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INTRODUCED BY House BILL NO. 506
Sam Nelson Newlin *Carlson Deak*
Harrington

A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A 5 PERCENT SURCHARGE ON RENTAL CARS; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 19-6-709 AND 61-3-728, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

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

NEW SECTION. Section 1. Rental vehicle surcharge -- reimbursement. (1) As used in this section, the following definitions apply:

(a) "Department" means the department of transportation provided for in 2-15-2501.

(b) "Rental vehicle" means a passenger vehicle that is designed to transport 15 or fewer passengers and that is rented without a driver.

(2) There is a surcharge imposed on a rental vehicle that is rented for a period of not more than 180 days. The surcharge is 5% of the rental base price, exclusive of gas, insurance, or optional charges, as stated in the rental contract. The surcharge must be stated in the rental contract and collected in accordance with the terms of the contract. The surcharge is a reimbursement for the taxes and fees paid on the rental vehicle at the time of registration.

(3) (a) On or before February 15 of each year, the owner of the rental vehicle on which the surcharge was collected shall file a report with the department stating the:

- (i) total amount of the taxes and fees paid the previous calendar year;
- (ii) total amount of the surcharge collected in the previous calendar year; and
- (iii) amount, if any, by which the surcharge exceeded the taxes and fees.

(b) The owner shall remit the excess surcharge with the annual report to the department. The department shall remit the excess surcharge to the state treasurer for deposit as follows:

- (i) 90% to the state highway account of the state special revenue fund;
- (ii) 7% to the county road fund;
- (iii) 2.5% to the state general fund; and
- (iv) 0.5% for the payment of supplemental benefits provided for in 19-6-709.

1 **Section 2.** Section 19-6-709, MCA, is amended to read:

2 **"19-6-709. Supplemental benefits for certain retirees.** (1) In addition to ~~any~~ a retirement benefit
3 payable under this chapter, a retired member or a survivor determined by the board to be eligible under
4 subsection (2) must receive an annual lump-sum benefit payment ~~beginning in September 1991 and each~~
5 ~~succeeding year~~ as long as the member remains eligible.

6 (2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit
7 before July 1, 1991, and must be:

8 (a) a retired member who is 55 years of age or older and who has been receiving a service
9 retirement benefit for at least 5 years prior to the date of distribution;

10 (b) a survivor of a member who would have been eligible under subsection (2)(a); or

11 (c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

12 (3) A retired member otherwise qualified under this section who is employed in a position covered
13 by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for
14 in this section until the member's service in the covered position is terminated. Upon termination of the
15 member's covered service, the retired member becomes eligible in the next fiscal year succeeding the
16 member's termination.

17 (4) (a) Twenty-five cents of each motor vehicle registration fee provided for in 61-3-321 and 0.5%
18 of the excess surcharge provided for in [section 1] must be deposited in the pension trust fund at the end
19 of each fiscal year. The fee ~~is~~ and the excess surcharge are statutorily appropriated, as provided in
20 17-7-502, for payment of benefits to eligible recipients. The total funds must be distributed by the division
21 in lump-sum payments to eligible recipients along with their normal retirement benefit payment.

22 (b) The lump-sum payment must be distributed proportionally to all eligible recipients based on
23 service credit at the time of retirement, subject to the following:

24 (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes
25 of the distributions;

26 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under
27 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

28 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual
29 under this section ~~after August 31, 1993,~~ is the percentage increase for the previous calendar year in the
30 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor

1 statistics of the United States department of labor or its successor agency.

2 (c) ~~Any~~ An amount deposited in the pension trust fund under subsection (4)(a) for the payment of
3 supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used
4 to amortize unfunded liabilities of the retirement system.

5 (5) Every 10 years following July 1, 1991, the division shall review the size of the additional fee
6 collected under 61-3-321(5) and deposited in the account in accordance with subsection (4)(a) and
7 recommend to each legislature following the division's review any legislation necessary to reduce the fee
8 to the minimum amount necessary to provide the supplemental benefits provided by this section."
9

10 **Section 3.** Section 61-3-728, MCA, is amended to read:

11 **"61-3-728. Preservation of proportional registration records and surcharge payment records. (1)**

12 An owner whose application for proportional registration has been accepted shall preserve the records on
13 which the application is based for a period of 4 years following the year or period upon which the
14 application is based. Upon request of the department, the owner shall make these records available to the
15 department for audit as to accuracy of the computations and payments or pay the reasonable costs of an
16 audit at the owner's home office by an appointed representative of the department.

17 (2) The owner of a motor vehicle on which the surcharge provided for in [section 1] was collected
18 shall preserve the records pertaining to the payment of the surcharge. Upon request of the department,
19 the owner shall make these records available to the department for audit as to the accuracy of the
20 computations and the collections. The auditing procedures used by the department must conform to the
21 auditing procedures of the international registration plan of the American association of motor vehicle
22 administrators.

23 (3) The department may make arrangements with agencies of other jurisdictions administering
24 motor vehicle registration laws for joint audits of the owner."
25

26 **NEW SECTION. Section 4. Codification instruction.** [Section 1] is intended to be codified as an
27 integral part of Title 61, chapter 3, part 7, and the provisions of Title 61, chapter 3, part 7, apply to
28 [section 1].
29

30 **NEW SECTION. Section 5. Effective date.** [This act] is effective January 1, 1996.

-END-

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STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0506, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act imposing a 5 percent surcharge on rental cars; and providing a statutory appropriation.

ASSUMPTIONS:

1. Gross receipts from 34 car rental establishments in Montana for CY92 was \$19,030,000 (Census of Service Industries, US Bureau of the Census, SIC 7514).
2. The average annual growth for vehicle rental receipts between 1987 and 1992 was about 7% per year. FY96 gross receipts are projected at \$24,214,000. For purposes of this fiscal note, gross receipts are used to approximate base rental receipts.
3. Based on information available for one major car rental agency in 1993, current registration fees are approximately 1.75% of gross receipts. If this ratio were applied to all rental agencies, the net revenue resulting from HB506 would be 3.25% of gross revenues.
4. The Department of Transportation would have minor incidental costs associated with administration of this tax that could be absorbed within the present law base as recommended in the Executive Budget.
5. The additional revenues would total \$786,958 each year. Revenues would be allocated 90% to the highway special revenue account, 7% to county road funds, 2.5% to the state general fund, and 0.5% to the highway patrol officers retirement system (HPORS).
6. Currently \$0.25 of each motor vehicle registration fee is allocated to the HPORS. These current revenues are anticipated to exceed the projected rate of inflation in the 1997 biennium. Therefore, the additional revenues allocated to HPORS under HB506 would not affect supplemental benefits for HPORS retirees but would add to HPORS assets.

FISCAL IMPACT:

Expenditures:

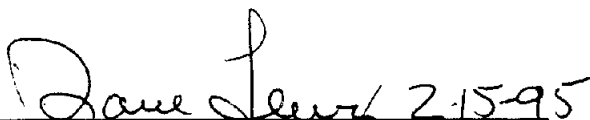
Negligible increase in Department of Transportation administrative costs. No increase in HPORS benefit expenditures is anticipated. The addition to HPORS assets would be negligible.

Revenues:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Highway Special Revenues (02)	708,262	708,262
General Fund (01)	19,674	19,674
HPORS (09)	<u>3,935</u>	<u>3,935</u>
Total	731,871	731,871

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Revenues for county road funds will increase by an estimated \$55,087 per year.


DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

THOMAS NELSON, PRIMARY SPONSOR DATE

Fiscal Note for HB0506, as introduced

HB 506