

SB123 Testimony by Montana Department of Transportation

Jim Currie, Deputy Director

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Mr. Chairman, members of the committee, for the record my name is Jim Currie and I'm the Deputy Director for the Montana Department of Transportation. We support this legislation. With me today is Bob Turner, our Fuel Tax Bureau Chief. Bob is the subject matter expert for this program and is available for committee questions.

First I'd like to thank Senator Black for carrying this bill on our behalf.

Contractors who perform construction or other improvements on public road projects must obtain a special fuel permit and file quarterly motor fuel tax returns with the Department of Transportation. Contractors are required to pay fuel tax on fuel used on public road projects and the quarterly motor fuel tax returns detail the fuel used by contractors and whether it is taxable or not. All contractors, whether they use tax-paid fuel or dyed diesel fuel are required to keep the same records. The record keeping can be costly and time-consuming to the contractor.

The department was approached by the contracting community last year and was asked if there was a way that the record keeping burden could be simplified. MDT and the Montana Contractor's Association formed a Special Fuel User's committee to review the record keeping process with the goal of reducing the requirements and not reducing legitimate tax revenues to the HSSR. The recommendations that come out of that committee are reflected in this proposed legislation.

The proposed bill has the following benefits:

1. It reduces the record keeping requirements for the contractors, thus reducing contractor expenses and saving time.
2. It maintains the integrity of the Highway State Special Revenue Fund.
3. It reduces the audit time spent on the contractors saving both parties time and expense, and
4. It updates the language for the Motor Carrier Services Division and eliminates a subsection that is better covered elsewhere.

Mr. Chairman, members of the committee this bill comes to you as the result of a cooperative effort between the department and the contracting community. It is a win win for both government and the private contracting community and I urge your support.

Thank you.