

HOUSE BILL NO. 544

INTRODUCED BY IVERSON, HIRSCH, C. SMITH, JONES, JENKINS,
PISTORIA, NEUMAN, HARPER, THAYER, O'CONNELL, ANDERSON,
MENAHAN, GAGE, KITSELMAN, SCHULTZ, REHBERG

IN THE HOUSE

January 29, 1985	Introduced and referred to Committee on Taxation.
January 30, 1985	Fiscal Note requested.
February 5, 1985	Fiscal Note returned.
February 18, 1985	Committee recommend bill do pass. Report adopted.
	Bill printed and placed on members' desks.
February 19, 1985	Second reading, do pass.
February 20, 1985	Considered correctly engrossed.
February 21, 1985	Third reading, passed.
	Transmitted to Senate.

IN THE SENATE

February 22, 1985	Introduced and referred to Committee on Taxation.
March 20, 1985	Committee recommend bill be concurrred in. Report adopted.
March 22, 1985	Second reading, concurrred in.
March 25, 1985	Third reading, concurrred in. Ayes, 47; Noes, 2.
	Returned to House.

IN THE HOUSE

March 26, 1985

Received from Senate.

Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 544

INTRODUCED BY

Inerson *Hisick* *C. Smith* *Jones*

Anderson *Arstoria* *Neuman* *Belmon* *Atty* *Delmet* *Redden*

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE DEFINITION

OF "SPECIAL FUEL" TO INCLUDE COMPRESSED NATURAL GAS; SETTING
A TAX RATE ON COMPRESSED NATURAL GAS; AND AMENDING SECTIONS
15-70-301 AND 15-70-322, MCA."

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

Section 1. Section 15-70-301, MCA, is amended to read:

"15-70-301. Definitions. As used in this part, the following definitions shall apply:

(1) "Bond" means:

(a) a bond duly executed by a special fuel dealer or special fuel user as principal with a corporate surety qualified under the laws of Montana, which bond shall be payable to the state of Montana, conditioned upon faithful performance of all requirements of this part, including the payment of all taxes, penalties, and other obligations of such special fuel dealer or special fuel user arising out of this part; or

(b) a deposit with the department by the special fuel dealer or special fuel user, under such terms and conditions as the department of revenue may prescribe, of certificates of deposit or irrevocable letters of credit issued by a bank

and insured by the federal deposit insurance corporation.

(2) "Department" means the department of revenue.

(3) "Motor vehicle" means any vehicle which is self-propelled upon the highways.

(4) "Person" means and includes any person, firm, association, joint-stock company, syndicate, partnership, or corporation; whenever used in any clause prescribing and imposing a fine or imprisonment, or both, as applied to a firm, association, syndicate, or partnership, means and includes the partners or members thereof and, as applied to joint-stock companies and corporations, the officers thereof.

(5) "Public roads and highways of this state" shall mean all streets, roads, highways, and related structures as have been or shall be built and maintained with appropriated funds of the United States and which have been or shall be built and maintained with funds of the state of Montana or any political subdivision thereof or which have been or shall be dedicated to public use or have been acquired by eminent domain or have been acquired by adverse use by the public, jurisdiction having been assumed by the state or any political subdivision thereof.

(6) "Special fuel" means those combustible gases and liquids commonly referred to as diesel fuel or any other volatile liquid of less than 46 degrees A.P.I. (American

1 petroleum institute) gravity test, except liquid petroleum
 2 gas, when actually sold for use in motor vehicles propelled
 3 upon the public highways or streets within the state of
 4 Montana. The term includes compressed natural gas.

5 (7) "Special fuel dealer" means any person in the
 6 business of handling special fuel who delivers any part
 7 thereof into the fuel supply tank or tanks of a motor
 8 vehicle not then owned or controlled by him or any person
 9 who provides any facility, with or without attended
 10 services, from which more than one special fuel user obtains
 11 special fuel for use in the fuel supply tank of a motor
 12 vehicle not then controlled by such dealer. For this
 13 purpose the term "fuel supply tank or tanks" does not
 14 include cargo tanks even though fuel is withdrawn directly
 15 therefrom for propulsion of the vehicle.

16 (8) "Special fuel user" means any person other than a
 17 county, incorporated city or town, or school district of
 18 this state who consumes in this state special fuel for the
 19 propulsion of motor vehicles owned or controlled by him upon
 20 the highways of this state.

21 (9) "Use" means either the receipt, delivery, or
 22 placing of special fuels by a special fuel dealer into the
 23 fuel supply tank or tanks of any motor vehicle not owned or
 24 controlled by him while such vehicle is within this state or
 25 the consumption by a special fuel user of special fuels in

1 propulsion of a motor vehicle on the highways of this
 2 state."

3 Section 2. Section 15-70-322, MCA, is amended to read:
 4 "15-70-322. Tax on use of special fuels. (1) There
 5 Except as provided in subsection (2), there is hereby levied
 6 and imposed a tax on the use of each and every gallon of
 7 special fuel in any motor vehicle while operated upon the
 8 highways equivalent to the lawful tax levied on motor fuel
 9 under 15-70-321. Said tax, with respect to all special fuel
 10 delivered by a special fuel dealer into supply tanks of
 11 motor vehicles in this state, shall attach at the time of
 12 such delivery and shall be collected by such special fuel
 13 dealer from the special fuel user and shall be paid over to
 14 the department as hereinafter provided. Said tax, with
 15 respect to special fuel acquired by any special fuel user in
 16 any manner other than by delivery by a special fuel dealer
 17 into a fuel supply tank of a motor vehicle, shall attach at
 18 the time of the consumption of such fuel in the propulsion
 19 of a motor vehicle upon the highways of the state and shall
 20 be paid over to the department by the special fuel user as
 21 hereinafter provided. The United States, Montana and all
 22 other states, and the counties, incorporated cities and
 23 towns, and school districts of this state are exempt from
 24 the levy and imposition of this tax.

25 (2) The tax levied on compressed natural gas is 7

1 cents per 120 cubic feet of compressed natural gas at 14.73
2 pounds per square inch absolute base pressure."

3 NEW SECTION. Section 3. Extension of authority. Any
4 existing authority of the department of revenue to make
5 rules on the subject of the provisions of this act is
6 extended to the provisions of this act.

-End-

FISCAL NOTE

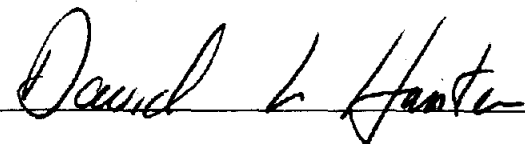
In compliance with a written request received January 30, 19 85, there is hereby submitted a Fiscal Note for H.B. 544 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act amending the definition of "special fuel" to include compressed natural gas; setting a tax rate on compressed natural gas.

ASSUMPTIONS:

Under current law compressed natural gas used as a fuel is not subject to taxation or a fee system. Due to the sophisticated equipment involved, natural gas companies are the main users of compressed natural gas as a vehicle fuel. Currently, the gas companies voluntarily pay about \$10,500 per year under the license tax on vehicles propelled by liquified petroleum gas. The proposed law would generate about \$5,500 per year.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 5, 1985
HB 544

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 544

INTRODUCED BY *Ineson* *Thibault* *C. Smith* *James* *Johnston*
Pistoria *Neuman* *Stacy* *Reid*
A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE DEFINITION

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"15-70-301. Definitions. As used in this part, the
following definitions shall apply:

- (1) "Bond" means:
 - (a) a bond duly executed by a special fuel dealer or special fuel user as principal with a corporate surety qualified under the laws of Montana, which bond shall be payable to the state of Montana, conditioned upon faithful performance of all requirements of this part, including the payment of all taxes, penalties, and other obligations of such special fuel dealer or special fuel user arising out of this part; or
 - (b) a deposit with the department by the special fuel dealer or special fuel user, under such terms and conditions as the department of revenue may prescribe, of certificates of deposit or irrevocable letters of credit issued by a bank

- and insured by the federal deposit insurance corporation.
- (2) "Department" means the department of revenue.
- (3) "Motor vehicle" means any vehicle which is self-propelled upon the highways.
- (4) "Person" means and includes any person, firm, association, joint-stock company, syndicate, partnership, or corporation; whenever used in any clause prescribing and imposing a fine or imprisonment, or both, as applied to a firm, association, syndicate, or partnership, means and includes the partners or members thereof and, as applied to joint-stock companies and corporations, the officers thereof.
- (5) "Public roads and highways of this state" shall mean all streets, roads, highways, and related structures as have been or shall be built and maintained with appropriated funds of the United States and which have been or shall be built and maintained with funds of the state of Montana or any political subdivision thereof or which have been or shall be dedicated to public use or have been acquired by eminent domain or have been acquired by adverse use by the public, jurisdiction having been assumed by the state or any political subdivision thereof.
- (6) "Special fuel" means those combustible gases and liquids commonly referred to as diesel fuel or any other volatile liquid of less than 46 degrees A.P.I. (American



1 petroleum institute) gravity test, except liquid petroleum
 2 gas, when actually sold for use in motor vehicles propelled
 3 upon the public highways or streets within the state of
 4 Montana. The term includes compressed natural gas.

5 (7) "Special fuel dealer" means any person in the
 6 business of handling special fuel who delivers any part
 7 thereof into the fuel supply tank or tanks of a motor
 8 vehicle not then owned or controlled by him or any person
 9 who provides any facility, with or without attended
 10 services, from which more than one special fuel user obtains
 11 special fuel for use in the fuel supply tank of a motor
 12 vehicle not then controlled by such dealer. For this
 13 purpose the term "fuel supply tank or tanks" does not
 14 include cargo tanks even though fuel is withdrawn directly
 15 therefrom for propulsion of the vehicle.

16 (8) "Special fuel user" means any person other than a
 17 county, incorporated city or town, or school district of
 18 this state who consumes in this state special fuel for the
 19 propulsion of motor vehicles owned or controlled by him upon
 20 the highways of this state.

21 (9) "Use" means either the receipt, delivery, or
 22 placing of special fuels by a special fuel dealer into the
 23 fuel supply tank or tanks of any motor vehicle not owned or
 24 controlled by him while such vehicle is within this state or
 25 the consumption by a special fuel user of special fuels in

1 propulsion of a motor vehicle on the highways of this
 2 state."

3 Section 2. Section 15-70-322, MCA, is amended to read:

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 5 Except as provided in subsection (2), there is hereby levied
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 7 special fuel in any motor vehicle while operated upon the
 8 highways equivalent to the lawful tax levied on motor fuel
 9 under 15-70-321. Said tax, with respect to all special fuel
 10 delivered by a special fuel dealer into supply tanks of
 11 motor vehicles in this state, shall attach at the time of
 12 such delivery and shall be collected by such special fuel
 13 dealer from the special fuel user and shall be paid over to
 14 the department as hereinafter provided. Said tax, with
 15 respect to special fuel acquired by any special fuel user in
 16 any manner other than by delivery by a special fuel dealer
 17 into a fuel supply tank of a motor vehicle, shall attach at
 18 the time of the consumption of such fuel in the propulsion
 19 of a motor vehicle upon the highways of the state and shall
 20 be paid over to the department by the special fuel user as
 21 hereinafter provided. ~~The United States, Montana and all~~
 22 other states, and the counties, incorporated cities and
 23 towns, and school districts of this state are exempt from
 24 the levy and imposition of this tax.

25 (2) The tax levied on compressed natural gas is 7

1 cents per 120 cubic feet of compressed natural gas at 14.73
2 pounds per square inch absolute base pressure."

3 NEW SECTION. Section 3. Extension of authority. Any
4 existing authority of the department of revenue to make
5 rules on the subject of the provisions of this act is
6 extended to the provisions of this act.

-End-

HOUSE BILL NO. 544

INTRODUCED BY *Ineson, Heise, C. Smith, Jones, Pastoria, Neuman, Anderson, K. Johnson, Steyer, Schmidt, Redde*
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 - (b) a deposit with the department by the special fuel dealer or special fuel user, under such terms and conditions as the department of revenue may prescribe, of certificates of deposit or irrevocable letters of credit issued by a bank

- and insured by the federal deposit insurance corporation.
- (2) "Department" means the department of revenue.
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 12 such delivery and shall be collected by such special fuel
 13 dealer from the special fuel user and shall be paid over to
 14 the department as hereinafter provided. Said tax, with
 15 respect to special fuel acquired by any special fuel user in
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 18 the time of the consumption of such fuel in the propulsion
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1 cents per 120 cubic feet of compressed natural gas at 14.73
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REFERENCE BILL



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 13 delivered by a special fuel dealer into supply tanks of
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 16 dealer from the special fuel user and shall be paid over to
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 18 respect to special fuel acquired by any special fuel user in
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