

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB GILBERT**, on January 15, 1993, at
9:00 a.m.

ROLL CALL

Members Present:

Rep. Bob Gilbert, Chair (R)
Rep. Mike Foster, Vice Chair (R)
Rep. Dan Harrington, Minority Vice Chair (D)
Rep. Shiell Anderson (R)
Rep. Ed Dolezal (D)
Rep. Jerry Driscoll (D)
Rep. Jim Elliott (D)
Rep. Gary Feland (R)
Rep. Marian Hanson (R)
Rep. Hal Harper (D)
Rep. Chase Hibbard (R)
Rep. Ed McCaffree (D)
Rep. Tom Nelson (R)
Rep. Scott Orr (R)
Rep. Bob Raney (D)
Rep. Rolph Tunby (R)

Members Excused: Rep. Bohlinger
Rep. Ream
Rep. McCarthy

Members Absent: Rep. Keller

Staff Present: Lee Heiman, Legislative Council
Jill Rohyans, Committee Secretary

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

Committee Business Summary:

Hearing: HB 149
Executive Action: HB 149 Do Pass

HEARING ON HOUSE BILL 149

Opening Statement by Sponsor:

REP. DON LARSON, Dist. 65, sponsor, said this bill authorizes the Department of Transportation to sign fuel tax agreements with other states, countries, and the federal government which would allow the state to collect its share of fuel taxes. The bill offers the potential for collection of millions of dollars in lost fuel taxes.

Proponents' Testimony:

Bill Salisbury, Administrator, Administration Division, Montana Department of Transportation, presented his testimony in support of the bill (Exhibit #1).

Deanne Sandholm, Assistant Attorney General, expressed support for the bill saying the cross boundary agreements would diffuse jurisdictional problems in prosecution cases arising from attempts to collect fuel taxes.

Opponents' Testimony: There were no opponents.

Questions From Committee Members and Responses:

REP. FOSTER asked what the potential collections might be if such agreements were enacted.

Mr. Salisbury replied the total is impossible to predict; however, in just one pending case, it could be well over \$200,000. He said collections could run anywhere from \$1 million to \$10 million.

REP. FELAND asked if collecting the tax at the refinery would solve the problem.

Mr. Salisbury said the movement nationally is to collect at the refinery. Montana is looking into that method of collection. Distribution of the taxes to the right places from the refinery still remains a problem.

REP. FELAND said there is a lot of fuel coming into Montana from Canada. He asked if it is possible to track it.

Mr. Salisbury said there is only one check station in Great Falls at present. Millions of gallons are unaccounted for in distribution and sales, particularly in diesel fuels. He said it is possible to ascertain what is coming into the state, but they do not know where it is going.

REP. HIBBARD asked where taxes are currently collected.

Mr. Salisbury said they are collected at the distributor for gasoline, and special fuels and diesel is at the user. The user reports to the Department how much fuel they use on the highway. The import/export problem is what makes the total fuel level so undetectable.

REP. TUNBY asked if what is happening right now could be called "bootlegging".

Mr. Salisbury replied it is legal bootlegging.

REP. FOSTER asked how much time it would take for the agreements to take effect and begin working.

Mr. Salisbury replied they could be operational within 30 days as at least three agreements have already been drafted.

Closing by Sponsor:

REP. LARSON closed saying this is a very large problem with the potential for a great deal of income to the state. This bill would tighten the collection procedure and help dry up the "bootlegging" problem.

EXECUTIVE ACTION ON HOUSE BILL 149

Motion: REP. HARRINGTON moved HB 149 Do Pass.

Vote: The motion CARRIED unanimously.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:30 a.m.



REP. BOB GILBERT, Chair



JILL ROHYANS, Secretary

BG/jdr

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL

DATE

1/15/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	✓		
REP. FOSTER	✓		
REP. HARRINGTON	✓		
REP. ANDERSON	✓		
REP. BOHLINGER			✓
REP. DOLEZAL	✓		
REP. DRISCOLL	✓		
REP. ELLIOTT	✓		
REP. FELAND	✓		
REP. HANSON	✓		
REP. HARPER	✓		
REP. HIBBARD	✓		
REP. KELLER		✓	
REP. McCaffree	✓		
REP. MCCARTHY			✓
REP. NELSON	✓		
REP. ORR	✓		
REP. RANEY	✓		
REP. REAM			✓
REP. TUNBY	✓		

HOUSE STANDING COMMITTEE REPORT

January 15, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 149 (first reading copy -- white) do pass.

Signed: Bob Gilbert
Bob Gilbert, Chair

EXHIBIT 1
DATE 1/15/93
HB 149

Date: January 15, 1993

HOUSE BILL 149

SUBMITTED BY: WILLIAM SALISBURY, ADMINISTRATOR
ADMINISTRATION DIVISION
MONTANA DEPARTMENT OF TRANSPORTATION

"AN ACT AUTHORIZING THE DEPARTMENT OF TRANSPORTATION TO ENTER INTO AGREEMENTS WITH OTHER GOVERNMENTS RELATING TO THE TAXATION OF CERTAIN FUELS AND LIMITING THE POWERS THE DEPARTMENT MAY DELEGATE IN THE AGREEMENT".

Allows Montana Department of Transportation to sign fuel tax agreements and/or compacts with other States, the Federal Government and foreign countries to aid in fuel tax collection. Effective upon passage and approval.

The Montana Department of Transportation appears before this committee to offer our support for House Bill 149.

It's currently possible to import and sell any amount of fuel into Montana without paying any tax to the State, because Montana has no written agreements or compacts with neighboring states, the Federal government, or other countries such as Canada concerning the importing or exporting of fuels. Agreements and compacts would provide the necessary resources to discourage sales of imported and exported, non-taxed, on-highway fuels. House Bill 149 allows Montana Department of Transportation to sign fuel tax agreements and/or compacts with other states, the Federal Government, and other countries such as Canada to aid in the collection of fuel taxes. The department currently has agreements with other states and Canada concerning the collection of diesel taxes through the International Fuel Tax Agreement (IFTA) and the International Registration Plan (IRP).

The Montana Department of Transportation urges this committee to give this proposal a do-pass recommendation.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

House Taxation COMMITTEE BILL NO. HB 149
DATE 1/15/93 SPONSOR(S) Rep. Larson

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Bill Salisbury	MT Dept of Trans	✓	
Cindy Anders	MT Dept of Trans	✓	
Heavne Sandholm	Attorney General	✓	

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