

MINUTES

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

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB GILBERT** on April 14, 1993, at
8:00 a.m.

ROLL CALL

Members Present:

Rep. Bob Gilbert, Chairman (R)
Rep. Mike Foster, Vice Chairman (R)
Rep. Dan Harrington, Minority Vice Chairman (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. Vern Keller (R)
Rep. Ed McCaffree (D)
Rep. Bea McCarthy (D)
Rep. Tom Nelson (R)
Rep. Scott Orr (R)
Rep. Bob Raney (D)
Rep. Bob Ream (D)
Rep. Rolph Tunby (R)

Members Excused: Rep. Bohlinger
Rep. Hibbard

Members Absent: None

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: No bills were heard.
Executive Action: HJR 30 Do Pass
SB 431 Take Off Table
SB 436 Be Not Concurred In

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION 30

Motion/Vote: REP. REAM MOVED HJR 30 DO PASS. Motion carried.

EXECUTIVE ACTION ON SENATE BILL 431

Motion: REP. HARPER MOVED TO RECONSIDER THE TABLING ACTION ON SB 431 REVISING THE TAXATION OF PROPANE AND COMPRESSED NATURAL GAS.

Discussion: REP. HARPER felt the bill should be debated in light of other bills that have passed regarding alternative fuels.

CHAIRMAN GILBERT said the problem with the bill is it would require every propane dealer in the state to become a licensed fuel dealer which they do not want to do.

REP. FELAND said the sponsor, **SEN. AKLESTAD**, did not understand the objection to the bill. There would be less paper work. Also, the tax on compressed natural gas has been repealed. The bill would help the bulk dealers near the Canadian border collect the taxes from the Canadians who are taking advantage of current law by buying propane in Montana.

CHAIRMAN GILBERT asked if it was realistic to solve the problem of a few Canadians buying propane by requiring taxing propane by the gallon and requiring every dealer in the state to comply with a process that is more trouble than it is worth.

Bill Salisbury, Administrator, Administration Division, Department of Transportation, said compressed natural gas (CNG) is an alternative fuel and was lumped with diesel fuel for tax purposes. There was a massive rewrite of the diesel codes and CNG was removed and added to the section of law relating to liquified petroleum gas (LPG), another alternative fuel. He said this is not a Department of Transportation bill. The dealers asked for the bill and worked with the Department to draft it. He submitted written testimony regarding SB 431. **EXHIBIT 1**

REP. FOSTER said this has been proposed in previous sessions and it was always unworkable. He did not think this bill would work any better and stated his opposition to the bill.

CHAIRMAN GILBERT, referring to **EXHIBIT 1** said it appears to him that because some "out-of-staters" do not want to purchase a permit the dealers are going to be saddled with a gallonage tax. He said trucks must buy the permits and so should the motorhomes.

Mr. Salisbury replied the current enforcer is the dealer. Motorhomes are under 12,000 pounds and do not have to stop at weigh stations. This is not a large dollar issue. The Department of Transportation is not involved in license enforcement. The dealers, themselves, asked for the tax as it gives them a method of collecting and removes them from the enforcement role.

REP. ELLIOTT said this is an innocuous bill and the Committee should support it.

REP. ORR said he has propane vehicles that must stop at weigh stations. He said most people do buy the permit, but very few use propane and an even smaller number of them do not buy the permit. He did not think the small amount of tax that would be collected is worth all the procedural changes required. He said there are not that many places in the state to purchase propane and he further noted propane users are helping the clean air.

Vote: Motion to reconsider action on SB 431 carried on a roll call vote.

EXECUTIVE ACTION ON SENATE BILL 436

Motion: **REP. FOSTER** MOVED TO RECONSIDER THE TABLING ACTION ON THE REALTY TRANSFER TAX BILL, SB 436.

Discussion: **REP. FOSTER** said the Senate is already spending money based on passage of this bill. He said the only way to send a clear message to the Senate that they should not be spending the money is to send it to the floor with an adverse committee report.

REP. HARRINGTON said in the spirit of cooperation he hoped the committee would not pass the motion. He said there are those who feel the bill is an important part of the solution to the financial problems facing this session.

REP. HARPER asked if the intent of the motion was to get the bill out on the floor and kill it so that the Senate cannot do anything with it.

CHAIRMAN GILBERT said that was correct.

REP. ELLIOTT said that both he and **REP. REAM** had several conversations with representatives of the Governor's Office and the administration in which they expressed a great deal of interest in the realty transfer tax. It is important to leave as many options open as possible as the end of the session approaches and things begin happening very fast.

Vote: Motion to reconsider tabling HB 436 carried on a roll call vote.

Motion: REP. FOSTER MOVED SB 436 BE NOT CONCURRED IN.

Discussion: REP. HARPER said the question is whether the legislature is going to authorize a \$40 million local property tax increase or is it going to find another way to help Montana with its needs such as taxing movie stars who are buying up Montana land. The Senate passed this bill as a method of holding off approximately \$30 to \$40 million in property tax increases that the House of Representatives, by its actions, has forced on the taxpayers of the state. He asked if there are any other options for holding off the property tax increases.

CHAIRMAN GILBERT said property taxpayers will have a choice, by ballot, whether they want those tax increases. The House is not mandating a property tax increase.

REP. HARPER said it depends on what happens to the school equalization bill.

CHAIRMAN GILBERT said it does, to an extent, but no one knows how that will turn out and some action needs to be taken. He pointed out that those funds are split between permissive and voted levies.

REP. HARRINGTON said it is too bad if the death of the sales tax in yesterday's floor action resulted in this action. This flies in the face of cooperation and puts even more obstacles in the road to a timely adjournment of the session.

CHAIRMAN GILBERT said he sees the realty transfer tax as a 1% sales tax on property of every individual in Montana, not just on the rich out-of-staters. It is apparent from the vote on the sales tax that most Democrats and some Republicans do not favor a sales tax. He sees this action as just one more way to eliminate another sales tax.

REP. HARRINGTON said REP. HARPER has made the point that there is a move afoot to change equalization funding by \$30 to \$40 million. That money will have to be made up somewhere and this bill is the last chance to find it. Failing this, local property taxes will be raised, which flies in the face of what the legislature came here to do. He said it would be a big mistake to kill the bill.

CHAIRMAN GILBERT said the resolution passed at the beginning of the session mandated cuts of \$99 million and increases of \$99 million. He said that has been accomplished. SB 436 would raise far in excess of the \$99 million which is another reason the bill is not needed as part of the package.

Vote: Motion carried on a roll call vote.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:15 a.m.

Mike Foster (Vice-Chair)

BOB GILBERT, CHAIRMAN

Jill Rohyans

JILL ROHYANS, Secretary

BG/jdr

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 9/14/93 BILL NO. 17B 431 NUMBER _____

MOTION: by Rep. Hanson to reconsider
action on HB 431

NAME	AYE	NO
REP. FOSTER		✓
REP. HARRINGTON	✓	
REP. ANDERSON		✓
REP. BOHLINGER	✓	
REP. DOLEZAL	✓	
REP. DRISCOLL	✓	
REP. ELLIOTT	✓	
REP. EELAND		✓
REP. HANSON	✓	
REP. HARPER		
REP. HIBBARD		✓
REP. KELLER	✓	
REP. McCAFFREE	✓	
REP. McCARTHY	✓	
REP. NELSON		✓
REP. ORR	✓	
REP. RANEY	✓	
REP. REAM	✓	
REP. TUNBY		✓
REP. GILBERT		

HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL VOTE

DATE 4/14/93 BILL NO. SB 436 NUMBER _____

MOTION: by Rep. Foster to reconsider
taking action on SB 436

NAME	AYE	NO
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	✓	
REP. GILBERT	✓	

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/14/43 BILL NO. SB 436 NUMBER _____

MOTION: Rep. Foster moved SB 436
no net pass

NAME	AYE	NO
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	✓	
REP. GILBERT	✓	

HOUSE STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on Taxation report that House Joint Resolution 30 (first reading copy -- white) do pass .

Signed: Bob Gilbert
Bob Gilbert, Chair

Committee Vote:
Yes , No .

320851SC.Hss

HOUSE STANDING COMMITTEE REPORT

April 14, 1993

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Mr. Speaker: We, the committee on Taxation report that Senate

Signed: Bob Gilbert
Bob Gilbert, Chair

Bill 436 (third reading copy -- blue) be not concurred in

Committee Vote:
Yes , No .

820853SC.Hss

DEPARTMENT OF TRANSPORTATION

SENATE BILL 431

REVISING THE TAXATION OF LPG AND CNG

1. Allows LPG users the option of purchasing a yearly license tax fee or paying the tax at the time of purchase.
2. Requires all retail LPG dealers to collect LPG tax from non-permitted vehicles.
3. Provides a tax procedure for CNG as currently provided. HB 539 repealed 15-70-322 MCA that currently taxes CNG. HB 539 has passed both the House and the Senate.

CURRENT TAX

1. LPG users purchase an annual license tax fee based on the weight of the vehicle. The LPG dealer is required to submit quarterly to the Department a report on LPG delivered into motor vehicles.
2. CNG dealers currently collect 7 cents per 120 cubic feet at the time of delivery into the supply tanks of motor vehicles. CNG dealers remit \$2,500.00 per year in tax under 15-70-322 MCA. 15-70-322 MCA was repealed in HB 539.

CURRENT PROBLEMS

1. LPG users are frequently unable to present their user certificate because they have forgotten or misplaced it, or they may have simply not purchased one. In any case, the retail agent is only required to document the sale by either the certificate number or the customer name. Section 15-71-101, MCA, does not allow for enforcement of the certificate requirement and the retail agent is not required to refuse the sale of fuel if the customer does not have a certificate number.
2. Out-of-state LPG users are reluctant to pay the \$20.00 trip permit for what may be a one-time fuel-up and, if they're able, proceed out-of-state to purchase fuel. The result is an income loss to Montana businesses.