

EXHIBIT NO. 1DATE: 1/20/05BILL NO. SB45

Testimony by Jim Currie, Montana Department of Transportation

SB45

January 20, 2005

Mr. Chairman, members of the committee, for the record my name is Jim Currie with the Montana Department of Transportation. With me today is Mr. Bob Turner, Chief of our Fuel Tax Bureau. Bob is the subject matter expert on this issue, and is here today to answer any questions the committee may have.

The intent of this legislation is to clarify how long taxpayers and the Department of Transportation have to make corrections on motor fuel tax returns resulting in additional fuel tax assessments or increases to refunds, and under what circumstances that there may be an extension of the statute of limitations.

Under the present law the statute of limitations is three years, however the statutes are open to interpretations as to what constitutes an exception to the three-year rule.

Under this bill, the statute of limitations for assessing a deficiency or increasing a refund is three years from the due date of the return or the filing date of the return, whichever period expires later. In addition, this bill provides for exceptions for assessments and refund increases when the Department has started an audit prior to the three-year period of expiration.

This bill provides the following benefits;

1. It makes the statute of limitations consistent throughout the gasoline, special fuels and liquefied petroleum gas statutes;
2. It clarifies the present statutes to both the taxpayers and the staff;
3. It allows an exception to extend the statute of limitations for audit assessments and refund increases. Presently, delays of audits due to circumstances beyond the Department and taxpayer's control works against everyone. This would be corrected under the proposed law.

Mr. Chairman, members of the committee, we urge your support of this bill. Thank you.