

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### TAXATION COMMITTEE

Tuesday, February 8, 2000  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Senator Randel Christmann, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Senators Randel Christmann, Meyer Kinnoin, Kenneth Kroeplin, Bob Stenehjem, Vern Thompson, Steve Tomac; Representatives Mick Grosz, Pam Guleson, C. B. Haas, Dennis J. Renner, Arlo E. Schmidt, Ben Tollefson, John M. Warner, Ray H. Wikenheiser

**Members absent:** Senators Randy A. Schobinger, Herb Urlacher; Representatives Wesley R. Belter, Gil Herbel, Stacey L. Mickelson, Ronald Nichols, Earl Rennerfeldt

**Others present:** See Appendix A

**It was moved by Senator Stenehjem, seconded by Representative Tollefson, and carried on a voice vote that the minutes of the previous meeting be approved as distributed.**

#### LIGNITE INDUSTRY STUDY

Chairman Christmann called on Mr. John Dwyer, President, Lignite Energy Council, for comments on the committee study of the lignite industry.

Mr. Dwyer said the competitive position of North Dakota lignite as compared to imported coal from Wyoming or Montana is still very close. He said this means that the effect of taxes, regulatory costs, and other factors on the lignite industry is very important.

Mr. Dwyer said environmental issues are a big concern for the lignite industry. He said federal efforts are still being made to limit emissions of carbon dioxide pursuant to the Kyoto agreement, and this would be a serious blow to the lignite industry. He said carbon dioxide credits have been produced by farming in Iowa, and this may be an avenue for exploration in North Dakota. He said regional haze limitations continue to be pushed by the Environmental Protection Agency and represent another threat to the lignite industry. He said litigation results regarding nitric oxide emissions have been mixed. He said the lignite industry won a court challenge regarding standards on nitric oxide emissions for existing boilers but lost a decision that upheld nitric oxide standards for new facilities. He said a mercury emissions study is being done that may impact the use of lignite.

Mr. Dwyer said the challenge filed against the North Dakota 1999 coal sales tax legislation filed by the Kennecott Coal Company of Montana is still

pending. He said a motion for summary judgment was made by the plaintiffs, and the response of the state of North Dakota is due February 15. He said a Supreme Court decision in the lawsuit is expected in the fall of 2000.

Mr. Dwyer described the Lignite Vision 21 Project. He said the project is an effort of the state to revitalize the lignite industry. He said the project has developed projections for the Midwest Area Power Pool region, and the projections are there will be a demand exceeding capacity for electric generation beginning in 2001. He said this indicates need for additional production capacity, and the lignite industry believes this demand increase would justify construction of a new baseload lignite power plant.

Mr. Dwyer said a marketing study conducted under the Lignite Vision 21 Project indicates a possible need for increased powerline capacity.

Mr. Dwyer said it is premature to speculate what taxation recommendations will be made by the Lignite Energy Council. He said tax considerations will depend on several factors, including the outcome of pending litigation.

Mr. Dwyer said with regard to regulatory factors affecting the lignite industry, the industry will work administratively to resolve concerns at the state level. He said if those concerns cannot be resolved to the satisfaction of the industry, there may be a need to seek legislative solutions.

Representative Guleson asked how the lignite industry could earn carbon dioxide credits under federal regulations. Mr. Dwyer said a variety of options exist to earn carbon dioxide credits, including the carbon dioxide pipeline from the gasification facility to oil fields. He said other options pursued by some companies in other states include tree planting and purchasing rain forests in South America. He said it is also possible to become more efficient in the use of coal to reduce emissions. He said many of these options are simply a question of spending money to obtain carbon dioxide credits.

Representative Haas asked whether there is a provision in the Kyoto agreement to allow purchase of carbon dioxide credits from undeveloped countries. Mr. Dwyer said there was no allowance for purchasing credits and countries were limited by the treaty to 1990 emissions levels. He said some

countries were exempt from the limitations, and United States industry has problems with that concept. He said those countries will develop coal use and United States industry thinks it is unfair to ignore those emissions and limit United States industry emissions.

Representative Haas said the projections Mr. Dwyer reviewed indicate that demand will surpass production capacity in 2001, and he asked why there is a need for a marketing study when demand is expected to be so high. Mr. Dwyer said recent electric generation efforts have concentrated on establishing peaking plants that burn natural gas. He said the future of gas prices is a concern with these facilities. He said the lignite industry believes baseload generation facilities to burn lignite are the solution to the future demand problem.

Representative Tollefson inquired about the transmission limitations that exist for North Dakota generation. Mr. Dwyer said plants are assigned a rated capacity and transmission is limited to that amount. He said the Coal Creek facility has capacity to generate significantly more power than its rated capacity but could not transmit the additional power out of state. He said Great River Power is investigating options to free up additional transmission capacity.

In response to a question from Senator Christmann, Mr. Dwyer said marketing studies have investigated transmission of power to the east and to the west and it appears additional transmission lines would be required to transmit power in either direction.

Representative Tollefson asked what state changes in tax policy would be desirable for the lignite industry. Mr. Dwyer said obviously reduced taxes would be of assistance to the lignite industry because taxation affects the competitive position of the industry. He said a tax imposed on a BTU basis might be an issue for consideration. He said there are several options that may have to be examined, but the Lignite Energy Council is not ready to make any recommendation on tax issues at this time because several issues remain to be resolved.

### **MOTOR FUELS TAX STUDY**

Chairman Christmann called on Mr. Russ Hanson, President, Petroleum Marketers Association, for comments on the motor fuels tax study. Mr. Hanson said he was requested to provide the committee information on tax reporting compliance costs of Petroleum Marketers Association members. He said three representatives of the association are present at the meeting to provide information on compliance costs for their businesses. He said these individuals were chosen to represent large, medium, and small petroleum marketing businesses. He introduced Ms. Irene Bertsch, Mr. Paul Mutch, and Mr. Matt Bjornson to

relate their experiences with motor fuels tax compliance.

Ms. Irene Bertsch said she has been employed by Farstad Oil Company of Minot for 21 years and is the business manager for the company. She said Farstad Oil is a large-scale distributor. She said the company tracks fuel it handles from the pickup point at the terminal to the point of delivery to a licensed distributor. She said all fuel handled must be recorded, even though taxes are collected on only a portion of the fuel handled by the company. She said monthly reports must be completed on all fuel handled and must provide information on taxable and nontaxable fuels. She said the audit experiences of the Farstad Oil Company have been good and have not determined any additional tax to be due. She said the company's records are kept in good order, and this has been a benefit to tax officials in conducting audits.

In response to a question from Senator Christmann, Ms. Bertsch said Farstad Oil Company sells fuel that is either taxable or nontaxable at the point of sale by the company. She said about one-third of the volume of fuel sold by Farstad Oil Company is taxable, but records must be kept on all fuel handled by the company. She said every 30 days a report is due and a new reporting cycle begins.

Senator Kinnoin asked whether the shrinkage allowance applies to fuel handled by Farstad Oil Company. Ms. Bertsch said when Farstad Oil Company sells a load of fuel that is taxable, the buyer who puts the fuel into storage is eligible for the shrinkage allowance.

In response to a question from Senator Stenehjem, Ms. Bertsch said the tax collection allowance applies only to approximately one-third of the fuel handled by Farstad Oil Company, but the company is responsible for recordkeeping on all fuel handled. She said it would be nice if the allowance would recognize all recordkeeping the company is required to do.

Senator Christmann said 1999 legislation established the "buy right" provision that requires users of tax-exempt fuel to use dyed fuel, and no tax is collected on purchases of that fuel. He asked whether there have been any problems with the new law. Ms. Bertsch said it took a little adjustment for dealers to become accustomed to the changes and some additional storage tanks were necessary, but there seems to be little or no complaint now.

In response to a question from Representative Haas, Ms. Bertsch said four full-time employees work on recordkeeping for Farstad Oil Company, and several clerks devote some of their time to recordkeeping.

Senator Stenehjem asked whether the "buy right" provisions of the 1999 law have helped reduce reporting work. Ms. Bertsch said there has not been

any noticeable reduction in reporting work, and it is still necessary to keep records of all fuel handled.

Representative Schmidt asked whether federal tax collection on fuels is also required and whether federal law allows any collection allowance for complying dealers. Ms. Bertsch said federal tax collection is required, and federal law does not allow any collection allowance. She said federal law also allowed no collection allowance before the federal tax imposition went to the rack, or distribution from the terminal.

Mr. Paul Mutch, Mutch Oil Company of Grand Forks and Larimore, said Mutch Oil Company is affiliated with Amoco Oil and does the same types of things as Farstad Oil Company but on a much smaller scale. He said it is important to remember that even the smallest fuel dealers must perform recordkeeping for tax purposes. He said in the age of computers even the smallest dealers must keep records on computer. He said software produced in North Dakota is used by Mutch Oil Company, and he believes most North Dakota dealers use this software. He said the current cost for the software is approximately \$3,500, and with the added cost of a computer, dealers are faced with a cost of approximately \$6,000. He said computer costs are very significant to smalltown fuel dealers. He said within a year or two hardware and software becomes outdated and must be replaced. He said support packages for the hardware and software can cost approximately \$250 per month.

Mr. Mutch said Mutch Oil Company has a full-time staff person for preparation of monthly tax reports. He said the collection allowance in North Dakota is two percent of taxes collected and the Minnesota allowance is three percent.

Senator Stenehjem asked whether the expenses of computer hardware and software could be avoided if tax imposition was at the rack. Mr. Mutch said dealers would still have to account for fuel handled and report on that, and he believes recordkeeping would still be necessary.

In response to a question from Senator Christmann, Mr. Mutch said he believes the 1999 motor fuels tax legislation was the right thing to do. He said he believes the "buy right" provision was a good choice. He said he does not believe there has been much cheating on fuel tax collection and reporting in his area, and it appears the 1999 changes have not caused many problems for dealers.

Mr. Matt Bjornson, Bjornson Oil of Cavalier and Chairman of the Petroleum Marketers Association, said it was the feeling of association members during the 1999 legislative session that it would not be possible to move fuel tax imposition to the rack and eliminate recordkeeping. He said fuel dealers would still need to keep the same records as under current law.

Mr. Bjornson said he thinks fuel dealers have done very well in compliance under the fuels tax laws, and there have been very few audit problems with dealers. He said one of the problems with moving the point of taxation to the rack would be a requirement that out-of-state concerns would become responsible for tax collection. He said he does not think sending North Dakota dealers' money to out-of-state collectors for reporting would be a good idea.

Mr. Bjornson said imposition of tax at the rack in Wyoming has not been as good an experience as expected. He said Wyoming had an eight cent per gallon rack tax and is now looking at going to 22 cents per gallon.

Mr. Bjornson said computer hardware and software issues for dealers are significant. He said every time state law is changed dealers must buy new software. He said this is a considerable cost and inconvenience for dealers.

Mr. Bjornson said another issue that should be remembered is credit card sales by dealers. He said dealers pay a two to four percent surcharge for use of credit cards. He said a significant share of credit card sales are taxes collected on behalf of the state, and dealers pay for the privilege of customers to use credit cards. He said this is a benefit to the state and an expense for dealers, and this should be remembered in considering the allowance for tax collection costs.

Mr. Bjornson said it takes a lot of work to do recordkeeping correctly for tax compliance, and dealers take this job seriously. He said dealers want to do recordkeeping and reporting properly. Mr. Bjornson said he believes the three percent allowance for dealers in Minnesota is closer to the correct amount to compensate dealers for collection costs than is the two percent allowance in North Dakota.

Senator Christmann asked Mr. Bjornson for his perspective on the 1999 legislative changes. Mr. Bjornson said new tanks have been needed by some dealers and that represents an additional cost, but it seems it has been worth it. He said one of the advantages of the new law is that when the customer must buy dyed fuel to receive the tax exemption, the dealer is not in the position of questioning usage by customers.

Chairman Christmann called on Ms. Joan Galster, Supervisor, Motor Fuels Tax Section, Tax Department, for comments on enforcement of the North Dakota dyed fuel provision. Ms. Galster distributed copies of a summary of options on testing of fuel samples for dyed fuel compliance. She said the Tax Commissioner is considering these options and would be interested in opinions of committee members. A copy of the summary of options is attached as Appendix B.

Ms. Galster reviewed the options identified for fuel sample testing. She said under an agreement with the Internal Revenue Service (IRS) to do all testing,

the IRS would piggyback onto any assessments of penalties for noncompliance. She said this means violators would be subject to combined state and federal penalties.

Ms. Galster said the IRS uses an Air Force laboratory for testing. She said Montana performs testing for other states at a fee of \$15 per sample. She said IRS testing would be without charge, but a time lag of approximately six weeks would exist before test results are returned. She said testing by the State Department of Health laboratory would cost approximately \$30 per sample.

Ms. Galster said use of IRS testing has some advantages over the other options. She said she has discussed testing issues with other state enforcement officials at conferences, and these discussions lead her to believe uniformity is important. She said piggybacking IRS penalties onto state penalties may be viewed as an advantage because of added deterrent effect. She said the \$250 penalty imposed by the state may not be viewed as a significant deterrent by some, and the added federal penalty of \$1,000 would be a greater deterrent.

Senator Kinnoin said the \$250 penalty imposed by the state is for a first offense on improper dyed fuel usage and enhanced penalties exist for subsequent offenses of \$500, \$1,000, and \$5,000. He said these seem to be sufficient deterrent considerations.

Ms. Galster distributed copies of a handout showing taxable gallons of fuel sold and refunds for calendar years 1996 through 1999. A copy of the comparison is attached as Appendix C. She said these statistics are provided to indicate whether there has been any effect of the 1999 legislative changes on fuel usage and taxes. She said there has been a substantial reduction in special fuel tax refunds as would be expected with the initiation of the "buy right" provisions. She said these statistics seem to indicate some effect of the "buy right" provision, but because the change was effective in the middle of the calendar year, timing of purchases may have been affected. She said it may take some time to develop statistics reliable enough to determine whether the "buy right" provisions reduce improper use of untaxed fuels.

Representative Grosz said one of his concerns with IRS testing of fuels for the presence of dye is that the IRS may test for other violations such as sulfur content. Ms. Galster said she is not certain whether IRS testing could involve issues other than presence of dye.

Representative Grosz said he thinks the state should use State Department of Health laboratory testing to keep the IRS and federal issues out of enforcement efforts.

Mr. Rick Clayburgh, Tax Commissioner, said he understood the committee had some problems with IRS involvement in dyed fuels testing. He said he appreciates the committee's concerns with IRS involvement. He said it will be necessary to decide

which option to choose for testing, and there are concerns and advantages with each option.

Senator Christmann inquired about the level at which the content of dye in fuel would be a violation. Ms. Galster said the federal limit is one part per million, and the Montana limit is two parts per million. She said North Dakota law does not specify the limit, but our law on dyed fuel is based on the federal requirements, so perhaps the intent is that the federal standard would apply.

Tax Commissioner Clayburgh said if legislators do not want sharing of information with the IRS because of concerns about bringing federal enforcement into violations, he will try to respect that in choosing the option for testing. He said the reason for reviewing the testing options was to ascertain the preference of the committee.

Senator Christmann said he is concerned about testing and the number of parts per million in fuel to determine dyed fuel use violations. He asked how long it takes to flush traces of dye from a fuel tank. Ms. Galster said she is not certain how long it would take to eliminate the trace of dyed fuel once it has been in a fuel tank. Senator Christmann said if the dye content of fuel is as high as 500 parts per million, he is concerned that inadvertent introduction of dyed fuel into a tank may take a long time to dissipate.

Senator Thompson asked whether there is testing for dyed fuel now. Tax Commissioner Clayburgh said no testing is currently being done, and he has not signed an agreement for testing but is prepared to do so once the preferred testing option is decided.

Senator Stenehjem asked whether Ms. Galster could provide the committee information on the parts per million of dye in fuel under federal law. Ms. Galster said she will try to find out the answer to the question during the lunch break.

Senator Stenehjem asked whether federal officials could start sampling fuel tanks in the state at any time for federal enforcement purposes. Ms. Galster said federal officials would be entitled under federal law to do testing for presence of dyed fuel in vehicles in the state. Senator Stenehjem asked whether IRS training would be available to state enforcement personnel if the state did not use IRS testing of fuels. Ms. Galster said IRS training would be an option, and IRS training may not be necessary because the Highway Patrol has individuals on staff who have been trained by the IRS and would be able to do training for other Highway Patrol officials.

Senator Stenehjem asked whether use of Montana testing facilities would mean results would be turned over to the IRS. Ms. Galster said Montana testing officials would not turn over North Dakota test results to the IRS without approval from the state.

Senator Christmann asked why the North Dakota testing fee would be \$30 as compared to \$15 for testing in Montana. Ms. Galster said she is not sure why the North Dakota fee would be higher.

Representative Warner said the higher fee in North Dakota is probably the result of the lower number of tests expected to be performed. He said more tests would reduce the per unit cost.

Senator Stenehjem said he does not believe the most important issue is whether the IRS would test for sulfur content in fuel. He said the most significant question to him is whether North Dakota wants federal involvement in enforcement efforts.

Representative Grosz said he has obtained information that the level of dye in fuel is a minimum of five parts per million and may run as high as 5,000 parts per million. He said this is a concern because a high dye content would take several tank refills to dissipate to legal levels. He said if you drain a tank completely and refill it with legal fuel, the residue could still be enough to make the new tank of fuel a violation of the law. He said in his experience as a fuel dealer, it takes several refills of a tank to diffuse the dye to an adequate level to be legal for use on the highways.

After the lunch break, Chairman Christmann again called on Ms. Galster for information on the level of dye content in fuels. Ms. Galster said under federal law a minimum dye content of 11.1 parts per million is required, and this level of dye should be consistent because it must be put in fuel at the refinery. She said the IRS does not test for sulfur content in fuel referred to the IRS for dye content testing.

In response to questions from Senator Tomac, Ms. Galster said the 11.1 parts per million is the minimum requirement under federal law, and actual content may range up to 12 parts per million but it appears there is no maximum dye content limit under federal law.

Senator Tomac asked whether a legislative change would be necessary to use one part per million instead of two parts per million as the standard for violations of the dyed fuel content prohibition under state law. Ms. Galster said she is not certain whether legislation would be necessary or an administrative decision would be adequate to make this change. She said that is a legal issue that would have to be reviewed by legal counsel for the Tax Commissioner.

Senator Tomac said he is concerned that residue in a fuel tank would contain an illegal level of dye content after several tank refills and people who try to comply with the law could be in violation. He said perhaps a higher level of dye content should be used as a measure of violation and perhaps one-half of the level of dye added to the fuel at the refinery would be a better measure.

Senator Stenehjem said if one-half of the dye added to the fuel is used as the amount for violations, he could fill his fuel tank with half dyed fuel and half clear fuel and not be in violation.

Senator Kroeplin said he does not have a problem with a one part per million level of dye content for violation of the prohibition on dyed fuel usage on highways. He said he believes dye would dissipate

quickly if a small amount of dyed fuel is used. He said it should also be remembered that the Tax Commissioner has authority to waive dyed fuels penalties if good cause exists.

Chairman Christmann said he has considered the question of whether the committee should vote to advise the Tax Commissioner on which option should be used for dyed fuels testing by the Tax Commissioner. He said the rules governing interim committees would require any policy decision by the committee to be reviewed by the chairman of the Legislative Council. He said for this reason he believes a vote of committee members would not be appropriate. He said it appears from committee discussion several committee members would oppose IRS testing of fuel for the presence of dye. He said the decision is for the Tax Commissioner, and the option for legislators who disagree with the Tax Commissioner's decision would be to introduce legislation on the topic.

## **AGRICULTURAL BUSINESS INVESTMENT STUDY**

Chairman Christmann called on Mr. Warren Enyart, Chief Executive Officer, Renewable Resources Research Institute, for comments on the study of ways to encourage investment in agricultural businesses. Mr. Enyart said Mr. Bill Patrie and Mr. Steve Noack hoped to be present for this meeting but were unable to attend. Mr. Enyart said at the November 4, 1999, Taxation Committee meeting, he described the concept for establishing a farmers' equity trust fund to encourage investment in value-added agricultural enterprises. He said his objective today is to elaborate and answer questions on that topic.

Mr. Enyart said a closed cooperative is the most typical way value-added agricultural enterprises begin. He said three things are necessary to establish a cooperative for these purposes. He said the first necessary element is an idea on how to process agricultural commodities into a higher value product.

He said farmers do not have ready access to emerging technology in this field and this is what he does in the Renewable Resources Research Institute. He said the second necessary element is technical assistance to assist farmers in building a business. He said this consists of legal and organizational advice, and this is the area in which Mr. Patrie and Mr. Noack assist these ventures. He said the third necessary element is money. He said closed cooperative members are generally required to purchase a share of the cooperative in advance of business operations, but farmers lack the capital for these investments because of the difficult farm economy. He said making these initial investments available to allow farmers to participate is the objective of the farmers' equity trust fund.

Mr. Enyart said the Federal Reserve System has set up the Center for Rural America in Kansas City. He said the center has identified objectives to enhance rural America, including looking for industries with the greatest potential for rural development, infrastructure improvement, capital sources for value-added and rural project startups, and maintaining tax bases of rural areas. Mr. Enyart said he contacted the Center for Rural America to see if there is a model of a fund like the suggested farmers' equity trust fund. He said he and the staff of the center were surprised to discover that no such fund exists. He said one possible model for legislation of the kind contemplated is the legislation vetoed in 1999 which would have established a livestock production loan program.

Mr. Enyart said he envisions a board for the farmers' equity trust fund composed of farmers. He said investments in the fund could be made by anyone. He said a tax incentive would be necessary to encourage investments. He said the trust would establish a rate of interest return to investors. He said trust investments would be on behalf of a farmer member in a closed cooperative. He said the farmer member would repay the trust fund investment with interest, and the interest would be earnings to the investors in the fund.

In response to a question from Senator Christmann, Mr. Enyart said he envisions a low-threshold requirement for investments in the trust fund so any investor could qualify for tax benefits.

Senator Kinnoin asked whether the suggested kind of investments in value-added cooperative ventures would create any legal problems under the corporate farming laws. Mr. Enyart said he envisions fund investments being made only in the name of farmer members in closed cooperatives, and he is not certain whether there is a corporate farming issue or problem. He said legal analysis may be needed of that issue.

Senator Stenehjem said a nonfarmer is prohibited from investing in a closed cooperative, and it appears the trust is set up to allow investors to do as a group what they cannot do individually. Mr. Enyart said the concept of the fund is that the fund will not acquire ownership interests in a closed cooperative in its own name. Senator Stenehjem said it appears the direct approach might be to examine the need for change in the law that prohibits investments by nonfarmers in closed cooperatives.

Representative Tollefson said the question that occurs to him is also why not open up value-added agricultural products to investments from any investor. Mr. Enyart said he believes the law on cooperatives is the reason for the prohibition.

Representative Haas asked how the farmers' equity trust fund would be replenished if it suffered substantial losses from investments. Mr. Enyart said investments from the fund would have to be chosen

carefully and be spread over a broad range of ventures.

Representative Gulleson said it is difficult to assess the merits of the concept without a bill draft to look at, and she asked whether the proposal will be put in draft form. Chairman Christmann said the committee will probably request a draft version of the concept for consideration at the next meeting.

Senator Christmann asked what level of tax credit Mr. Enyart would suggest for developing this fund. Mr. Enyart said he believes investments in the fund must be sound, aside from the tax benefit, so the tax benefit would be an enhancement and not the only reason for the investment. He said he believes a 10 to 15 percent return on investment would be needed, and some of that would come from a tax credit and the remainder must come from returns to the fund from loans.

Chairman Christmann asked how soon a bill draft could be developed. Mr. Enyart said he could work with the Legislative Council staff on developing a bill draft for the next committee meeting. Chairman Christmann requested Mr. Enyart and the Legislative Council staff to work on a bill draft.

## **FARM AND RANCH RETIREMENT STUDY**

Chairman Christmann said he requested the Legislative Council staff to prepare and distribute copies of drafts of resolutions to Congress on the farm and ranch retirement study issues. He said one resolution asks Congress to reduce or eliminate capital gains and estate taxes and the other resolution asks Congress to allow farmers to withdraw funds from retirement investments without penalty if the withdrawal is necessary for the support of family farming operations. He said it is not necessary to act on these resolutions at this time, and committee members should review these resolutions for future action.

Committee counsel said if these resolutions are approved by the Legislative Assembly, they would not be distributed to members of Congress until 2001. He said if communication is desired on these issues to the current session of Congress, it would be necessary to prepare these drafts in a different form and obtain approval from the chairman of the Legislative Council for immediate messaging to Congress. The chairman requested preparation of drafts of such messages for the next committee meeting.

## **FUELS TAX LAWS STUDY**

Representative Grosz said several questions arose on the parts per million content of dye in fuels. He said he thinks further information is needed on the issue of the dye content of fuels and what level of content of dye would be a violation. Senator Stenehjem said he agrees this information is important and the committee will also need advice on

whether the Tax Commissioner has authority to set the amount or content that would be a violation.

The meeting was adjourned at 2:30 p.m.

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John Walstad  
Code Revisor

ATTACH:3