

HOUSE BILL NO. 290

INTRODUCED BY SEIFERT, DEVLIN, STOBIE, SCHULTZ, MARKS,
WILLIAMS, SHONTZ, HARP, IVERSON, D. BROWN,
KEATING, C. SMITH, GOODOVER

IN THE HOUSE

January 18, 1983	Introduced and referred to Committee on Business and Industry.
February 10, 1983	Committee recommend bill do pass as amended. Report adopted.
February 11, 1983	Bill printed and placed on members' desks.
February 12, 1983	Second reading, do pass.
February 14, 1983	Considered correctly engrossed.
February 15, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 16, 1983	Introduced and referred to Committee on Business and Industry.
March 19, 1983	Committee recommend bill be not concurred in. Report adopted. Ayes, 47; Noes, 1.

IN THE HOUSE

March 19, 1983	Returned to House.
March 22, 1983	On motion, request of Senate granted for return of H. B. No. 290 for further consideration.

IN THE SENATE

March 23, 1983	Second reading, concurred in as amended.
March 25, 1983	Third reading, concurred in. Ayes, 48; Noes, 0.

IN THE HOUSE

March 25, 1983	Returned to House with amendments.
March 30, 1983	Second reading, amendments concurred in.
March 31, 1983	Third reading, amendments concurred in.
	Sent to enrolling.
	Reported correctly enrolled.

(6) "Distributor" means:

(a) any person who engages in the business in this state of producing, refining, manufacturing, or compounding gasoline for sale, use, or distribution;

(b) any person who imports gasoline for sale, use, or distribution;

~~(c) any person who engages in the wholesale distribution of gasoline in this state;~~

~~(c)(d) any dealer licensed as of January 1, 1969, except a dealer at an established airport.~~

(7) "Gasohol" means all products commonly or commercially known or sold as gasohol, produced and sold in Montana for the purpose of effectively and efficiently operating internal combustion engines, consisting of not less than 10% anhydrous ethanol produced in Montana from Montana agricultural products.

(8) "Gasoline" includes all products commonly or commercially known or sold as gasolines, including casinghead gasoline, natural gasoline, aviation gasoline, and all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. Gasoline does not include special fuels as defined in 15-70-301(6).

(9) "Import" shall include and mean to receive into

any person's possession or custody first after its arrival and coming to rest at destination within the state of any gasoline shipped or transported into this state from point of origin without this state other than in the fuel supply tank of a motor vehicle.

(10) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this state in whole or in part by the combustion of gasoline.

(11) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

(12) "Use" shall include and mean the operation of motor vehicles upon the public roads or highways of the state or of any political subdivision thereof."

~~NEW SECTION.~~ Section 2. Effective date. This act is effective July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 371-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 11, 19 83, there is hereby submitted a Fiscal Note for House Bill 290, Amended, pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 290, Amended, includes wholesale petroleum distributors under the definition of "distributors" in the basic gasoline license tax law; amends Sections 15-70-201 and 15-70-202; provides for an annual license fee; and provides an effective date.

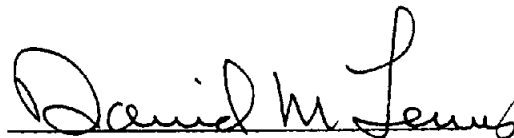
ASSUMPTIONS:

- 1) No impact on gasoline license tax revenues.
- 2) 200 gasoline distributors during the biennium.
- 3) License fee - \$200 annually.
- 4) Additional administrative costs - \$61,000 each year.
- 5) Only the impact of the proposed legislation is analyzed.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
<u>REVENUE:</u>		
Gasoline Distributor Fee		
Under Current Law	\$ --	\$ --
Under Proposed Law	40,000	40,000
Increased	<u>\$ 40,000</u>	<u>\$ 40,000</u>
<u>TOTAL EXPENDITURES:</u>		
Under Current Law	\$ --	\$ --
Under Proposed Law	61,000	61,000
Increased	<u>\$ 61,000</u>	<u>\$ 61,000</u>
<u>NET EFFECT</u>		
Under Current Law	\$ --	\$ --
Under Proposed Law	<u>\$(21,000)</u>	<u>\$(21,000)</u>
Decrease to Earmarked Revenue Account	<u>\$(21,000)</u>	<u>\$(21,000)</u>

FISCAL NOTE 13:0/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-15-83

Approved by Committee
on Business and Industry

HOUSE BILL NO. 290

INTRODUCED BY SEIFERT, DEVLIN, STOBIE, SCHULTZ, MARKS,

WILLIAMS, SHONTZ, HARP, IVERSON, D. BROWN,

KEATING, C. SMITH, GOODOVER

A BILL FOR AN ACT ENTITLED: "AN ACT INCLUDING WHOLESALE
PETROLEUM DISTRIBUTORS UNDER THE DEFINITION OF
"DISTRIBUTORS" IN THE BASIC GASOLINE LICENSE TAX LAW;
~~PROVIDING FOR AN ANNUAL LICENSE FEE;~~ AMENDING ~~SECTION~~
SECTIONS 15-70-201 AND 15-70-202, MCA; AND PROVIDING AN
EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-201, MCA, is amended to read:

"15-70-201. Definitions. As used in this part, unless
the context requires otherwise, the following definitions
apply:

(1) "Agricultural use" means use of gasoline by a
person whose major endeavor and primary source of earned
income is from the business of farming or ranching.

(2) "Aviation dealer" means any person in this state
engaged in the business of selling aviation gasoline, either
from a wholesale or retail outlet, on which the license tax
has been paid to a licensed distributor as herein provided
for.

(3) "Aviation gasoline" means gasoline or any other
liquid fuel by whatsoever name such liquid fuel may be known
or sold, compounded for use in and sold for use in aircraft,
including but not limited to any and all such gasoline or
liquid fuel meeting or exceeding the minimum specifications
prescribed by the United States for use by its military
forces in aircraft.

(4) "Bulk delivery" means placing gasoline in storage
or containers. The term does not mean gasoline delivered
into the supply tank of a motor vehicle.

(5) (a) Gasoline refined, produced, manufactured, or
compounded in this state and placed in tanks thereat or
gasoline transferred from a refinery or pipeline terminal in
this state and placed in tanks thereat or gasoline imported
into this state and placed in storage at refineries or
pipeline terminals shall be deemed to be "distributed", for
the purpose of this part, at the time the gasoline is
withdrawn from such tanks, refinery, or terminal storage for
sale or use in this state or for the transportation to
destinations in this state other than by pipeline to another
refinery or pipeline terminal in this state. When withdrawn
from such tanks, refinery, or terminal, such gasoline may be
distributed only by a person who is the holder of a valid
distributor's license.

(b) Gasoline imported into this state, other than that

gasoline placed in storage at refineries or pipeline terminals, shall be deemed to be "distributed" after it has arrived in and is brought to rest in this state.

(6) "Distributor" means:

(a) any person who engages in the business in this state of producing, refining, manufacturing, or compounding gasoline for sale, use, or distribution;

(b) any person who imports gasoline for sale, use, or distribution;

~~(c) any person who engages in the wholesale distribution of gasoline in this state AND CHOOSES TO BECOME LICENSED AS A GASOLINE DISTRIBUTOR;~~

~~(c)(d) any dealer licensed as of January 1, 1969, except a dealer at an established airport.~~

(7) "Gasohol" means all products commonly or commercially known or sold as gasohol, produced and sold in Montana for the purpose of effectively and efficiently operating internal combustion engines, consisting of not less than 10% anhydrous ethanol produced in Montana from Montana agricultural products.

(8) "Gasoline" includes all products commonly or commercially known or sold as gasolines, including casinghead gasoline, natural gasoline, aviation gasoline, and all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the

purpose of effectively and efficiently operating internal combustion engines. Gasoline does not include special fuels as defined in 15-70-301(6).

(9) "Import" shall include and mean to receive into any person's possession or custody first after its arrival and coming to rest at destination within the state of any gasoline shipped or transported into this state from point of origin without this state other than in the fuel supply tank of a motor vehicle.

(10) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this state in whole or in part by the combustion of gasoline.

(11) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

(12) "Use" shall include and mean the operation of motor vehicles upon the public roads or highways of the state or of any political subdivision thereof."

SECTION 2. SECTION 15-70-202, MCA, IS AMENDED TO READ:

"15-70-202. License~~s~~, ~~fee~~s and security of gasoline distributors. (1) All gasoline distributors, prior to the commencement of doing business, shall file an application for a license with the department of revenue on forms prescribed and furnished by the department setting forth the information as may be requested by the department. Each distributor shall at the same time file security with the

1 department in an amount to be determined by the department.
2 However, the required amount of security may not exceed
3 twice the estimated amount of gasoline taxes the distributor
4 will pay to this state each month. Upon approval of the
5 application, the department shall issue to the distributor a
6 nonassignable license which shall continue in force until
7 surrendered or canceled.

8 ~~(2) Each distributor who delivers gasoline to any~~
9 ~~person other than another distributor shall pay a license~~
10 ~~fee of \$200 and upon renewal of the license shall pay an~~
11 ~~annual fee of \$200.~~

12 ~~(2)(3)~~ "Security" means:

13 (a) a bond executed by a distributor as principal with
14 a corporate surety qualified under the laws of Montana,
15 payable to the state of Montana, and conditioned upon
16 faithful performance of all requirements of this part,
17 including the payment of all taxes and penalties; or

18 (b) a deposit made by the distributor with the
19 department, under such conditions as the department may
20 prescribe, of certificates of deposit or irrevocable letters
21 of credit issued by a bank and insured by the federal
22 deposit insurance corporation."

23 ~~NEW SECTION.~~ Section 3. Effective date. This act is
24 effective July 1, 1983.

-End-

1 HOUSE BILL NO. 290

2 INTRODUCED BY SEIFERT, DEVLIN, STOBIE, SCHULTZ, MARKS,

3 WILLIAMS, SHONTZ, HARP, IVERSON, D. BROWN,

4 KEATING, C. SMITH, GOODOVER

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT INCLUDING WHOLESALE
7 PETROLEUM DISTRIBUTORS UNDER THE DEFINITION OF
8 "DISTRIBUTORS" IN THE BASIC GASOLINE LICENSE TAX LAW;
9 ~~PROVIDING FOR AN ANNUAL LICENSE FEE;~~ AMENDING SECTION
10 SECTIONS 15-70-201 AND ~~15-70-202~~, MCA; AND PROVIDING AN
11 EFFECTIVE DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Section 15-70-201, MCA, is amended to read:

15 "15-70-201. Definitions. As used in this part, unless
16 the context requires otherwise, the following definitions
17 apply:

18 (1) "Agricultural use" means use of gasoline by a
19 person whose major endeavor and primary source of earned
20 income is from the business of farming or ranching.

21 (2) "Aviation dealer" means any person in this state
22 engaged in the business of selling aviation gasoline, either
23 from a wholesale or retail outlet, on which the license tax
24 has been paid to a licensed distributor as herein provided
25 for.

1 (3) "Aviation gasoline" means gasoline or any other
2 liquid fuel by whatsoever name such liquid fuel may be known
3 or sold, compounded for use in and sold for use in aircraft,
4 including but not limited to any and all such gasoline or
5 liquid fuel meeting or exceeding the minimum specifications
6 prescribed by the United States for use by its military
7 forces in aircraft.

8 (4) "Bulk delivery" means placing gasoline in storage
9 or containers. The term does not mean gasoline delivered
10 into the supply tank of a motor vehicle.

11 (5) (a) Gasoline refined, produced, manufactured, or
12 compounded in this state and placed in tanks thereat or
13 gasoline transferred from a refinery or pipeline terminal in
14 this state and placed in tanks thereat or gasoline imported
15 into this state and placed in storage at refineries or
16 pipeline terminals shall be deemed to be "distributed", for
17 the purpose of this part, at the time the gasoline is
18 withdrawn from such tanks, refinery, or terminal storage for
19 sale or use in this state or for the transportation to
20 destinations in this state other than by pipeline to another
21 refinery or pipeline terminal in this state. When withdrawn
22 from such tanks, refinery, or terminal, such gasoline may be
23 distributed only by a person who is the holder of a valid
24 distributor's license.

25 (b) Gasoline imported into this state, other than that

1 gasoline placed in storage at refineries or pipeline
2 terminals, shall be deemed to be "distributed" after it has
3 arrived in and is brought to rest in this state.

4 (6) "Distributor" means:

5 (a) any person who engages in the business in this
6 state of producing, refining, manufacturing, or compounding
7 gasoline for sale, use, or distribution;

8 (b) any person who imports gasoline for sale, use, or
9 distribution;

10 ~~(c) any person who engages in the wholesale~~
11 ~~distribution of gasoline in this state AND CHOOSES TO BECOME~~
12 ~~LICENSED AS A GASOLINE DISTRIBUTOR;~~

13 ~~(c)(d)~~ any dealer licensed as of January 1, 1969,
14 except a dealer at an established airport.

15 (7) "Gasohol" means all products commonly or
16 commercially known or sold as gasohol, produced and sold in
17 Montana for the purpose of effectively and efficiently
18 operating internal combustion engines, consisting of not
19 less than 10% anhydrous ethanol produced in Montana from
20 Montana agricultural products.

21 (8) "Gasoline" includes all products commonly or
22 commercially known or sold as gasolines, including
23 casinghead gasoline, natural gasoline, aviation gasoline,
24 and all flammable liquids composed of a mixture of selected
25 hydrocarbons expressly manufactured and blended for the

1 purpose of effectively and efficiently operating internal
2 combustion engines. Gasoline does not include special fuels
3 as defined in 15-70-301(6).

4 (9) "Import" shall include and mean to receive into
5 any person's possession or custody first after its arrival
6 and coming to rest at destination within the state of any
7 gasoline shipped or transported into this state from point
8 of origin without this state other than in the fuel supply
9 tank of a motor vehicle.

10 (10) "Motor vehicle" means all vehicles operated or
11 propelled upon the public highways or streets of this state
12 in whole or in part by the combustion of gasoline.

13 (11) "Person" means any person, firm, association,
14 joint-stock company, syndicate, or corporation.

15 (12) "Use" shall include and mean the operation of
16 motor vehicles upon the public roads or highways of the
17 state or of any political subdivision thereof."

18 ~~SECTION 2. SECTION 15-70-202, MCA, IS AMENDED TO READ:~~

19 "15-70-202. License~~s~~_{es} and security of gasoline
20 distributors. (1) All gasoline distributors, prior to the
21 commencement of doing business, shall file an application
22 for a license with the department of revenue on forms
23 prescribed and furnished by the department setting forth the
24 information as may be requested by the department. Each
25 distributor shall at the same time file security with the

1 department in an amount to be determined by the department.
2 However, the required amount of security may not exceed
3 twice the estimated amount of gasoline taxes the distributor
4 will pay to this state each month. Upon approval of the
5 application, the department shall issue to the distributor a
6 nonassignable license which shall continue in force until
7 surrendered or canceled.

8 ~~(2) Each distributor who delivers gasoline to any~~
9 ~~person other than another distributor shall pay a license~~
10 ~~fee of \$200 and upon renewal of the license shall pay an~~
11 ~~annual fee of \$200.~~

12 ~~(2)(3)~~ "Security" means:

13 (a) a bond executed by a distributor as principal with
14 a corporate surety qualified under the laws of Montana,
15 payable to the state of Montana, and conditioned upon
16 faithful performance of all requirements of this part,
17 including the payment of all taxes and penalties; or

18 (b) a deposit made by the distributor with the
19 department, under such conditions as the department may
20 prescribe, of certificates of deposit or irrevocable letters
21 of credit issued by a bank and insured by the federal
22 deposit insurance corporation."

23 ~~NEW SECTION.~~ Section 3. Effective date. This act is
24 effective July 1, 1983.

-End-

March 24, 1983

SENATE COMMITTEE OF THE WHOLE AMENDMENT

That House Bill No. 290 be amended as follows:

1. Title, line 6.

Following: "ACT"

Strike: "INCLUDING"

Insert: "ALLOWING"

2. Title, line 7.

Following: "DISTRIBUTORS"

Insert: "TO BE INCLUDED"

3. Page 3, line 12.

Following: "LICENSED"

Strike: "AS A GASOLINE DISTRIBUTOR:"

Insert: "to assume the Montana state gasoline tax liability:"

4. Page 5, line 8.

Following: "(2)"

Strike: remainder of line 8 through "distributor" on line 9

Insert: "Any person who engages in the wholesale distribution of gasoline in this state exercising the option under 15-70-201(6)(c)"

5. Page 5, line 9.

Following: "pay"

Strike: "a"

Insert: "an annual"

6. Page 5, line 24.

Following: "effective"

Strike: "July 1, 1983"

Insert: "January 1, 1984"

HOUSE BILL NO. 290

INTRODUCED BY SEIFERT, DEVLIN, STOBIE, SCHULTZ, MARKS,
WILLIAMS, SHONTZ, HARP, IVERSON, D. BROWN,
KEATING, C. SMITH, GODDOVER

A BILL FOR AN ACT ENTITLED: "AN ACT ~~INCLUDING~~ ALLOWING
WHOLESALE PETROLEUM DISTRIBUTORS ~~TO BE INCLUDED~~ UNDER THE
DEFINITION OF "DISTRIBUTORS" IN THE BASIC GASOLINE LICENSE
TAX LAW; ~~PROVIDING FOR AN ANNUAL LICENSE FEE;~~ AMENDING
~~SERIES~~ SECTIONS 15-70-201 AND 15-70-202, MCA; AND PROVIDING
AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-201, MCA, is amended to read:

"15-70-201. Definitions. As used in this part, unless
the context requires otherwise, the following definitions
apply:

(1) "Agricultural use" means use of gasoline by a
person whose major endeavor and primary source of earned
income is from the business of farming or ranching.

(2) "Aviation dealer" means any person in this state
engaged in the business of selling aviation gasoline, either
from a wholesale or retail outlet, on which the license tax
has been paid to a licensed distributor as herein provided
for.

(3) "Aviation gasoline" means gasoline or any other
liquid fuel by whatsoever name such liquid fuel may be known
or sold, compounded for use in and sold for use in aircraft,
including but not limited to any and all such gasoline or
liquid fuel meeting or exceeding the minimum specifications
prescribed by the United States for use by its military
forces in aircraft.

(4) "Bulk delivery" means placing gasoline in storage
or containers. The term does not mean gasoline delivered
into the supply tank of a motor vehicle.

(5) (a) Gasoline refined, produced, manufactured, or
compounded in this state and placed in tanks thereat or
gasoline transferred from a refinery or pipeline terminal in
this state and placed in tanks thereat or gasoline imported
into this state and placed in storage at refineries or
pipeline terminals shall be deemed to be "distributed", for
the purpose of this part, at the time the gasoline is
withdrawn from such tanks, refinery, or terminal storage for
sale or use in this state or for the transportation to
destinations in this state other than by pipeline to another
refinery or pipeline terminal in this state. When withdrawn
from such tanks, refinery, or terminal, such gasoline may be
distributed only by a person who is the holder of a valid
distributor's license.

(b) Gasoline imported into this state, other than that

1 gasoline placed in storage at refineries or pipeline
2 terminals, shall be deemed to be "distributed" after it has
3 arrived in and is brought to rest in this state.

4 (5) "Distributor" means:

5 (a) any person who engages in the business in this
6 state of producing, refining, manufacturing, or compounding
7 gasoline for sale, use, or distribution;

8 (b) any person who imports gasoline for sale, use, or
9 distribution;

10 ~~(c) any person who engages in the wholesale~~
11 ~~distribution of gasoline in this state AND CHOOSES TO BECOME~~
12 ~~LICENSED AS A GASOLINE DISTRIBUTOR TO ASSUME THE MONTANA~~
13 ~~STATE GASOLINE TAX LIABILITY;~~

14 ~~(c)(d)~~ any dealer licensed as of January 1, 1969,
15 except a dealer at an established airport.

16 (7) "Gasohol" means all products commonly or
17 commercially known or sold as gasohol, produced and sold in
18 Montana for the purpose of effectively and efficiently
19 operating internal combustion engines, consisting of not
20 less than 10% anhydrous ethanol produced in Montana from
21 Montana agricultural products.

22 (8) "Gasoline" includes all products commonly or
23 commercially known or sold as gasoline, including
24 casinghead gasoline, natural gasoline, aviation gasoline,
25 and all flammable liquids composed of a mixture of selected

1 hydrocarbons expressly manufactured and blended for the
2 purpose of effectively and efficiently operating internal
3 combustion engines. Gasoline does not include special fuels
4 as defined in 15-70-301(6).

5 (9) "Import" shall include and mean to receive into
6 any person's possession or custody first after its arrival
7 and coming to rest at destination within the state of any
8 gasoline shipped or transported into this state from point
9 of origin without this state other than in the fuel supply
10 tank of a motor vehicle.

11 (10) "Motor vehicle" means all vehicles operated or
12 propelled upon the public highways or streets of this state
13 in whole or in part by the combustion of gasoline.

14 (11) "Person" means any person, firm, association,
15 joint-stock company, syndicate, or corporation.

16 (12) "Use" shall include and mean the operation of
17 motor vehicles upon the public roads or highways of the
18 state or of any political subdivision thereof."

19 ~~SECTION 2. SECTION 15-70-202, MCA, IS AMENDED TO READ:~~

20 ~~"15-70-202. License, fee, and security of gasoline~~
21 ~~distributors. (1) All gasoline distributors, prior to the~~
22 ~~commencement of doing business, shall file an application~~
23 ~~for a license with the department of revenue on forms~~
24 ~~prescribed and furnished by the department setting forth the~~
25 ~~information as may be requested by the department. Each~~

1 distributor shall at the same time file security with the
 2 department in an amount to be determined by the department.
 3 However, the required amount of security may not exceed
 4 twice the estimated amount of gasoline taxes the distributor
 5 will pay to this state each month. Upon approval of the
 6 application, the department shall issue to the distributor a
 7 nonassignable license which shall continue in force until
 8 surrendered or canceled.

9 ~~(2) Each distributor who delivers gasoline to any~~
 10 ~~person other than another distributor~~ ANY PERSON WHO ENGAGES
 11 ~~IN THE WHOLESALE DISTRIBUTION OF GASOLINE IN THIS STATE~~
 12 ~~EXERCISING THE OPTION UNDER 15-70-201(6)(C) shall pay a AN~~
 13 ~~ANNUAL license fee of \$200 and upon renewal of the license~~
 14 ~~shall pay an annual fee of \$200.~~

15 ~~(2)(3)~~ "Security" means:

16 (a) a bond executed by a distributor as principal with
 17 a corporate surety qualified under the laws of Montana,
 18 payable to the state of Montana, and conditioned upon
 19 faithful performance of all requirements of this part,
 20 including the payment of all taxes and penalties; or

21 (b) a deposit made by the distributor with the
 22 department, under such conditions as the department may
 23 prescribe, of certificates of deposit or irrevocable letters
 24 of credit issued by a bank and insured by the federal
 25 deposit insurance corporation."

1 ~~NEW SECTION.~~ Section 3. Effective date. This act is
 2 effective ~~July 1, 1983~~ JANUARY 1, 1984.

-End-