

PROPOSED PETITION FOR INITIATIVE NO. 31.

A bill to enact by the Initiative a law to amend Section 2382, Section 2383 and Section 2392 of the Revised Codes of Montana of 1921, as amended by Chapter 150 of the Laws of 1923 and by Chapter 186 of the Laws of 1925, relating to the imposition of a tax on the sale of gasoline and the collection and disposition thereof.

To Be Voted Upon at the General Election, November 2, 1926.

Published as required by Section 105, Revised Codes of Montana, 1921, at Helena, Montana.

CHARLES T. STEWART,
Secretary of State.

THE NUMBER AND FORM IN WHICH THE QUESTION
WILL APPEAR UPON A SEPARATE OFFICIAL BAL-
LOT AT THE GENERAL ELECTION NOVEM-
BER 2, 1926, IS AS FOLLOWS:

PROPOSED PETITION FOR INITIATIVE NO. 31.

"A Bill to propose by initiative petition a law providing revenue which shall be collected from persons engaged in the distributing and selling of gasoline in the State of Montana through the imposition of a 3 cent license tax on each gallon of gasoline sold; repealing the present 2 per cent tax; and placing all of said revenue in a State Highway Fund for the matching of Federal Aid made available, or otherwise enabling the construction, reconstruction, betterment and maintenance of a Montana Highway System, and providing for the expenditure of said Fund."

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FOR GOOD ROADS IN MONTANA—INITIA-
TIVE MEASURE NO. 31.

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AGAINST GOOD ROADS IN MONTANA—IN-
ITATIVE MEASURE NO. 31.

Sec. 104, Revised Codes as Amended:

"The manner of voting on measures submitted to the people shall be: By marking the ballot with a cross in or on the diagram opposite and to the left of the proposition FOR WHICH the voter desires to vote."



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A bill to enact by the Initiative a law to amend Section 2382, Section 2383 and Section 2392 of the Revised Codes of Montana of 1921, as amended by Chapter 150 of the Laws of 1923 and by Chapter 186 of the Laws of 1925, relating to the imposition of a tax on the sale of gasoline and the collection and disposition thereof.

BE IT ENACTED BY THE PEOPLE OF MONTANA:

Section 1. That Section 2382 of the Revised Codes of Montana of 1921, as amended by Chapter 150 of the Laws of 1923 and by Chapter 186 of the Laws of 1925, be and the same is hereby amended to read as follows:

"Section 2382. Every distributor shall pay for the year 1927 and each year thereafter to the state treasurer a license tax for engaging in and carrying on such business in this state in an amount equal to three cents for each gallon of gasoline refined, manufactured, produced or impounded by such distributor and sold by him in this state, or shipped, transported or imported by such distributor into and distributed and sold by him within this state after it has arrived in and is brought to rest within this state, whether sold in the original packages or in the broken packages during such year, provided that all gasoline delivered by any distributor to any of his service stations in this state shall be deemed to have been sold and shall be treated and considered in computing such license tax in the same manner as though the same had been sold to dealers or to other persons."

Section 2. That Section 2383 of the Revised Codes of Montana of 1921, as amended by Chapter 150 of the Laws of 1923 and by Chapter 186 of the Laws of 1925, be and the same is hereby amended to read as follows:

"Section 2383. Every dealer shall, for the year 1927 and each year thereafter, when engaged in such business in this state, pay to the state treasurer for the exclusive use and benefit of the State of Montana a license tax for engaging in such business in this state equal to three cents for each gallon of gasoline sold or distributed by such dealer in this state during such year, provided, however, that no gasoline sold by such dealer, which was purchased by him from a producer or distributor, who had paid the tax thereon, shall be included or con-

sidered in determining the amount of such license tax to be paid by such dealer, but only such gasoline as was shipped, transported or imported into this state and purchased by such dealer before it had arrived in and was brought to rest within this state and then resold by such dealer, whether in the original packages or in broken packages, shall be included or considered for the purpose of computing such license tax."

Section 3. That Section 2392 of the Revised Codes of Montana of 1921, as amended by Chapter 150 of the Laws of 1923 and by Chapter 186 of the Laws of 1925, be and the same is hereby amended to read as follows:

"Section 2392. All money received by the state treasurer in payment of license taxes under the provisions of this act shall be deposited by him and credited to the state highway fund. All money so collected and deposited in the state highway fund shall be used and expended by the State Highway Commission in the construction, reconstruction, betterment, maintenance, administration and engineering on the Federal Highway system of highways in this state selected and designated under the provisions of the Federal Aid Act, approved July 11, 1916, and the Federal Highway Act approved November 9, 1921, and all amendments thereto, and for the purpose of construction, reconstruction, betterment, maintenance, administration and engineering of highways leading from each county seat in the state to said Federal Highway system of Federal Aid roads where such county seat is not on said system, and for the purpose of construction, reconstruction, betterment, maintenance,, administration and engineering of such other roads as have been or may be authorized by the laws of Montana. Provided, that the total net cost to the state for administration and engineering on the Federal Aid work contemplated by this act shall not exceed for any fiscal year 8% of the total of State, Federal Aid and other available funds expended under the supervision of the State Highway Commission. It shall be the duty of the State Highway Commission, in expending such money, to carry forward construction from year to year, using the money expended through the matching up of Federal Aid allotments to Montana upon the said Federal Highway system of highways in the various parts of the state, so far as it may be possible within a reasonable development of the whole Federal Highway system, in proportion to the amount of mileage still to be constructed in the various sections of that system."

Section 4. This act shall be in full force and effect on and after January 1, 1927.

AFFIRMATIVE ARGUMENT

Initiative Measure No. 31 is a Good Roads Measure and its passage by the people will mean the State of Montana will complete the Federal Aid System of 4700 miles within this state and each county seat of the 56 counties will be on this system; in other words there will be built nad perpetually maintained a network of crushed graveled roads connecting up every county seat in the state.

How does this measure change the present law?

Answer:—(1) It increases the tax on gasoline from two cents to three cents; (2) it provides that the entire revenue received shall be placed to the credit of the State Highway Fund to be used in matching Federal Aid in order to construct and maintain the Federal Aid Highway system, and to construct and maintain such state highways as designated; (3) limits engineering and administrative costs to 8 per cent; (4) provides that construction shall be carried forward in the various sections of the system in proportion to the unfinished mileage in each section.

If it provides that the entire revenue go to the State Highway Fund, then how is the gas tax revenue divided under the present law?

Answer:—15 per cent goes to the State Highway Commission, 55 per cent is divided equally among the 56 counties, and 30 per cent goes to the General Fund.

Does the initiated measure change the present law relating to the distribution of motor license money?

Answer:—No.

Does it deprive the school funds of any revenue?

Answer:—No.

How much money will be raised under this measure and how will it be spent?

Answer:—It is expected that the measure will, during the 11-year period 1927-1937, raise \$20,800,000.00 and that Federal Aid will be available in the amount of \$16,000,000.00. This will be spent in the completion of 3100 miles of the Federal Aid

System and in maintaining each mile constructed so that by the end of 1937 the entire system of 4700 miles will be completed.

When the system is completed will it be properly maintained and by what funds?

Answer:—When the system is completed it must be maintained by the state and from the funds derived from the gasoline tax, the levy relieving the counties of the burden that they now have on this mileage.

Under this plan who pays the bill?

Answer:—The revenue raised is paid solely by the automobile owner in proportion to the actual use he makes of the roads in Montana, and this tax represents an investment rather than an expense when the entire tax is used in road construction for the reason that a motor car can be operated over crushed gravel highways at a saving of at least two cents per mile in operation and depreciation as against a car operated over dirt roads.

What will this additional tax cost the average car owner?

Answer:—About \$3.50 per year.

Cannot Montana go ahead and complete her Federal Aid System of Highways and match Federal Aid without this measure?

Answer:—No. First, because there are no funds available; and secondly, the two-cent tax, even if given entirely to the Highway Commission, would not be sufficient to match Federal Aid. The reason therefore for the raise is to save all Federal Aid and not take any of the motor license tax money away from the counties.

Why not take all gas funds and distribute them to counties and let counties do this work?

Answer:—The Federal Government cannot under the law cooperate with any except states as such and commissions named and directed by State Government.

What will become of the Federal Aid money if forfeited by the state as in the past?

Answer:—It will be reallocated to the other states.

Has any other state seen fit to forfeit this Aid?
Answer:—No.

From what source is Federal Aid money derived?
Answer:—From the automobile excise tax paid by the citizens of the state when they purchase a new automobile.

Then we give up what we have paid for?
Answer:—Yes, though the Federal Aid offered to us is greater than the excise tax that we pay.

Does this program contemplate a bond issue of any kind?
Answer:—No. It is a "pay-as-you-go" plan and not one cent will be spent for interest nor will it necessitate one dollar being placed aside as a sinking fund to take care of bonded indebtedness.

Who is sponsoring this initiated measure?
Answer:—This measure is the result of a meeting of 40 representative citizens appointed by Governor Erickson from every section of Montana held at Helena on December 12, 1925, called together to discuss the road crisis and to map out a practical program. The program was mapped out and the management of the campaign placed in the hands of the Montana Automobile Association.

Will the loss by the counties of their share of the gasoline tax affect county road programs?

Answer:—No. Based on the estimated consumption of gasoline for the period 1927-1937 each county would under the present law receive in that period of time \$136,000.00. The initiated measure will make available an average expenditure in each county in the state of \$641,000.00. The counties will not only receive on an average of more than four dollars for each dollar that they give up, but they will be relieved of the expense of construction and maintenance of the permanent highways coinciding with the Federal Aid System, and will be relieved perpetually of the maintenance of each mile of this system that has been constructed or will be constructed, thereby enabling the counties to expend more on the construction and maintenance of feeder and lateral roads, which action permits the farmer to haul his products to marketing points and stop a tremendous economic waste.

If this measure is enacted into law, will the money raised actually be spent on the roads?

Answer:—Yes, every dollar, 92 per cent going directly into materials and labor and 8 per cent to engineering, supervision and general overhead.

Does every other state meet this situation?

Answer:—Yes, without exception.

This Affirmative Argument is respectfully submitted by the Montana Automobile Association.

President, SAM D. GOZA, Helena.

Vice-President, C. H. McLEOD, Missoula.

Secretary, A. J. BREITENSTEIN, Great Falls.