

SENATE BILL 72

Introduced by Gage

1/11	Introduced
1/11	First Reading
1/11	Referred to Taxation
1/11	Fiscal Note Requested
1/16	Fiscal Note Received
1/17	Fiscal Note Printed
	Died in Committee

1 Senate BILL NO. 72  
 2 INTRODUCED BY [Signature]  
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE 1 CENT  
 6 PER GALLON LICENSE TAX PAID BY A DISTRIBUTOR OF AVIATION  
 7 GASOLINE; AMENDING SECTIONS 15-70-204, 15-70-205, AND  
 8 67-1-301, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN  
 9 APPLICABILITY DATE."

10  
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 **Section 1.** Section 15-70-204, MCA, is amended to read:

13 "15-70-204. Gasoline license tax -- rate. (1) Every  
 14 Each distributor shall pay to the department of revenue a  
 15 license tax for the privilege of engaging in and carrying on  
 16 business in this state in an amount equal to ~~1-cent-for-each~~  
 17 ~~gallon-of-aviation-gasoline, which shall be allocated to the~~  
 18 ~~department--of-commerce-as-provided-by-67-1-301, as amended,~~  
 19 and 20 cents for each gallon of ~~all--other~~ gasoline  
 20 distributed by him within the state and upon which the  
 21 gasoline license tax has not been paid by any other  
 22 distributor.

23 (2) Gasoline exported shall may not be included in the  
 24 measure of the distributor's license tax.

25 (3) Alcohol that is blended or is to be blended with

1 gasoline to be sold as gasohol is subject to a tax per  
 2 gallon equal to the license tax imposed on ~~nonaviation~~  
 3 gasoline distributors under subsection (1)."

4 **Section 2.** Section 15-70-205, MCA, is amended to read:

5 "15-70-205. Distributor's statement and payment. (1)  
 6 Each distributor shall, not later than the 25th day of each  
 7 calendar month, render a true statement, duly signed, to the  
 8 department of revenue of all gasoline distributed and  
 9 received by him in this state during the preceding calendar  
 10 month and containing ~~such~~ other information as the  
 11 department may reasonably require in order to administer the  
 12 gasoline license tax law. The statement shall must be  
 13 accompanied by a payment in an amount equal to the tax  
 14 imposed by 15-70-204 less any refund credit issued under  
 15 15-70-226 and less 1% of the total tax ~~which shall that must~~  
 16 be deducted by the distributor as an allowance for  
 17 evaporation and other loss of gasoline distributed by ~~such~~  
 18 ~~the distributor,--provided, however, that no such allowance~~  
 19 ~~shall be deducted from the 1-cent tax on aviation gasoline.~~

20 (2) Any A distributor engaged in or carrying on his  
 21 business at more than one place or location in this state  
 22 may include all ~~such~~ places of business in one statement."

23 **Section 3.** Section 67-1-301, MCA, is amended to read:

24 "67-1-301. Money -- receipt and disbursement. (1) All  
 25 costs and expenses of administering this title, including



1 the salaries of employees of the department engaged in  
2 functions pertaining to aeronautics, the expenses of members  
3 of the board, and all other disbursements necessary to carry  
4 out the purposes of this title, shall must be paid out of  
5 the following revenues:

6 (a) all gifts and all legislative appropriations to the  
7 department for aeronautics;

8 (b) all moneys money received from any branch or  
9 department of the federal government or from other sources  
10 for the purposes mentioned in this title or for the  
11 furtherance of aeronautics generally in this state.

12 (2) All ~~such--moneys-shall~~ money must be deposited in  
13 the state treasury to the credit of the department.

14 (3) When the airport loan program is terminated, any  
15 balance of the bond proceeds that is not loaned must remain  
16 in the state special revenue fund to be invested, and the  
17 income must be used to retire the outstanding debt on the  
18 remaining bond proceeds.

19 ~~{4}--There shall--be--deposited--in--the--state--special  
20 revenue fund to the credit of the department the proceeds of  
21 1--cent--per-gallon-out-of-the-amount-per-gallon-of-gasoline  
22 license-tax-imposed-by-the-laws-of-this-state-upon-purchases  
23 of-gasoline-used-for-the-operation-of--aircraft;--Moneys--so  
24 deposited--shall--be--spent--by--the-department-for-the-sole  
25 purpose--of--carrying--out--its--functions--pertaining--to~~

1 ~~aeronautics:~~

2 ~~{5}--No--part--of--the--1--cent--per--gallon--of--gasoline~~  
3 ~~license-tax-imposed-by-the-laws-of-this--state--on--gasoline~~  
4 ~~purchased--and--used--for--the--operation--of--airplanes--or~~  
5 ~~aircraft-may-be-refunded:"~~

6 NEW SECTION. Section 4. Effective date --  
7 applicability. [This act] is effective January 1, 1992, and  
8 applies to tax quarters beginning after December 31, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0072, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to repeal the 1 cent per gallon license tax paid by a distributor of aviation gasoline; and providing a delayed effective date and an applicability date.

ASSUMPTIONS:

Department of Revenue


1. Current law revenue collections from the aviation fuel tax will be \$335,000 for each year of the biennium. (Based on FY 91 collections.)
2. There would be 7 months of collections in FY 92 under the proposal.
3. The impact on Department of Revenue expenditures would be minimal.

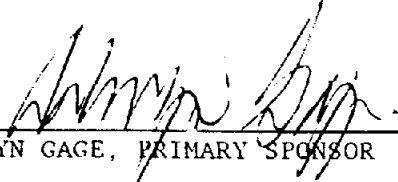
Department of Commerce

1. The primary funding source for the Aeronautics Division would be abolished. No replacement revenues are provided by the bill, therefore, none are assumed. (The impact on the Aeronautics Division's funding could be avoided with a general fund appropriation equalling the lost fuel tax revenue).
2. Revenue from the Federal Aviation Administration (FAA) to inspect airports would be lost. Revenue for FY 91 was \$32,468.
3. Technical assistance and supplies for local airports could no longer be provided.
4. Staff would be reduced from 9.60 FTE to 3.00 FTE to maintain aircraft and pilot registration.
5. All 13 state owned airports would be closed with the exception of Yellowstone Airport which is self sustaining. However, the management of the airport has been done by existing Aeronautics personnel. In addition, a \$250,000 federal grant agreement has been executed by the Department of Commerce for airport pavement reconstruction and improvements at the Yellowstone Airport. The commitments with the FAA are in effect for another 18 years.
6. All ground safety systems for aircraft would be shut down such as visual and electronic navigational systems, air to ground communication stations and the capability for search and rescue would be lost. Twenty-one visual airway navigational systems would be shut down and decommissioned.
7. Local emergency flights such as air ambulance may be curtailed due to lost instrument procedures or aeronautics navigational systems.
8. The Aeronautics Board would be abolished.

FISCAL IMPACT:

see next page

  
\_\_\_\_\_  
ROD SUNDSTED, BUDGET DIRECTOR      1-16-91  
Office of Budget and Program Planning      DATE

  
\_\_\_\_\_  
DELWYN GAGE, PRIMARY SPONSOR      1/6/91  
DATE

Fiscal Note for SB0072, as introduced

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FISCAL IMPACT:Revenues:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Aviation Fuel Tax (02)	\$ 335,000	\$ 195,417	(\$ 139,583)	\$ 335,000	\$ 0	(\$ 335,000)

Aeronautics Division

	FY 92			FY 93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
FTE	9.60	3.00	(6.60)	9.60	3.00	(6.60)
Personal Services	321,966	110,995	(210,971)	323,534	112,563	(210,971)
Operating Costs	327,995	120,728	(207,267)	325,778	118,511	(207,267)
Equipment	18,000	0	(18,000)	18,000	0	(18,000)
Local Assistance	10,000	0	(10,000)	10,000	0	(10,000)
Transfers	10,000	0	(10,000)	10,000	0	(10,000)
Total	687,961	231,723	(456,238)	687,312	231,074	(456,238)

Funding:

State Special	612,961	231,723	(381,238)	612,312	231,074	(381,238)
Federal Special	75,000	0	(75,000)	75,000	0	(75,000)
Total	687,961	231,723	(456,238)	687,312	231,074	(456,238)

LOCAL IMPACT:

The proposal would eliminate the Preliminary Engineering Grant program for airport development, technical assistance to community airports, radio navigation aids for aircraft at 25 airports throughout the state, 61 air-to-ground communication stations at airports throughout the state, and the wholesale supply store which provide airports with airport lighting and beacon supplies which are not available at outlets in Montana.

LONG-RANGE EFFECTS:

An appropriation would be necessary to shut down and decommission the visual airway navigation system. There are currently 21 such systems. A 1987 estimate was \$5,000 to \$7,500 per system for decommissioning.

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