Administration
February, 1989



MONTANA CHAPTER NINETY-NINES, Inc.

EXHIBIT 6
DATE 3-21-91
HB 986

1214 W. Crawford
Livingston, Mt. 59047
March 18, 1991

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

Representative Harrington,

The Montana Chapter of the Ninety Nines would like to take this opportunity to let you know of our support for House Bill 986.

The Bill will accomplish two things; one- enable the Aeronautics Division to maintain it's level of operation without compromising any of it's programs, and two, establish the revolving trust for the enhancement of aeronautical programs and purposes through grants and loans to state and local governments.

Sincerely,

Christina R. Pomeroy
Chairman
Montana Ninety Nines

cc: Mike Ferguson

RECEIVED

MAR 19 1991

MONTANA AERONAUTICS DIVISION
HELENA, MONTANA

MAI

MINUTEMAN AVIATION, INC.

EXHIBIT 7
DATE 3-21-91
HB 986



1125 East 10th Street, Box 16 • Missoula, Montana 59717

Phone: (406) 728-9060

March 21, 1991

House Taxation Committee
Attn: Chairman Dan Harrington

"Statement of Position on HB986"

My name is Russell R. Pankey. I am the Director of Marketing for Minuteman Aviation, Inc., based at Missoula International Airport, Missoula, Montana. Minuteman Aviation is one of the largest Fixed Base Operations (FBO's) operating in the state, with a fleet of 15 charter aircraft and four Bell Ranger helicopters. We furnish jet fuel to three major air carriers, Northwest, Continental, Delta, and two commuters, Horizon Air and Skywest Airlines.

We are a Montana owned and operated company since 1964. We feel HB986 in its present form could have a serious economic impact and affect on our business, especially as it relates to the sale of jet fuel to the airlines. The cost of fuel is very critical to them. In order to save two cents (.02) a gallon, they will "tanker" more fuel into Montana on their flights and purchase less from Montana.

We could support the increase, if there is an exemption for jet fuel sales. Thank you.



EXHIBIT 8
DATE 3-21-91
HB 986

March 21, 1991

Chairman Dan Harrington
Members of the House Taxation Committee

Testimony of Kay Foster on HB986

I am here at the request of our Legislative Committee to testify regarding HB986. First of all I would like to state that we recognize the need for additional revenue for the tax-frozen rural airports and their importance to the Billings economy. We ask that as you debate this bill you consider the economic impact on Montana businesses if, in fact, this fueling does take place outside of our state.

We have worked hard to build a positive relationship between our Chamber and the fixed base operators and airlines who serve the Billings area. Because the Billings airport is self-sustaining we are now relying upon increased fees from our airport users for a portion of the airport expansion currently taking place.

We ask that you weigh the benefit to the state of the current proposal and possible negative impacts.

HB 986

HOUSE TAXATION COMMITTEE AMENDMENT

1. Title, line 5.
Following: "FUEL"
Insert: "FOR ALL PURCHASERS EXCEPT AIRLINES"
2. Page 5, line 3.
Following: ~~1-cent~~
Strike: "3 cents for each gallon of aviation ~~gasoline~~
fuel, which"
Insert: "(a) 1 cent for each gallon of aviation fuel
sold to an air carrier certified under sections 401
or 418 of the Federal Aviation Act of 1958 (49 U.S.C.
1371 and 1388).
(b) 3 cents for each gallon of aviation fuel
sold to all other purchasers.
(c) The tax"
3. Page 5, line 6.
Following: "and"
Insert: "(d)"
4. Page 6, line 6.
Following: ~~"cent"~~
Strike: "3 cent"
5. Page 9, line 8.
Following: "gallon"
Insert: "collected under [Section 2(1)(b)]"
6. Page 9, line 22.
Following: "The"
Strike: "3 cents per gallon of"

March 21, 1991

HB 985

Ben Havdahl, MT Motor Carriers

Mr. Chairman, members of the committee. For the record my name is Ben Havdahl, representing the Montana Motor Carriers Association.

On behalf of the members of MMCA and the trucking industry in Montana we would respectfully ask that you not pass HB 985.

The Montana Motor Carriers Association is strongly opposed to the enactment of a weight/distance tax on trucks in Montana for many reasons and some of them we will outline for your consideration.

Governor Hugo Aronson vetoed a weight distance tax bill on March 3rd, 1959, 32 years ago this month. In his veto message, Governor Aronson outlined several reasons why the tax legislation was bad tax legislation. We concur with all of the reasons Governor Aronson gave 32 years ago.

Imposing a "weight distance" or "ton mile" tax on trucks in addition to other taxes now paid was a bad idea then and it is a bad idea today. We have attached a copy of the Governor's message to this statement for your information.

The weight distance tax is deficient in equity, expensive and inefficient to administer and enforce, expensive for carriers to comply with, creates a strong incentive to evade, would cost the state millions of dollars in revenue loss now collected from out of state truckers, could result in retaliatory taxes by other states, increase costs to consumers, and would place truckers in an economic disadvantage to competitive modes of transportation.

Sixteen states have repealed weight/distance taxes, four of them in their 1989 legislatures including Colorado, Nevada, Wyoming, and Ohio. The Arkansas tax was held unconstitutional in 1990.

HB 785 would attempt to assess on all trucks over 26,000 pounds a tax measured by the registered gross weight and the distance traveled, whether or not the truck is loaded, partially loaded or empty. The rates would vary with the amount of registered weight and for a typical five axle 80,000 pound truck combination, for example, the tax would be 13.2 cents per mile.

This tax would be in addition to the gross vehicle weight fees paid, personal property taxes paid and sales tax on new equipment. In addition to other taxes, HB 985 would result in an estimated tax increase on this combination of \$5,200 per year. That is an 88% increase. (See attached detailed application sheet)

There is little doubt in our minds that passage of HB985 would have a dramatic negative impact on the economy of several communities in Montana as well as the State as a whole. Trucking concerns that do not have to reside here would very likely relocate.

Missoula is an example of how important trucking is to a local community. According to a 1985 study by the U of M's Bureau of Business Research, the motor carrier industry was the third largest employer in the county, ahead of the University itself. The study said 1,500 people worked in the industry and had a labor income of over \$31 million.

Rejection of HB 985 will help insure that the industry will remain important to the economy in Missoula, Billings and elsewhere in the State.

The weight/distance tax proposed in HB 985 is deficient in equity although it appears equitable on its face. A trucker apparently pays for the amount of use he makes of the highways. However, three-fourths of highway costs are not related to weigh and should not be borne by one class of highway user.

Heavy vehicles alone bear the burden of a weight/distance tax, the argument being that they alone are responsible for an added increment of cost in building and maintaining the highways not covered by registration fees and fuel taxes. If that be true, then all heavy vehicles should pay the weight/distance tax.

However, under HB 985, certain classes of vehicles, such as government, farm and agriculture including livestock, are exempted from payment of any weight/distance tax. But the highways do not know the difference between a ton of lumber or grain.

These exemptions mean the brunt of the weight/distance tax is borne by fewer vehicles, destroying any argument of tax equity among heavy vehicle users. The tax burden is shifted to commercial (for-hire) and private vehicles.

The weight/distance tax is not only inequitable in its exemptions but also in its graduated rates by gross weight. Impact on the highways is not measured by gross weight but by axle loads. The purpose of the bridge formula in Montana and federal laws is to require the weight to be distributed over increased axles and length so as to have less impact on the highways.

Passage of HB 985 would be the kiss of death for triple trailer operations in and through Montana. Triples are seven axle longer combination vehicles operating under permits. The tax schedule in this bill penalizes seven axle combinations notwithstanding that they operate well under the allowable axle weights.

A seven axle triple unit hauling 100,000 pounds gross weight would pay 15.3 cents per mile tax under the bill while a nine axle unit hauling the same weight would pay 13 cents per mile.

There is no logical for this discrimination when both combinations are well under the axle weight allowables. In the attached triples sketch, two exceed the maximum of 105,500 pounds taxable in the schedule. What tax rate would apply under HB985 to units that legally exceed 105,500 pounds?

The House Highways Committee unanimously killed legislation to ban triples in Montana because of their beneficial impact to the economy. Triples have traveled in and through the State 23.3 million miles and carried an estimated 900,000 tons of freight since 1987. Estimated permit and GVW fees paid into the highway fund from triples alone was \$496,163 per year.

Yet the weight/distance tax penalizes these beneficial combinations simply because of their higher gross weights. That is not only inequitable but against sound public policy. Efficiency in transportation should not be hindered but encouraged.

The weight/distance tax has many practical shortcomings, as well. For example, motor carriers find it expensive to keep the detailed records required for proper compliance with weight/distance tax statutes. A study of the Wyoming highway user tax system, a few years back, mandated by the Wyoming legislature revealed that it typically costs a motor carrier more in record keeping and delay to clear the Wyoming ports of entry than that carrier paid there in taxes.

That inefficiency is not felt by the motor carriers alone; the weight/distance tax costs the state in high administrative costs and easy evasion. The weight/distance tax is self-assessing, unlike registration fees and fuel taxes, which are paid up front. Truckers who are not responsible or not highly visible easily escape full tax payment.

Larger, more responsible companies and those that keep good records in the course of their business end up bearing the burden of the tax as they are easily audited. The one or two truck operator, and that is the vast bulk of the truck population, ordinarily does not keep detailed records and therefore cannot be accurately audited.

A state can only attempt to collect a weight/distance tax through the use of expensive ports of entry and widespread taxpayer audits. The ratio of administrative expense to revenues is very high for a weight/distance tax.

A study of the Oregon "weight/distance tax" by Stanford Research Institute showed that it was impossible to verify reported mileage through an audit

unless the taxpayer kept accurate records. Oregon uses 90 ports of entry and internal ports in addition to observation reports from highway patrol and PUC personnel, carrier reports, and a large staff of auditors to enforce its weight/distance tax.

When Oregon added new ports and 192 additional staff to enforce the weight/distance tax, it was claimed that added salary cost of \$2.3 million would be more than be made up by the additional ton-mile taxes they would collect. That meant over \$2.3 million in weight/distance taxes was known at that time to be uncollected or evaded each year.

Oregon does not assess a diesel fuel tax, GVW fees, and/or personal property tax. Yet the tax rate schedule reflected in HB 985 is taken from the Oregon law. This becomes a "double whammy" in Montana when added to Montana taxes already assessed on trucks.

The best, a weight distance tax state does, is a guesstimate based on observation. It is common knowledge among small truckers in these states that a minimal payment of the ton-mile tax there will be accepted because audit is inexact and expensive.

Governor Aronson pointed out 32 years ago that Montana could lose a million dollars a year in fuel tax revenue now collected from out-of-state truckers who would choose to by-pass Montana to avoid the tax. He noted that North Dakota passed and later repealed the tax for that reason.

That observation is still accurate today. Since Wyoming and Colorado have repealed their weight/distance taxes, truckers would have additional incentives to reroute around Montana.

As mentioned 16 states have repealed "weight distance" or "ton mile" taxes. Only seven states have such a tax in force today. Costs of administration for weight/distance taxes have traditionally run between 10 and 20 percent of revenues collected.

That cost should be compared to the costs of administering a use fuel tax of about 3 percent of tax revenues. The weight/distance tax is alluring at first glance but fails upon close scrutiny.

On a final note, John Rothwell, Director, Department of Highways told the Appropriations Committee a few weeks ago, that the Legislature could wait until 1993 to deal with an expected shortage of money in the highway fund.

MMCA has in past sessions supported reasonable diesel fuel tax increases for the highway program in the State. I see no reason for changing that policy. Thank you.

March 21, 1991
HB 985
Ben Havdahl, MMCA

WEIGHT DISTANCE TAX IN HB 985 COMPARED TO CURRENT TAX IMPACT

Application of current Montana taxes and proposed taxes under HB 985 to a typical 5 axle 80,000 pound tractor trailer combination operating in the State.

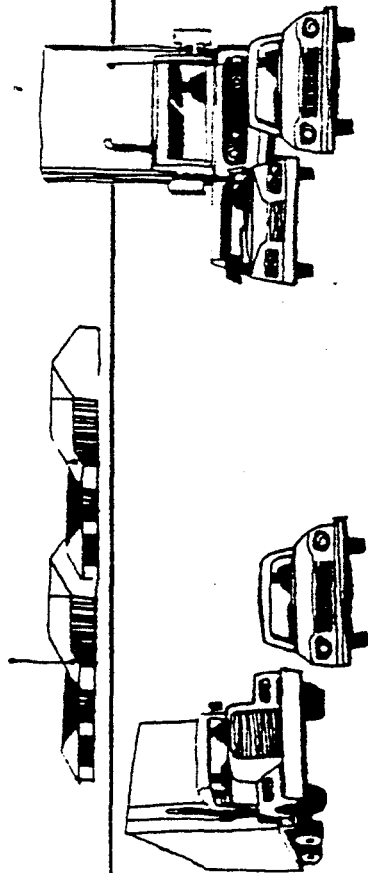
Assumption: Vehicle operates 100,000 miles per year and gets 5 miles per gallon of diesel fuel consumed.

Current law in Montana

Diesel fuel taxes paid @ 20 cents per gallon	\$4,000.
Gross Vehicle Weight Fee	\$1,100.
Personal property taxes, estimated	<u>\$ 800.</u>
Total	\$5,900.

Proposed under HB 985

Weight distance tax assessed @ 13.2 cents mi.	\$13,200.
Diesel fuel tax credit	<u>\$ 4,000.</u>
Sub total	\$ 9,200.
GVW fees	\$ 1,100.
Personal property taxes, estimated	<u>\$ 800.</u>
Total net taxes	\$11,100.
Increased taxes, per truck unit	\$ 5,200.
Percentage increase	88%



Highlights of a recent study funded by the Missoula Chapter of the Montana Motor Carriers Association indicate that in 1984:

- Motor carriers were the third largest basic industry in Missoula County, tied with the University of Montana.
- About 1,500 people — including wage and salary employees plus the self-employed — worked in the industry.
- Labor income (that includes wages and salaries, fringe benefits, and the income of self-employed drivers with permanent Missoula County addresses) amounted to over \$31 million.
- Total revenue for Missoula County motor carrier offices and operations came to almost \$146 million.

**Employment, Labor Income, and Revenue
Missoula County Motor Carriers
1984**

Employment^a	
Drivers	1,122
Others	375
Total	1,497
Labor Income^b	
Drivers	\$ 22,700,000
Others	8,400,000
Total	31,100,000
Labor income per worker	
Drivers	\$ 20,232
Others	22,400
All workers	20,775
Total Revenue^c	\$145,800,000

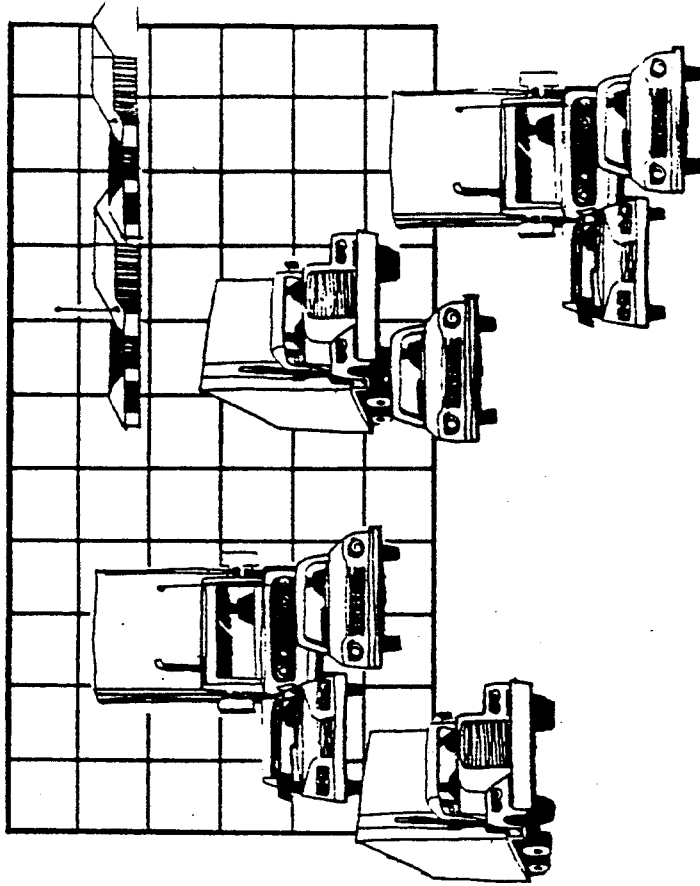
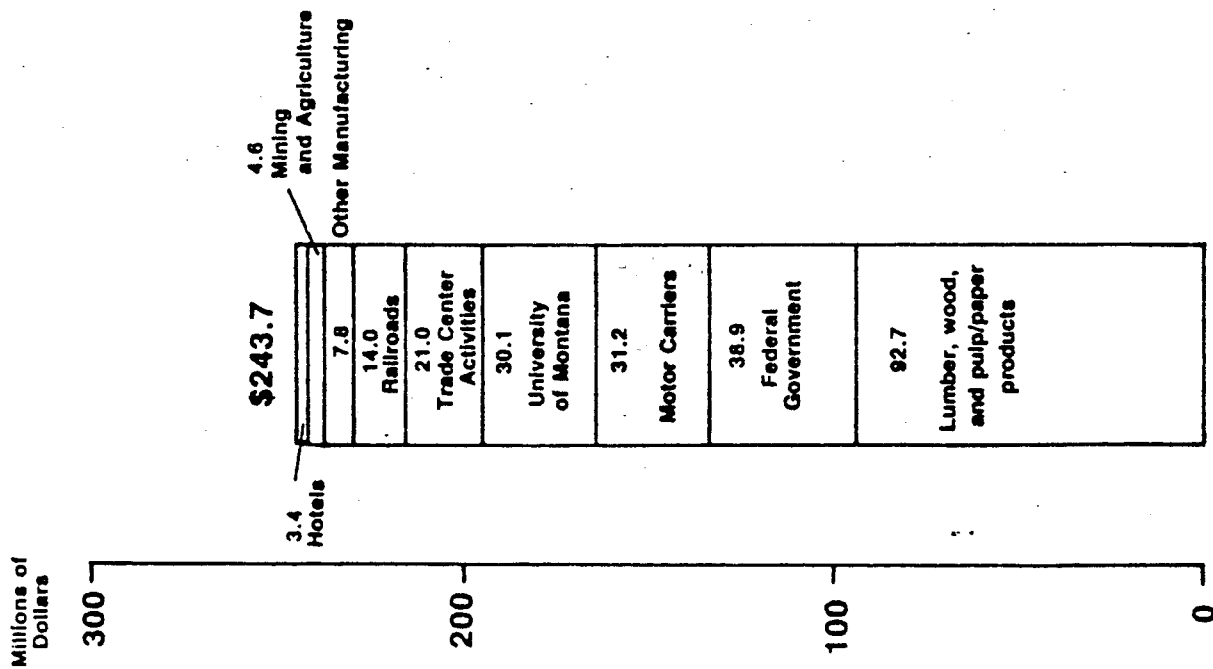
Source: Bureau of Business and Economic Research, Missoula Trucking and Warehousing Data Collection Study, unpublished data, Missoula, Montana, University of Montana, 1985.

^a Persons with permanent residence in Missoula County.

^b Includes wages and salaries, fringe benefits, and self-employment income of persons with permanent residence in Missoula County.

^c Revenues for Missoula County offices/operations only.

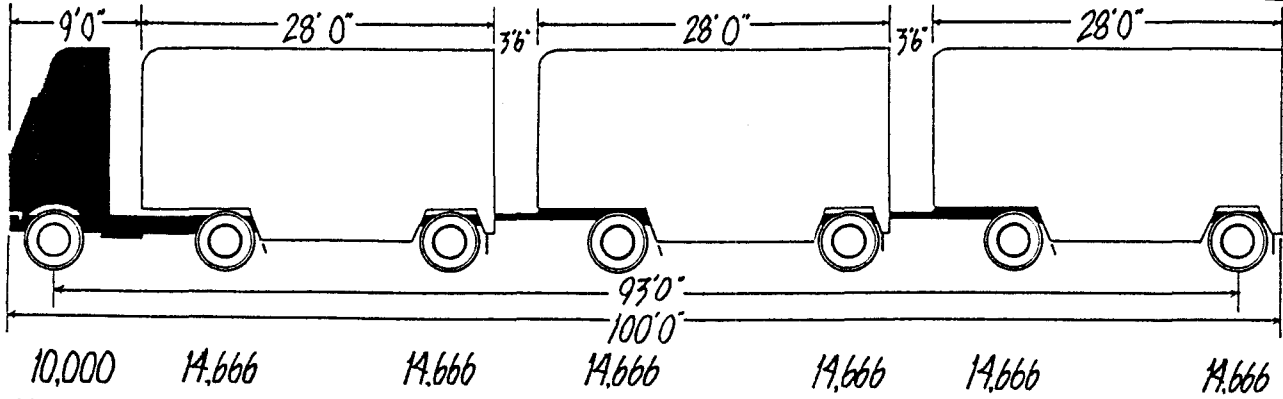
Labor Income in Basic Industries Missoula County 1984



Industry Update: Missoula County Motor Carriers

Presented to the
Montana Motor Carriers Association
September 18, 1985
by the
Bureau of Business and
Economic Research
University of Montana

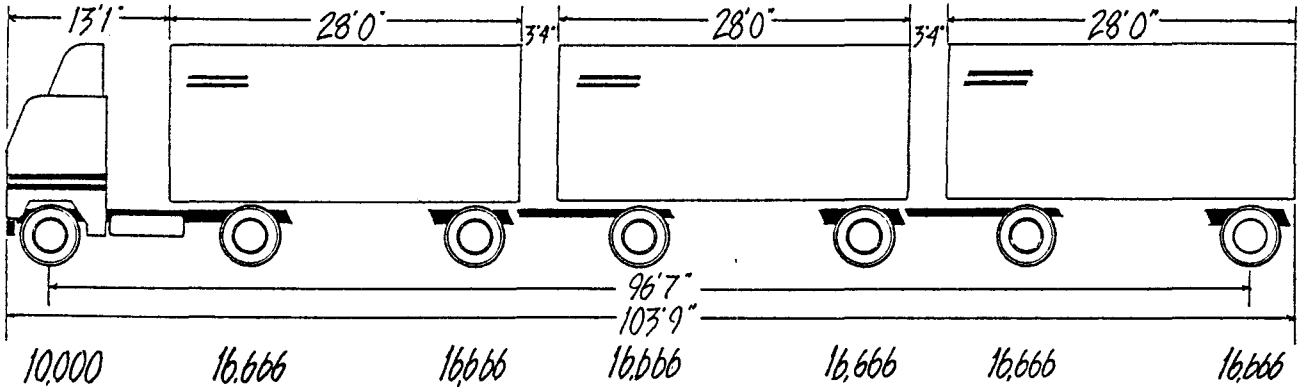
UNITED PARCEL COMBINATION EXAMPLE



UNITED PARCEL DECLARED GROSS WEIGHT = 98,000 lbs.
TOTAL ALLOWABLE GROSS WEIGHT = 114,250 lbs.

STATUTORY ALLOWABLE
SINGLE AXLE 20,000*

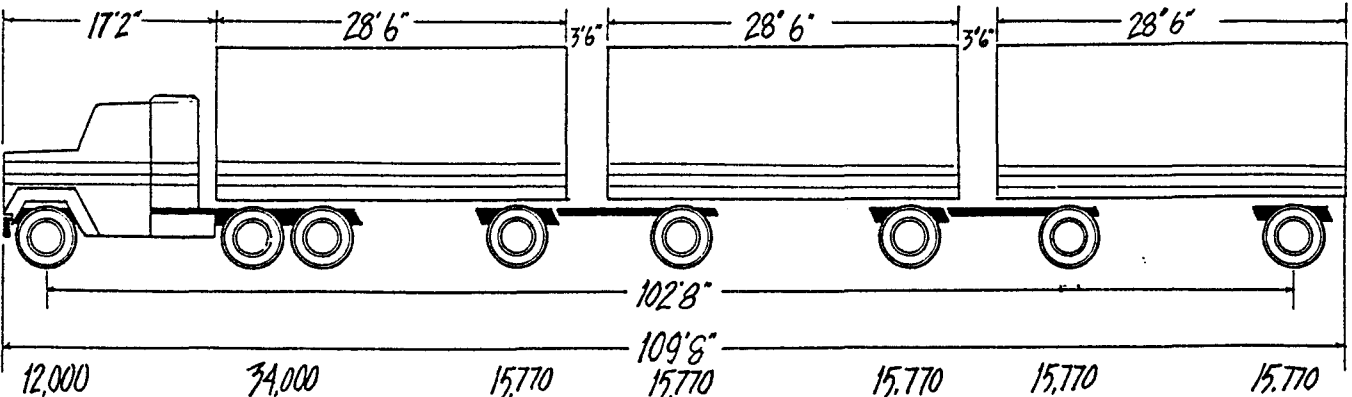
CONSOLIDATED FREIGHTWAYS EXAMPLE



CF DECLARED GROSS WEIGHT = 110,000 lbs.
TOTAL ALLOWABLE GROSS WEIGHT = 116,580 lbs.

STATUTORY ALLOWABLE
SINGLE AXLE 20,000*

CONVENTIONAL TRACTOR WITH SLEEPER EXAMPLE



TOTAL ALLOWABLE GROSS WEIGHT = 124,850 lbs.

STATUTORY ALLOWABLE
SINGLE AXLE 20,000*
TANDEM AXLE 34,000*



State of Montana
Office of The Governor
Helena

March 3, 1959

*Montana Governor's
Message Vetoing
Ton-Mile Tax*

HUGO ARONSON
GOVERNOR

Hon. John J. MacDonald
Speaker of the House of Representatives
Helena, Montana

Hon. Paul Cannon
President of the Senate
Helena, Montana

Dear Sirs:

I am herewith returning Sub House Bill 228 without my approval for the following reasons:

1. Taxes have a bad habit of always returning to plague the consumer. This so-called weight distance tax bill is a tiger that has not changed its stripes. Like other taxes, it will ultimately hit the consumer. This factor, alone, might not be objectionable, if the money extracted from the consumer did the job he wants done. However, Sub HB 228 hits the consumer below the belt by failing to contribute a sufficient amount toward more and better Montana highways. There is a middleman in the form of administrative costs that skims off any cream, leaving the consumer of Montana in the position of paying more taxes but not getting sufficiently more and better highways for his increased tax load. It is a simple case of the price being too high for the goods which are offered. Any housewife can tell you the answer to that problem is "no."

2. The price of such basic commodities as milk and bread might easily be increased. This is certainly no boon to the "little man" or his children. Estimates in the dairy industry show that the tax rate on trucks owned by various creameries will be two and three times as high as the present GVW tax. In one case it will be four times as high. It is logical to believe that some of this will be passed on to the consumers of milk, cheese and ice cream, and this is only one example.

3. Sub HB 228 has been hailed by its creators as a fair and equitable tax bill. If this is true, why are there so many exemptions? Certainly everyone in any industry, truckers not excepted, should want to be covered by a fair and equitable tax bill. Yet only one truck in 25 is covered by this bill. The remaining 96 percent is composed of such exemptions as logging and farm trucks. On this latter category there is some doubt whether this is a firm exemption or not. Nevertheless, it is strange that such supposed equity should be allowed to so few members of any industry.

Hon. Paul Cannon

4. The so-called weight distance tax is a mystery of administration. No one can be 100 percent correct in predicting its operation. However, it is definitely true that a great number of factors complicate its administration. Throughout Sub HB 228 important determinations as to its application are left to the administrative judgment of the State Highway Department. This opens the possibility of different rules under every different Highway Commission. It certainly leaves any Commission and Department wide open to pressure tactics. This is not sound tax administration policy.

5. There is a distinct possibility that Montana could lose a million dollars in fuel tax revenue, now collected from out-of-state truckers. This would be due to bypassing of Montana, if such legislation becomes law. North Dakota had such an experience following the passage of such a bill in 1957. In addition to the revenue loss, which would mean fewer miles of good roads, bypassing of Montana by out-of-state truckers would shift the burden of highway costs to the automobile owner. Here again the "little man" would get hurt the most. The "little man" in the small town would get hurt even more, as 38 percent of the small towns in Montana depend solely on motor carrier transportation.

6. The total revenue which this proposal would bring in for Montana highway construction could be less than under the present GVW tax law. The maximum possible revenue estimated by the State Highway Department is less than 300 thousand dollars higher than the present law. However, this estimate fails to take into consideration such money-eating items as constructing and/or refurbishing the ports of entry stations and the manpower necessary to operate such stations on a 24-hour-a-day basis. The cost of training these men and setting up a new special division must also be considered. The new provision for quarterly fee payments may well result in a reduction in the flat fee receipts. The Highway Department maximum estimate does not have any positive data on possible evasion. Neither does it include more than a rough estimate of the revenue from certain lumber, ore, sand and gravel trucks, as well as those vehicles which travel at least half of the time without a load. Finally, this estimate is based on the assumption that the present truck travel pattern in Montana will be maintained. This is extremely doubtful. In view of these many factors, it is easy to see why there is good reason to suspect that revenue under this new tax might be less than at present, which is certainly not the way to build more and better highways for Montana.

7. The entire network of reciprocity which Montana has built up might be thrown into turmoil by approval of Sub HB 228. Retaliatory taxes and restrictions would harass Montana trucks and truckers. The net result would be increased costs of transportation. Evidently this was also in the minds of South Dakota legislators, who killed a similar measure Monday in committee.

8. Such an act as this would seriously jeopardize Montana's position as the Gateway to Alaska. We are fortunate in having the Alcan highway linking us to our newest state. It is logical that such a tax will cut traffic on this link, directly affecting many Montana communities. The same effect would be true in the case of Alberta truckers. This would be a blow to the excellent relations which have been built up with our sister province. In addition, such a tax might foreclose any future possibility of a highway linking eastern Montana and Saskatchewan. We do not now have reciprocity with that province, but eventual construction of such a highway is desired by most eastern Montanans. There would be much less necessity for such a highway, if this new tax prevented adequate reciprocal agreements.

This could easily happen. It is a future possibility, but we must not be blind to progress.

9. This so-called weight distance tax is not really based on weight, but upon capacity. In other words, a truck that is partly filled pays the same tax as one which is fully loaded. This tax is not based upon the ability to pay, and the tax has no relation to money actually earned or to pay load actually carried. In my State of the State message, I supported "equitable increased tax collections from trucks." This bill does not meet these qualifications.

10. Three of Montana's most valued products are wheat, cattle and oil. We are an exporting state, and these products must be moved to market. Most of this movement is eastward. Yet Sub HB 228 would create a trade barrier to the east. Montana would be cutting off its nose to spite its face.

11. This proposed law is a detriment to the working man and woman in Montana. Any law which will hurt a specific industry, cause unemployment of persons in that industry, decrease revenues, cut down on money and business cannot help labor.

12. Our counties will suffer a loss of about \$50,000 in revenue that they can ill afford under Sub HB 228. This is due to a change whereby counties would get none of the mileage tax.

13. As Governor, every piece of legislation which has come to my desk has been judged on the basis of what is best for the State of Montana and its citizens. This so-called weight distance tax will result in poor transportation facilities for Montana. It will result in higher freight rates at a time when our potentialities require cheaper transportation. This, plus the many other reasons I have already mentioned, can only result in a serious blow to the economy of Montana.

In conclusion, this proposal affects the lives of consumers, businessmen, laboring people, and, in effect, nearly all Montanans. The overwhelming evidence against such a proposal leaves me no alternative but to reject it, solely on its lack of merits. I sincerely hope you will view other highway legislation on its merits.

For these reasons I hereby return Sub HB 228 without my approval.

Very truly yours,


GOVERNOR

March 21, 1991

HB 985

Jon Largis, Mergenthaler Transfer and Storage.

Mr. Chairman, Member of the committee, for the record I am Jon Largis representing Mergenthaler Transfer and Storage based in Helena, Montana. Mergenthaler operates 34 power units and 82 trailers. I am here to testify as an opponent to HB 985 (ton mile tax) and I appreciate the opportunity to offer comments as an opponent of the bill.

Mergenthalers operated in Montana in 1990, 545,733 miles with combination vehicles exceeding 80,000 pounds in GVW and 297,444 miles exceeding 60,00 pounds in GVW. The ton mile tax bill would have drastic economic effects on our company. The increase in operating costs are estimated to be approx. \$100,000 dollars if this bill passes. Profitability would suffer, and the consequences would be fewer jobs for Montana which we cannot afford to lose.

In closing HB 985 would be catastrophic to the trucking industry in Montana. The economic gains expected would be lost. Not only would the consumer be paying more for his product hauled by trucks, there would simply would not be the trucking companies in Montana tomorrow as there is today. Montana cannot afford to lose any more business due to taxation.

I urge you not to pass HB 985.

Thank You

Mr. Chairman, Representatives, Ladies and Gentlemen;

My Name is Mike Molitor and I manage M. S. Molitor Trucking which is based in Boulder.

I am speaking to you today in opposition of House Bill 985, which if passed would implement a ton-mile tax on motor vehicles weighing over 26,000 pounds. I feel strongly that it would cripple the trucking industry, many food and beverage distributing companies, as well as other Montana businesses.

The trucking industry has been plagued by many set backs in the past, such as driver shortages, inflated fuel prices, high insurance rates, workers' compensation, and higher fuel tax rates, among many others. Now with this new ton-mile tax, it might be the "straw that broke the camel's back."

Montana is a major artery for trucking whether it be North-South, East-West, Intrastate or one of many other traffic lanes. With this new tax, some carriers would avoid this state to keep costs down. For Instance when traveling coast to coast, they could choose to drop down into one of our neighboring states and not add that many miles to their trips, but reduce their operating costs by avoiding Montana. If this happened, the truck stops, restaurants, dealers and repair facilities along these routes in our state would suffer also.

There are a couple of other options that I'm confident some carriers will choose, relocating the business to another state and not traveling Montana at all or closing the business down. If this happened, the big loser would be Montana, in lost property and license fees, higher unemployment and simply not having that business there to spend money in our communities.

I represent a traditional Montana "Mom and Pop" trucking business which operates like I said before out of the rural community of Boulder. My parents, Morris and Mary Molitor have been in this business in the same location for approximately the last 30 years. I am their youngest child and have planned a future involving transportation in Montana. Now my future is clouded over, and I question whether I can stay in Montana and continue to operate our business.

In our business, we steadily operate fifteen (15) trucks, this includes company trucks and owner/operators. In 1990, these 15 trucks paid roughly \$14,000 in license fees and property taxes to Montana. They also bought 117,692 gallons of fuel here, with a total of \$23,538.40 in Montana fuel taxes. If the ton-mile tax was implemented, it would have cost us \$65,228.46 less the \$23,538.40 credited for fuel taxes paid, which totals \$41,690.06 in additional taxes for 1 year. Now, I trust that some of you are operate small businesses, would you be able to afford almost \$42,000 in additional taxes? I highly doubt it.

It seems as though everybody in this state wants a piece of the pie, the only problem is, there is a very few industries and people that are baking those pies in Montana, and frankly, there aren't enough of those people.

Thank-you for your time and consideration in this matter so important to the future of our great state.

PORT OF MONTANA

P.O. Box 3641 Butte, Montana - 59702 Phone: 406-723-4321 Fax: 406-782-8510

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE

My name is Bill Fogarty. I am the marketing and traffic manager for the Port of Montana at Butte and also am testifying on behalf of Jack Lynch, Chief Executive of Butte Silver Bow.

As you are all aware Transportation is a big concern to Montana's shippers and producers. The quality and the ability to keep our transportation rates market competitive is all important. Montana as you know, is a major producer and exporter of Bulk Commodities such as grain, forest products and minerals. Transportation composes a major segment of the delivered costs of our products. (E.g.. coal 45-70% grain 25-33%, and lumber 20%)

The additional fees that are being proposed for the trucking industry will have a disastrous negative effect on the ability of the trucking industry and the state's major businesses to remain competitive in the market place. It will also have a very negative impact on the Port of Montana. All the major commodities that move through the Port come either inbound truck and outbound rail or inbound rail and outbound truck. A majority of these trucks are those with 7 or 8 axles and weighing in the 105,000 lb plus category. Based on 100,000 miles annually for an 8 axle truck this bill will increase transportation cost by \$15,700. per year and even with the fuel tax credit the net increase will be \$11,700.

This amount cannot be absorbed by the trucking industry it will be passed on to the customers and shippers with the net effect being less jobs for Montana businesses, our products being less competitive price wise in the market place and fewer transportation options available.

Mr. Chairman, members of the committee the negative impacts of this bill far outweigh any positive effects it may have. I strongly urge you to kill this bill.

Montana House of Representatives
Taxation Committee - March 21, 1991
HB 985
Testimony in Opposition
Dick Irvin, Inc.
Mark A. Cole, Administrative Manager

Ladies and Gentlemen:

My name is Mark Cole. I am offering testimony in opposition to HB 985. I have been in the transportation business for the past 18 years. I am part owner and administrative manager of Dick Irvin, Inc., a Shelby based irregular route motor common carrier. DII was established in 1951 and operates throughout the U.S. and western Canada. In 1990, DII ran approximately 3.2 million miles in the State of Montana. Based on averages compiled by our A-Train or 7 axle units, DII averaged 3.956 gallons of diesel per mile for an estimated total usage of 379,170 gallons. At the current, .20 per gallon tax, the 1990 assessment before credits was an estimated 75,834. Our straight or 5 axle units ran approximately 1,760,000 of the 3.2 million and at 4.485 miles per gallon they consumed 392,419 gallons at an estimated tax of 78,484.00 for a total fleet tax before credits of 154,318.00. In comparison, under HB 985 this total would be 493,320.00 less the diesel tax of 154,318 for a total net increase of 339,002.00 or 220 percent. The DII fleet of 80 units consists of about 60 percent owner-operator, men and women who own and drive their own equipment and lease it to DII. If we calculate their increase on 110,000 miles per year at 4.00 miles per gallon with a seven axle unit, their increase will take anywhere from one third to one half of their net income. Ladies and gentlemen, this is grocery money, house payments and a new pair of levis.

After listening to the various testimony this morning, I am sure that statistics and numbers may seem only that, numbers on pieces of paper. However, let me assure you that these figures are more than mere numbers. They are a reflection of a taxation bill that would devastate the Montana transportation industry and its associates. This bill taxes more than just the commercial truck. This bill taxes the truck stop, restaurant, motel, repair shop, dealer, tire shop, grocery store. As can be verified with ton-mile states like Arizona or Oregon, truckers avoid these high cost states if at all possible. They go around. Canadian traffic will go through Eastport or Portal, and where feasible, U.S. carriers will drop south of Montana as soon as they can. Some may say "good", they can be on another state's highway, but do not try to convince the tire shop owner, the waitress, the mechanic, those who find themselves out of business or out of work.

Page 2

Dick Irvin, Inc.

Mark A. Cole

Ladies and Gentlemen, HB 985 would provide for the construction of few miles of highway. After considering the costs and the ramifications, I suppose one could surmise that this is really all we may need - just a few miles.

Thank you.



Mark A. Cole, Adm. Mgr.
Dick Irvin, Inc.

DICK IRVIN, INC.

COMPARISON
HB 985 to Current Diesel TaxHB 985

Train (7 axle)	1,500,000 miles @ .174 per mile	= 261,000.00 Tax
Straight (5 axle)	1,760,000 mi. @ .132 per mile	= 232,320.00 Tax
Total Ton-Mile Tax		<u>493,320.00</u>

CURRENT DIESEL TAX

Average Mile per Gallon

Train (7 axle)	105,500 GVW	3.956 mpg
Straight (5 axle)	80,000 GVW	4.485 mpg

Total Montana Miles and Gallons Used

Train	1,500,000 ÷ 3.956	= 379,179 gallons used
Straight	1,760,000 ÷ 4.485	= 392,419 gallons used

Current Diesel Tax Before Credits

379,179 gallons @ .20 per gallon	= 75,834.00 Tax
392,419 gallons @ .20 per gallon	= 78,484.00 Tax
Current Tax Total	<u>154,318.00</u>

HB 985 Total Ton-Mile Tax Proposed	\$493,320.00
Less Applied Diesel Tax Credit	<u>(154,318.00)</u>
NET TAX INCREASE	<u>\$339,002.00</u>



EXHIBIT 15
DATE 3-21-91
HB 985

HOME OFFICE
P.O. BOX 5328
MISSOULA, MONTANA 59806-5328
406 / 728-6121

TRUCKING INC.

IN STATE WATS 800-332-2714
OUT OF STATE 800-548-8895

TESTIMONY AGAINST HB 985

BY RAY KUNTZ - DIRECTOR OF OPERATIONS & SALES

Effect on Watkins & Shepard Trucking based on 1990 Numbers:

705856 gallons fuel x .20 (current tax) =	\$141171
3771030 miles in Montana x .132 (new tax) =	\$497776
Difference	\$356605

Effect on Montana:

1. Cripple Montana trucking industry.
2. Encourage Montana trucking companies to hire out of state drivers so we can keep our trucks out of Montana.
3. Thru traffic will be routed around Montana hurting highway revenue and truck stop sales.
4. Increase both inbound and outbound freight rates which would cripple Montana industry and raise consumer prices.

TERMINAL LOCATIONS

☐ 14811 Marquardt Avenue
Santa Fe Springs, CA 90670

☐ P.O. Box 5055
Helena, MT 59604-5055

☐ 4445 S. Valley View Blvd., #9
Las Vegas, NV 89103

☐ 12855 48th Ave. S., Suite 300
Seattle, WA 98168

OTTO CHRISTENSEN JR. TRUCKING, INC.
20 WEST PARK STREET
DILLON, MONTANA 59725

REPRESENTATIVE *Fred Thomas*

Please except and consider this letter as a protest against HOUSE BILL #985, sponsored by Rep. Bob Raney of Livingston.

Having been in the trucking industry for the last 30 years and knowing what we can and can't stand in taxes, we know that this type of legislation can put the trucking industry out of business.

The fuel tax has been raised several times by the States and the Federal Government, employers taxes, both unemployment and workers compensation have had to be compensated. During all of these raises in taxes the trucking industry has not received an increase in revenue for their services, just the opposite, the rates were decreased on most loads in 1987 and have not even come up to the scale of pay we were getting then. The grain rates are the same or lower than they were 20 years ago

However. the cost of equipment 20 years ago, has increased to almost 3 times what it was then, approximately \$30,000.00 for a truck and \$15,000.00 for a trailer. And now the cost of a truck is \$85,000.00 and a trailer at least \$30,000.00.

Everywhere else there is an increase for the trucking industry to pay and this added tax is definitely unacceptable. We therefore ask that you take all of these points into consideration before voting on the Bill #985. We humbly ask that this Bill #985 be defeated.

Sincerely,

Otto Christensen Jr.
Otto Christensen Jr.

EXHIBIT 17

DATE 3-21-91

HB 985

March 19, 1991

Knopp Trucking
Robert L. Knopp
P.O. Box 769
Dillon, Montana 59725

Representative Chuck Singsgood
Montana House of Representatives
Montana Capital Station
Helena, Montana 59601

Chuck Singsgood,

Would you please make it known that
Robert L. Knopp DBA Knopp Trucking is against
House Bill #985.

Thank you.

Robert L. Knopp
Knopp Trucking

Jana Knopp

TO: REP SEN Swysgood
DATE 3/20 TIME 12:11
EXHIBIT 18

YOU HAVE A PHONE MESSAGE FROM: 3-219

NAME Hugh Briggs HB 985

Briggs Tracking

ADDRESS 550 Skyline Dr.

Dillon

PHONE 683-5153

PLEASE RETURN CALL YES X NO

SB# FOR AGAINST

HB# 985 X

Bill would put ~~us~~ us out
of business

\$15,000 per yr. after
fuel deduct - 4 tax

Right

EXHIBIT 19
DATE 3-21-91
HB SB 279

1

Freedom From Red Tape

Your rights as a Nebraska taxpayer are fully supported and protected at the Nebraska Department of Revenue. Any needs or concerns you may have that are not being addressed to your satisfaction by the department will, at your request, be referred to the Taxpayer Rights Advocate, whose job is to help you.

2

Clearly Written Information About Your Rights and Responsibilities

Your rights and responsibilities will be made known through statements printed on forms and other information prepared by the department. We have tried to make them clear and easily understood by everyone.

3

Timely Educational and Informational Programs

We are committed to providing all taxpayers with clearly written instructions, information, and educational programs to help you better understand Nebraska's tax laws.

4

Due Process of Law

We will provide a fair, thorough, and prompt review and resolution of your tax matters within the department. Our written procedures will be followed for your protection. We will explain these procedures to you, along with your rights, in working to resolve your tax concerns and to fulfill your responsibilities in tax matters.

5

Rely on Written Advice From the Department

Any written advice to you by the department must be correct and reliable. Should any written advice by the department be wrong, where information given to the department by the taxpayer was accurate, timely, and complete, the Tax Commissioner will remove any penalty resulting from this advice.

6

Request to Pay Your Taxes in Installments

You may request to pay delinquent taxes by installments. Your particular financial condition and ability to pay will be taken into consideration for permitting this option.

7

Notice Before Collection

You will be informed in writing before any collection action is taken by the department.

8

A Fair Collection Process

Before any levy action is taken by the department, certain procedural steps will be taken to assure that the taxpayer is treated in a consistent, fair, and equitable manner. The taxpayer's financial condition will be taken into consideration.

9

Honest, Open, and Professional Treatment by Department Employees

Employees will be accountable for their services to you. Department contact with the public will be monitored and evaluated from your comments. The amount of tax collected or assessed will not be used to evaluate any employee.

10

Continual Review of the Tax Laws for Effectiveness and Fairness

The department will continually review the tax laws, regulations, rulings and policies for effectiveness and fairness to taxpayers. Problem areas will be identified and recommendations for corrective action will be made.

We are here to provide the best possible service to the taxpayer. The Taxpayer Bill of Rights has been developed to let you know what you can expect from us.

Preamble

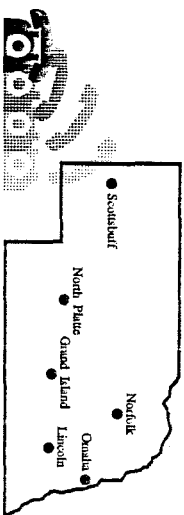
The Nebraska Department of Revenue's purpose is to apply the tax laws consistently and fairly to all taxpayers so that each taxpayer pays the correct amount of tax, no less and no more.

Nebraska taxpayers enjoy certain rights connected with their responsibility to pay state taxes. These rights are not new. They embody the fundamental principles that underlie our tax system and are based on fairness, uniform application, and notice. Some rights are very specific in detail such as when, where, and how certain notices are given. Other rights are general in nature such as the right to ask for and receive assistance in filling out forms.

The Nebraska Taxpayer Bill of Rights brings all these rights together in one concise document. The goal in documenting these rights is to enhance taxpayer confidence in and knowledge of our state tax laws. The taxpayer is entitled to a clear set of rules and procedures to resolve problems that arise from the interpretation and administration of the tax laws.

The Taxpayer Bill of Rights is a pledge that the tax laws will be administered with fairness, uniformity, and courtesy. We at the Nebraska Department of Revenue are dedicated to that pledge.

For Nebraska Taxpayer Assistance



In Nebraska, Dial Toll Free Your Long Distance Access Number and 800-742-7474 If you are located outside Nebraska, you must call 402-471-5729

Or Contact
Your Regional Office

SCOTTSBLUFF

Panhandle State Office Complex
4500 Avenue I, Box 1500
Scottsbluff, Nebraska 69361
Telephone (308) 632-1200

NORFOLK

Suite 301, Bank of Norfolk Bldg.
100 North 13th Street
Norfolk, Nebraska 68701
Telephone (402) 371-1620

NORTH PLATTE

Craft State Office Bldg.
200 South Silber Street
North Platte, Nebraska 69101
Telephone (308) 535-8250

OMAHA

Nebraska State Office Bldg.
1313 Farnam-on-the-Mall
Omaha, Nebraska 68102
Telephone (402) 595-2065

GRAND ISLAND

Suite 460, First Federal Bldg.
1811 West Second Street
Grand Island, Nebraska 68803
Telephone (308) 381-5725

LINCOLN

Nebraska State Office Bldg.
301 Centennial Mall South
Lincoln, Nebraska 68509
Telephone (402) 471-5729

Your

Rights

Our
Pledge
to You!



*The Nebraska Taxpayer Bill of Rights
applies to tax programs administered by the
Nebraska Department of Revenue.*

The complete text of the Taxpayer Bill of Rights can be obtained by contacting your regional office.

301 Centennial Mall South
P.O. Box 94818, Lincoln, NE 68509-4818

TAXPAYER BILL OF RIGHTS

SB 279

EXHIBIT 20

DATE 3-21-91

HB SB279

* This bill will guarantee to taxpayers certain rights in dealing with the Department of Revenue.

* In most cases the rights are already provided by statute, rule or policy.

* This statute collects those rights in one spot and defines them.

* If taxpayers believe they are being treated fairly, they will be more willing to pay their fair share.

* The bill requires the Department to have an office of taxpayer assistance.

* In addition to providing specific information to taxpayers, the taxpayer assistant will monitor complaints and the Department's treatment of taxpayers.

* The following rights are specifically provided for:

- * record an interview
- * hire a representative
- * obtain advice from the department
- * if appropriate, pay delinquent taxes in installments
- * receive complete information concerning audits
- * review of audit by management level employees
- * full explanation of appeal rights
- * appeals to STAB or the courts
- * explanation of collection procedures
- * exemption of certain property from levy
- * timely release of any liens
- * assistance from Department
- * no employee will be promoted based on assessments or collections

EXHIBIT 21
DATE 3-21-91
HB 947

Amendments to House Bill No. 947
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
March 21, 1991

1. Page 1, line 10.
Following: "taxes and"
Insert: "special"

Amendments to House Bill No. 518
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
March 11, 1991

1. Page 2, line 20.

Strike: "substantially as follows"

Insert: "with at least the following information"

2. Page 3, line 5.

Strike: "based upon"

Insert: "after considering"

AMBIT 23
DATE 3-21-91
HB 693

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/21 BILL NO. HB 1093 NUMBER _____

MOTION: _____

Rearns H L

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT	✓	
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN		✓
REP. JIM MADISON	✓	
REP. ED MCCAFFREE	✓	
REP. BEA MCCARTHY	✓	
REP. TOM NELSON		✓
REP. MARK O'KEEFE	✓	
REP. BOB RANEY	✓	
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG		✓
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

12 9

Amendments to House Bill No. 693
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
March 21, 1991

1. Page 4, line 12.
Strike: "lifetime"
Insert: "annual"

2. Page 5, line 24.
Following: "36"
Insert: "consecutive"
Following: "months."
Insert: "A tax credit may not be granted to an employer or its
sucessor within 10 years of the last consecutive credit
claimed."

EXHIBIT 25
DATE 3-21-91
HB 822

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/21 BILL NO. 822 NUMBER

MOTION: D.P.

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT		
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN		✓
REP. JIM MADISON	✓	
REP. ED MCCAFFREE		✓
REP. BEA MCCARTHY	✓	
REP. TOM NELSON		✓
REP. MARK O'KEEFE	✓	
REP. BOB RANEY	✓	
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS	✓	
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

12 : 8

Amendments to House Bill No. 793
First Reading Copy

Requested by Representative M. Hanson
For the Committee on Taxation

Prepared by Greg Petesch
March 20, 1991

1. Page 3, line 2.
Strike: "transfer"
Insert: "reallocate"

2. Page 3, lines 8 through 19.
Strike: subsections (a) through (d) in their entirety
Insert: "(a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within the county in the same proportion that all other property tax proceeds were distributed in the county in fiscal year 1990.

(b) If the allocation in subsection (5)(a) exceeds the total budget for a taxing unit, the commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

(6) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds taxes distributed to the district by the county treasurer under the following conditions:

(a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year 1990.

(b) If the allocation under subsection (6)(a) exceeds the total budget for a fund, the trustees may allocate the excess to any budgeted fund of the school district."

3. Page 6, line 23.
Strike: "transfer"
Insert: "reallocate"

4. Page 7, lines 4 through 16.
Strike: subsections (a) through (d) in their entirety
Insert: "(a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within the county in the same proportion that all other property tax proceeds were distributed in the county in fiscal year 1990.

(b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

(7) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds taxes distributed to the district by the county treasurer under the following conditions:

(a) The district shall first allocate the coal gross

proceeds taxes to the budgeted funds of the district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year 1990.

(b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may allocate the excess to any budgeted fund of the school district."

Amendments to House Bill No. 868
First Reading Copy

Requested by Rep. Steppler
For the Committee on Taxation

Prepared by Jeff Martin
March 5, 1991

1. Page 1, line 25.
Following: "coal"
Insert: "for each mine"
2. Page 2, line 1.
Following: the second "for"
Insert: "each mine in"
3. Page 5, lines 8 through 10.
Strike: "excess" on line 8 through "15-23-703(6)(a)"
Insert: "coal gross proceeds redistribution account established in [section 4]"
4. Page 5, line 15.
Following: "collected"
Insert: "by each county"
5. Page 5, line 16.
Following: "15-23-703(4)"
Insert: "for that county"
6. Page 5, line 18.
Following: "difference"
Insert: "from the state special revenue account established in [section 4]"
7. Page 5, line 20.
Strike: "Any"
Insert: "If the"
Strike: "by which the total amount"
8. Page 6, line 2.
Strike: "amount"
Insert: "amounts of each taxing unit"
9. Page 6, line lines 2 and 3.
Strike: "distribution" on line 2 through "county" on line 3
Insert: "shortage amounts of all taxing units"
10. Page 6, line 4.
Following: the first "percentage"
Insert: "for each taxing unit"
Following: the second "percentage"
Insert: "for each taxing unit"
11. Page 6, line 11.

Following: "amount"

Insert: "each taxing unit in"

12. Page 6, line 14.

Strike: "subsections (2) and (3)"

Insert: "subsection (3)(b)"

13. Page 6.

Following: line 15

Insert: "NEW SECTION. Section 4. Coal gross proceeds redistribution account. (1) There is within the state special revenue fund a coal gross proceeds redistribution account.

(2) All money received from county treasurers as provided in 15-23-703(6)(a) must be deposited by the department into the coal gross proceeds redistribution account for redistribution as provided in [section 3]."

Renumber: subsequent sections

14. Page 8, lines 9 and 12.

Following: "1"

Insert: ", 3,"

Strike: "3"

Insert: "4"

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 904
 DATE 3/21 SPONSOR(S) Rep. Kasten

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
<i>Rep. Kasten</i>	<i>HB #28</i>	<i>904</i>		<i>X</i>

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

DATE 3/21 Taxation COMMITTEE BILL NO. SB 288
SPONSOR(S) Sen Williams

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Adrian C. Howe	DHES	288		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

1 of 2

Taxation COMMITTEE BILL NO. HB 986
 DATE 3/21 SPONSOR(S) Rep. Gilbert

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
JOEL FENGER	MONTANA Aeronautics Board			X
DAVID GATZ	AVIATION ORGANIZATIONS ONLY			X
John Dove	Montana Pilot's Association			X
Jerry Magala	Experimental Aircraft Assn			X
RON Mercer	MONT. AIRPORT MANAGERS			X
LARRY STANLEY	DELTA AIR LINES		X	
Alan Hobbs	Montana Refining Co		X	
Mark Richer	Corporate Air		X	
KEVIN GRENIER	MATA			X
Russ Pankay	MONTANA AVIATION BOARD, MINUTEMAN AVIATION, INC.		X	
Dwight Holman	Holman Aviation		X	
ROBBIE HOLMAN	HOLMAN AVIATION		✓	
MIKE DUSTERHOFF	MONTANA REFINING		✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 986
DATE 3/21 SPONSOR(S) Rep. Gilmer

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
<i>W. L. Holman</i>	<i>Holman</i>		X	
<i>Karen Mills-Alston</i>	<i>Air Transport Assoc</i>		X	
<i>Stuart Duggott</i>	<i>MT Aviation Coalition</i>		X	
<i>Kay Foster</i>	<i>Billings Chamber</i>		X	
<i>Bill Ayer</i>	<i>Horizon Air</i>		X	
<i>Phil Perrini</i>	<i>M-H/CSSA INC</i>			X
<i>Marilyn Lewis</i>	<i>MT. Flying Farmers</i>			X
<i>Tom Hopgood</i>	<i>Air Transport Assoc. Northwest Airlines</i>	<i>986</i>	✓	
<i>Howard W Gipe</i>	<i>MACO</i>	<i>986</i>		✓
<i>Sig Ueber</i>	<i>MIATA</i>	<i>"</i>		X
<i>Bar. E. Jones</i>	<i>Industrial Transp</i>	<i>985</i>		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

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VISITOR'S REGISTER

DATE Taxman 3/21 COMMITTEE Rep. Roney BILL NO. HB 985

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Duane Larson	A & A Transport	985	✓	
Jon Lergis	Mergenthaler Transfer	985	✓	
Ray Kuntz	Watkins Shapers Trucking	985	✓	
Chuck Hahn	Hahn Ranch Trucking	985	✓	
BART Cooper	B.L. Cooper Inc	985	✓	
Jan Cooper	B.L. Cooper Inc	985	✓	
Joann Cowger	Cowger Trucking	985	✓	
Howard Dixon	DIXON - Dixon Logging	985	✓	
Bill Cowger	COWGER LOGGING	985	✓	
Ray Foster	Breen			
Richard Hargrove	Hargrove Trucking	985	X	
KONNIE BYHER	BYHER LOGGING	985	✓	
Olle Neergaard	MT Solid Waste Cont	985	X	

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Mark Raper

Kipan logging

985 X

Industrial Transfer

985 X

HOUSE OF REPRESENTATIVES

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VISITOR'S REGISTER

Taxman COMMITTEE BILL NO. HB 985
 DATE 3/21 SPONSOR(S) Rep. Roney

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
<i>Hugh Briggs</i> <i>Dillon, Montana</i>	<i>Briggs Trucking</i>		✓	
<i>Jim Blue</i> <i>Darby mt</i>	<i>Jim Blue trucking</i>		✓	
<i>Rebecca A. Propp</i> <i>Propp Lusk Borden</i>	<i>Propp Livestock</i>		✓	
<i>Red Propp Worden MT</i>	<i>Propp Livestock</i>		✓	
<i>Susan Brooke</i>	<i>Stockgrowers</i> <i>Woodgrowers</i>	<i>985</i>	✓	
<i>GARY GILMORE</i>	<i>MONT DEPT OF HWYS</i>		✓	
<i>Rogert Iyon</i>	<i>Mt. Beer & Wine</i> <i>Wholesalers</i>		✓	
<i>Kay Norenberg</i>	<i>WIFE</i>		✓	
<i>Marvin Barber</i>	<i>A P A</i>	<i>985</i>	X	✓
<i>Lloyd Sullivan</i>	<i>Tri-Bell BLS</i>	<i>985</i>	X	
<i>Warren Swanke</i>	<i>_____</i>		X	
<i>Bob Stephen</i>	<i>Mt. Grain Growers</i>	<i>985</i>	X	
<i>Levy Christensen</i>	<i>Murville, Mont</i>	<i>985</i>	X	

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HOUSE OF REPRESENTATIVES

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VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB985
 DATE 3/21 SPONSOR(S) Rep. Conny

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Chester Bullock	M.T.A Tavern		✓	
Roselee Bullock	To: County Tavern.		✓	
Lorna Frank	Mt. Farm Bureau		X	
Mike Molitor	M.S. Molitor Trucking		✓	
Ernest R Forrey	Forrey Trucking		✓	
Ben Howden	MT Motor Carriers		✓	
Bill Fogarty	Baite / Silver Bow		✓	
Bill Biggers	Biggers Transport		✓	
J.E. Williams	J.E. Williams Trucking Inc.		✓	
B.D. Eastlick	B.D. Eastlick Inc		✓	
DEBRA WILL	KELLER TRANSPORT		✓	
MARK Cole	Dick Smith Inc		✓	
HAROLD ANKUM	Keller transport Inc		✓	

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxman COMMITTEE BILL NO. HB 947
 DATE 3/21 SPONSOR(S) Rep. McCaffrey

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

DATE Taxation 3/21 COMMITTEE SB 279
SPONSOR(S) Sen Brown

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Tom Hopgood	M-I. Assoc. Realtors	SB 279		✓
Dave Woodgerd	Dept. of Revenue	SB 279		✓
Tom Harmon	Mt. Soc. of CPAs	279		✓
James Twitler Com	MT Chamber	279		✓
Mark Russell	MT Soc. of CPAs	279		✓

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