

Introduced Bill

Missing

Contact Montana Historical Society

CORRECTED FISCAL NOTE

Form BD-15

In compliance with a written request received January 29, 19 75, there is hereby submitted a Fiscal Note for House Bill 198 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

NOTE:

It was erroneously assumed 34% of the tax collections would be refunded. The correct refund rate is 1.5%, thus the corrected fiscal note is issued for clarification.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 198 increases the tax levied on diesel fuel from 9 cents to 10 cents per gallon and on liquid petroleum gas from 7 cents to 8 cents per gallon, and increases the allotment of funds derived from such taxes to local government from \$3 million per year to \$6 million per year.

ASSUMPTIONS:

1. FY 74 diesel and liquid petroleum gas consumption levels are expected to continue for FY 76 and FY 77.
2. Fuel consumption patterns will be unaltered by the increased taxes.
3. The present 1.5% tax refund rate will continue for FY 76 and FY 77.

FISCAL IMPACT:

REVENUE: Estimated total revenue (after refunds) from taxes on diesel fuel and petroleum gas under current law	FY 76	FY 77
	\$ 6,736,756	\$ 6,736,756
Estimated total revenue under proposed law	<u>7,488,920</u>	<u>7,488,920</u>
Estimated increase	<u>\$ 752,164</u>	<u>\$ 752,164</u>
EXPENDITURES: Allocations to local governments under present law	\$ 3,000,000	\$ 3,000,000
Allocations to local governments under proposed law	<u>6,000,000</u>	<u>6,000,000</u>
Increase in allocations to local governments	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

CONCLUSION:

Enactment of House Bill 198 will increase the tax collections on diesel fuel and petroleum gas by an estimated \$1.5 million during the biennium. It will also increase the tax receipts allocated to local governments by \$3 million per year.

With the increase in allocations to local governments, revenues to the Highway ERA would decrease by approximately \$4.5 million during the biennium.

Richard S. Bellings
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/18/75

STATE OF MONTANA

REQUEST NO. 110-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 29, 19 75, there is hereby submitted a Fiscal Note for House Bill 198 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 198 increases the tax levied on diesel fuel from 9 cents to 10 cents per gallon and on liquid petroleum gas from 7 cents to 8 cents per gallon, and increases the allotment of funds derived from such taxes to local government from \$3 million per year to \$6 million per year.

ASSUMPTIONS:

1. FY 74 diesel and liquid petroleum gas consumption levels are expected to continue for FY 76 and FY 77.
2. Fuel consumption patterns will be unaltered by the increased taxes.
3. The present 34% tax refund rate will continue for FY 76 and FY 77.

FISCAL IMPACT:

REVENUE: Estimated total revenue (after refunds) for Highway ERA from taxes on diesel fuel and petroleum gas under current law	FY 76	FY 77
	\$ 4,487,802	\$ 4,487,802
Estimated total revenue under proposed law	<u>4,987,488</u>	<u>4,987,488</u>
Estimated increase	<u>\$ 499,686</u>	<u>\$ 499,686</u>
EXPENDITURES: Allocations to local governments under present law	\$ 3,000,000	\$ 3,000,000
Allocations to local governments under proposed law	<u>6,000,000</u>	<u>6,000,000</u>
Increase in allocations to local governments	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

CONCLUSION:

Enactment of House Bill 198 will increase the tax collections on diesel fuel and petroleum gas by an estimated \$1 million during the biennium. It will also increase the tax receipts allocated to local governments by \$3 million per year. It is not possible to cover the receipts allocated to local governments under this act with projected collections, (\$6 million vs. 1 million). The difference would have to be made up with Highway ERA revenue from other sources.

Michael Spillings
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 31, 1975

Approved by Committee
on Taxation

HOUSE BILL NO. 198

INTRODUCED BY SOUTH, C. R. ANDERSON

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 84-1832.1, R.C.M. 1947, TO INCREASE THE TAX LEVIED ON DIESEL FUEL AND LIQUID PETROLEUM GAS AND AMENDING SECTION 84-1847, R.C.M. 1947, TO INCREASE THE TAX LEVIED ON GASOLINE; AND TO AMEND SECTION 84-1340, R.C.M. 1947, TO INCREASE THE ALLOTMENT OF FUNDS DERIVED FROM THE TAX ON DIESEL FUEL AND LIQUID PETROLEUM GAS AND GASOLINE TO LOCAL GOVERNMENT."

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

Section 1. Section 84-1832.1, R.C.M. 1947, is amended to read as follows:

"84-1832.1. Tax to be collected on diesel fuel and liquid petroleum gas, when. The state department of revenue shall, under the provisions of rules and regulations issued by the department, collect or cause to be collected from the owners or operators of motor vehicles a tax in an amount equal to ~~nine-cents-(\$-09)~~ ten cents (\$.10) for each gallon of diesel fuel or other volatile liquid, of less than forty-six degrees (46°) A.P.I. (American Petroleum Institute) gravity test, and ~~seven-cents-(\$-07)~~ eight cents (\$.08) for each gallon of liquid petroleum gas when actually sold or used to produce motor power to propel motor vehicles

upon the public highways or streets within the state of Montana, or used in motor vehicles, motorized equipment and the internal combustion of any and all engines including stationary engines used in connection with any and all work performed under any and all contracts pertaining to the construction, reconstruction or improvement of any highway or street and their appurtenances awarded by any and all public agencies, including federal, state, county, municipalities, or other political subdivision."

Section 2. Section 84-1840, R.C.M. 1947, is amended to read as follows:

"84-1840. Disposition of funds. All taxes, interest and penalties collected under this act shall be turned over promptly to the state treasurer and the state treasurer shall place the same in the earmarked revenue fund to the credit of the department of highways except those funds hereinbelow allocated to cities, towns and counties, which funds shall be paid by the state treasurer directly to such cities, towns and counties.

(1) ~~Three--million--dollars--(\$3,000,000)~~ Six million dollars (\$6,000,000) of the funds collected under this act shall be allocated each fiscal year to the counties and incorporated cities and towns in Montana for construction, reconstruction, maintenance and repair of rural roads, and city or town streets and alleys, as provided in subsections

1 (a) and (b) hereof,
 2 (a) ~~One million two hundred thousand dollars~~
 3 ~~(\$1,200,000)~~ Two million four hundred thousand dollars
 4 (\$2,400,000) shall be divided among the various counties in
 5 the following manner:
 6 (i) Forty per centum (40%) in the ratio that the rural
 7 road mileage in each county, exclusive of the federal-aid
 8 interstate system and the federal-aid primary system, bears
 9 to the total rural road mileage in the state, exclusive of
 10 the federal-aid interstate system and the federal-aid
 11 primary system.
 12 (ii) Forty per centum (40%) in the ratio that the rural
 13 population in each county outside incorporated cities and
 14 towns bears to the total rural population in the state
 15 outside incorporated cities and towns.
 16 (iii) Twenty per centum (20%) in the ratio that the
 17 land area of each county bears to the total land area of the
 18 state.
 19 (b) ~~One million eight hundred thousand dollars~~
 20 ~~(\$1,800,000)~~ Three million six hundred thousand dollars
 21 (\$3,600,000) shall be divided among the incorporated cities
 22 and towns in the following manner:
 23 (i) Fifty per cent (50%) of the sum shall be divided in
 24 the ratio that the population within the corporate limits of
 25 the city or town bears to the total population within

1 corporate limits of all the cities and towns in Montana.
 2 (ii) Fifty per cent (50%) shall be divided in the ratio
 3 that the city or town street and alley mileage, exclusive of
 4 the federal-aid interstate system and the federal-aid
 5 primary system, within corporate limits bears to the total
 6 street and alley mileage, exclusive of the federal-aid
 7 interstate system and federal-aid primary system, within the
 8 corporate limits of all cities and towns in Montana.
 9 (2) All funds hereby allocated to counties, cities and
 10 towns shall be used exclusively for the construction,
 11 reconstruction, maintenance and repair of rural roads, city
 12 or town streets and alleys, or for the share which such
 13 city, town or county might otherwise expend for
 14 proportionate matching of federal funds allocated for the
 15 construction of roads or streets which are part of the
 16 federal-aid primary or secondary highway system, or urban
 17 extensions thereto.
 18 (3) Upon receipt of the allocation provided herein, the
 19 governing bodies of the recipient counties, cities and
 20 towns, shall inform the department of highways of the
 21 purposes for which the funds shall be expended so that the
 22 county commissioners, the governing body and the department
 23 of highways may co-ordinate the expenditure of public funds
 24 for road improvements.
 25 (4) All funds hereby allocated to counties, cities and

1 towns shall be disbursed to the lowest responsible bidder
 2 according to applicable bidding procedures followed in all
 3 cases where the contract for construction, reconstruction
 4 and maintenance or repair is in excess of \$4,000.

5 (5) For the purposes of this act where distribution of
 6 funds is made on a basis related to population, the
 7 population shall be determined by the last preceding
 8 official federal census.

9 (6) For the purposes of this act where determination of
 10 mileage is necessary for distribution of funds it shall be
 11 the responsibility of the cities, towns and counties to
 12 furnish to the department of highways and state treasurer a
 13 yearly certified statement indicating the total mileage
 14 within their respective areas applicable to this act. All
 15 mileage submitted shall be subject to review and approval by
 16 the department of highways.

17 (7) None of the funds authorized by this section shall
 18 be used for the purchase of capital equipment."

19 SECTION 3. SECTION 84-1847, R.C.M. 1947, IS AMENDED TO
 20 READ AS FOLLOWS:

21 "84-1847. Gasoline license tax -- amount. Every
 22 distributor shall pay to the state department of revenue a
 23 license tax for the privilege of engaging in and carrying on
 24 business in this state in an amount equal to one cent {1¢}
 25 for each gallon of aviation gasoline, which shall be

1 allocated to the aeronautics commission, as provided by
 2 section 1-501, R. C. M. 1947, as amended, and ~~seven-cents~~
 3 ~~{7¢}~~ eight cents {8¢} for each gallon of all other gasoline
 4 distributed by him within the state and upon which the
 5 gasoline license tax has not been paid by any other
 6 distributor. Gasoline exported or sold for export out of
 7 the state of Montana shall not be included in the measure of
 8 the distributor's license tax."

-End-

1 HOUSE BILL NO. 198

2 INTRODUCED BY SOUTH, C. R. ANDERSON

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
5 84-1832.1, R.C.M. 1947, TO INCREASE THE TAX LEVIED ON DIESEL
6 FUEL AND LIQUID PETROLEUM GAS AND AMENDING SECTION 84-1847,
7 R.C.M. 1947, TO INCREASE THE TAX LEVIED ON GASOLINE; AND TO
8 AMEND SECTION 84-1840, R.C.M. 1947, TO INCREASE THE
9 ALLOTMENT OF FUNDS DERIVED FROM THE TAX ON DIESEL FUEL AND
10 LIQUID PETROLEUM GAS AND GASOLINE TO LOCAL GOVERNMENT."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:13 Section 1. Section 84-1832.1, R.C.M. 1947, is amended
14 to read as follows:

15 "84-1832.1. Tax to be collected on diesel fuel and
16 liquid petroleum gas, when. The state department of revenue
17 shall, under the provisions of rules and regulations issued
18 by the department, collect or cause to be collected from the
19 owners or operators of motor vehicles a tax in an amount
20 equal to ~~nine-cents-(\$-.09)~~ ten cents (\$.10) for each gallon
21 of diesel fuel or other volatile liquid, of less than
22 forty-six degrees (46°) A.P.I. (American Petroleum
23 Institute) gravity test, and ~~seven-cents-(\$-.07)~~ eight cents
24 (\$.08) for each gallon of liquid petroleum gas when actually
25 sold or used to produce motor power to propel motor vehicles

1 upon the public highways or streets within the state of
2 Montana, or used in motor vehicles, motorized equipment and
3 the internal combustion of any and all engines including
4 stationary engines used in connection with any and all work
5 performed under any and all contracts pertaining to the
6 construction, reconstruction or improvement of any highway
7 or street and their appurtenances awarded by any and all
8 public agencies, including federal, state, county,
9 municipalities, or other political subdivision."

10 Section 2. Section 84-1840, R.C.M. 1947, is amended to
11 read as follows:

12 "84-1840. Disposition of funds. All taxes, interest
13 and penalties collected under this act shall be turned over
14 promptly to the state treasurer and the state treasurer
15 shall place the same in the earmarked revenue fund to the
16 credit of the department of highways except those funds
17 hereinbelow allocated to cities, towns and counties, which
18 funds shall be paid by the state treasurer directly to such
19 cities, towns and counties.

20 (1) ~~Three--million--dollars--(\$3,000,000)~~ Six million
21 dollars (\$6,000,000) of the funds collected under this act
22 shall be allocated each fiscal year to the counties and
23 incorporated cities and towns in Montana for construction,
24 reconstruction, maintenance and repair of rural roads, and
25 city or town streets and alleys, as provided in subsections

1 (a) and (b) hereof,

2 (a) ~~One---million---two---hundred---thousand---dollars~~
 3 ~~(\$1,200,000)~~ Two million four hundred thousand dollars
 4 (\$2,400,000) shall be divided among the various counties in
 5 the following manner:

6 (i) Forty per centum (40%) in the ratio that the rural
 7 road mileage in each county, exclusive of the federal-aid
 8 interstate system and the federal-aid primary system, bears
 9 to the total rural road mileage in the state, exclusive of
 10 the federal-aid interstate system and the federal-aid
 11 primary system.

12 (ii) Forty per centum (40%) in the ratio that the rural
 13 population in each county outside incorporated cities and
 14 towns bears to the total rural population in the state
 15 outside incorporated cities and towns.

16 (iii) Twenty per centum (20%) in the ratio that the
 17 land area of each county bears to the total land area of the
 18 state.

19 (b) ~~One---million---eight---hundred---thousand---dollars~~
 20 ~~(\$1,800,000)~~ Three million six hundred thousand dollars
 21 (\$3,600,000) shall be divided among the incorporated cities
 22 and towns in the following manner:

23 (i) Fifty per cent (50%) of the sum shall be divided in
 24 the ratio that the population within the corporate limits of
 25 the city or town bears to the total population within

1 corporate limits of all the cities and towns in Montana.

2 (ii) Fifty per cent (50%) shall be divided in the ratio
 3 that the city or town street and alley mileage, exclusive of
 4 the federal-aid interstate system and the federal-aid
 5 primary system, within corporate limits bears to the total
 6 street and alley mileage, exclusive of the federal-aid
 7 interstate system and federal-aid primary system, within the
 8 corporate limits of all cities and towns in Montana.

9 (2) All funds hereby allocated to counties, cities and
 10 towns shall be used exclusively for the construction,
 11 reconstruction, maintenance and repair of rural roads, city
 12 or town streets and alleys, or for the share which such
 13 city, town or county might otherwise expend for
 14 proportionate matching of federal funds allocated for the
 15 construction of roads or streets which are part of the
 16 federal-aid primary or secondary highway system, or urban
 17 extensions thereto.

18 (3) Upon receipt of the allocation provided herein, the
 19 governing bodies of the recipient counties, cities and
 20 towns, shall inform the department of highways of the
 21 purposes for which the funds shall be expended so that the
 22 county commissioners, the governing body and the department
 23 of highways may co-ordinate the expenditure of public funds
 24 for road improvements.

25 (4) All funds hereby allocated to counties, cities and

1 towns shall be disbursed to the lowest responsible bidder
 2 according to applicable bidding procedures followed in all
 3 cases where the contract for construction, reconstruction
 4 and maintenance or repair is in excess of \$4,000.

5 (5) For the purposes of this act where distribution of
 6 funds is made on a basis related to population, the
 7 population shall be determined by the last preceding
 8 official federal census.

9 (6) For the purposes of this act where determination of
 10 mileage is necessary for distribution of funds it shall be
 11 the responsibility of the cities, towns and counties to
 12 furnish to the department of highways and state treasurer a
 13 yearly certified statement indicating the total mileage
 14 within their respective areas applicable to this act. All
 15 mileage submitted shall be subject to review and approval by
 16 the department of highways.

17 (7) None of the funds authorized by this section shall
 18 be used for the purchase of capital equipment."

19 SECTION 3. SECTION 84-1847, R.C.M. 1947, IS AMENDED TO
 20 READ AS FOLLOWS:

21 "84-1847. Gasoline license tax -- amount. Every
 22 distributor shall pay to the state department of revenue a
 23 license tax for the privilege of engaging in and carrying on
 24 business in this state in an amount equal to one cent (1¢)
 25 for each gallon of aviation gasoline, which shall be

1 allocated to the aeronautics commission, as provided by
 2 section 1-501, R. C. M. 1947, as amended, and ~~seven-cents~~
 3 ~~{7¢}~~ eight cents (8¢) for each gallon of all other gasoline
 4 distributed by him within the state and upon which the
 5 gasoline license tax has not been paid by any other
 6 distributor. Gasoline exported or sold for export out of
 7 the state of Montana shall not be included in the measure of
 8 the distributor's license tax."

-End-

March 29, 1975

SENATE COMMITTEE ON TAXATION
AMENDMENTS TO HOUSE BILL NO. 198

That House Bill No. 198, third reading, be amended as follows:

1. Amend page 1, section 1, line 20.
Following: "~~\$.09~~"
Strike: "ten cents (\$.10)"
Insert: "nine and one half cents (\$.09 1/2)"
2. Amend page 1, section 1, lines 23 and 24.
Following: "~~\$.07~~"
Strike: "eight cents (\$.08)"
Insert: "seven and one half cents (\$.07 1/2)"
3. Amend page 2, section 2, lines 20 and 21.
Following: "~~3,000,000~~"
Strike: "Six million dollars (\$6,000,000)"
Insert: "Five million dollars (\$5,000,000)"
4. Amend page 3, section 2, lines 3 and 4.
Following: "~~\$1,200,000~~"
Strike: "Two million four hundred thousand dollars (\$2,400,000)"
Insert: "Two million dollars (\$2,000,000)"
5. Amend page 3, section 3, lines 20 and 21.
Following: "~~\$1,800,000~~"
Strike: "Three million six hundred thousand dollars (\$3,600,000)"
Insert: "Three million dollars (\$3,000,000)"
6. Amend page 6, section 3, line 3.
Following: "~~7¢~~"
Strike: "eight cents (8¢)"
Insert: "seven and one half cents (\$.07 1/2)"

AND AS SO AMENDED, BE CONCURRED IN

HOUSE BILL NO. 198

INTRODUCED BY SOUTH, C. R. ANIERSON

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 84-1832.1, R.C.M. 1947, TO INCREASE THE TAX LEVIED ON DIESEL FUEL AND LIQUID PETROLEUM GAS AND AMENDING SECTION 84-1847, R.C.M. 1947, TO INCREASE THE TAX LEVIED ON GASOLINE; AND TO AMEND SECTION 84-1840, R.C.M. 1947, TO INCREASE THE ALLOTMENT OF FUNDS DERIVED FROM THE TAX ON DIESEL FUEL AND LIQUID PETROLEUM GAS AND GASOLINE TO LOCAL GOVERNMENT."

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

Section 1. Section 84-1832.1, R.C.M. 1947, is amended to read as follows:

"84-1832.1. Tax to be collected on diesel fuel and liquid petroleum gas, when. The state department of revenue shall, under the provisions of rules and regulations issued by the department, collect or cause to be collected from the owners or operators of motor vehicles a tax in an amount equal to ~~nine--cents--(\$+.09)~~ ~~ten--cents--(\$+.10)~~ NINE--AND ONE-HALF--CENTS--(\$+.09--1/2) NINE AND THREE-QUARTERS CENTS (\$+.09 3/4) for each gallon of diesel fuel or other volatile liquid, of less than forty-six degrees (46°) A.P.I. (American Petroleum Institute) gravity test, and ~~seven--cents (\$+.07)~~ ~~eight--cents--(\$+.08)~~ SEVEN--AND--ONE-HALF--CENTS--(\$+.07

~~1/2)~~ SEVEN AND THREE-QUARTERS CENTS (\$+.07 3/4) for each gallon of liquid petroleum gas when actually sold or used to produce motor power to propel motor vehicles upon the public highways or streets within the state of Montana, or used in motor vehicles, motorized equipment and the internal combustion of any and all engines including stationary engines used in connection with any and all work performed under any and all contracts pertaining to the construction, reconstruction or improvement of any highway or street and their appurtenances awarded by any and all public agencies, including federal, state, county, municipalities, or other political subdivision."

Section 2. Section 84-1840, R.C.M. 1947, is amended to read as follows:

"84-1840. Disposition of funds. All taxes, interest and penalties collected under this act shall be turned over promptly to the state treasurer and the state treasurer shall place the same in the earmarked revenue fund to the credit of the department of highways except those funds hereinbelow allocated to cities, towns and counties, which funds shall be paid by the state treasurer directly to such cities, towns and counties.

(1) ~~Three--million--dollars--(\$3,000,000)~~ ~~Six--million dollars--(\$6,000,000)~~ FIVE-MILLION-DOLLARS--(\$5,000,000) SIX MILLION FIVE HUNDRED THOUSAND DOLLARS (\$6,500,000) of the

4/16/75

1 funds collected under this act shall be allocated each
2 fiscal year to the counties and incorporated cities and
3 towns in Montana for construction, reconstruction,
4 maintenance and repair of rural roads, and city or town
5 streets and alleys, as provided in subsections (a) and (b)
6 hereof,

7 (a) ~~One---million---two---hundred---thousand---dollars~~
8 ~~(\$1,200,000) Two-million--four---hundred--thousand--dollars~~
9 ~~(\$2,400,000) TWO-MILLION-DOLLARS-(\$2,000,000) TWO MILLION~~
10 NINE HUNDRED FIFTY THOUSAND DOLLARS (\$2,950,000) shall be

11 divided among the various counties in the following manner:

12 (i) Forty per centum (40%) in the ratio that the rural
13 road mileage in each county, exclusive of the federal-aid
14 interstate system and the federal-aid primary system, bears
15 to the total rural road mileage in the state, exclusive of
16 the federal-aid interstate system and the federal-aid
17 primary system.

18 (ii) Forty per centum (40%) in the ratio that the rural
19 population in each county outside incorporated cities and
20 towns bears to the total rural population in the state
21 outside incorporated cities and towns.

22 (iii) Twenty per centum (20%) in the ratio that the
23 land area of each county bears to the total land area of the
24 state.

25 (b) ~~One---million---eight---hundred---thousand---dollars~~

1 ~~(\$1,000,000) Three-million---six---hundred---thousand---dollars~~
2 ~~(\$3,600,000) THREE---MILLION---DOLLARS---(\$3,000,000) THREE~~
3 MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$3,550,000)

4 shall be divided among the incorporated cities and towns in
5 the following manner:

6 (i) Fifty per cent (50%) of the sum shall be divided
7 in the ratio that the population within the corporate limits
8 of the city or town bears to the total population within
9 corporate limits of all the cities and towns in Montana.

10 (ii) Fifty per cent (50%) shall be divided in the ratio
11 that the city or town street and alley mileage, exclusive of
12 the federal-aid interstate system and the federal-aid
13 primary system, within corporate limits bears to the total
14 street and alley mileage, exclusive of the federal-aid
15 interstate system and federal-aid primary system, within the
16 corporate limits of all cities and towns in Montana.

17 (2) All funds hereby allocated to counties, cities and
18 towns shall be used exclusively for the construction,
19 reconstruction, maintenance and repair of rural roads, city
20 or town streets and alleys, or for the share which such
21 city, town or county might otherwise expend for
22 proportionate matching of federal funds allocated for the
23 construction of roads or streets which are part of the
24 federal-aid primary or secondary highway system, or urban
25 extensions thereto.

1 (3) Upon receipt of the allocation provided herein,
 2 the governing bodies of the recipient counties, cities and
 3 towns, shall inform the department of highways of the
 4 purposes for which the funds shall be expended so that the
 5 county commissioners, the governing body and the department
 6 of highways may co-ordinate the expenditure of public funds
 7 for road improvements.

8 (4) All funds hereby allocated to counties, cities and
 9 towns shall be disbursed to the lowest responsible bidder
 10 according to applicable bidding procedures followed in all
 11 cases where the contract for construction, reconstruction
 12 and maintenance or repair is in excess of \$4,000.

13 (5) For the purposes of this act where distribution of
 14 funds is made on a basis related to population, the
 15 population shall be determined by the last preceding
 16 official federal census.

17 (6) For the purposes of this act where determination
 18 of mileage is necessary for distribution of funds it shall
 19 be the responsibility of the cities, towns and counties to
 20 furnish to the department of highways and state treasurer a
 21 yearly certified statement indicating the total mileage
 22 within their respective areas applicable to this act. All
 23 mileage submitted shall be subject to review and approval by
 24 the department of highways.

25 (7) None of the funds authorized by this section shall

1 be used for the purchase of capital equipment."

2 SECTION 3. SECTION 84-1847, R.C.M. 1947, IS AMENDED TO
 3 READ AS FOLLOWS:

4 "84-1847. Gasoline license tax -- amount. Every
 5 distributor shall pay to the state department of revenue a
 6 license tax for the privilege of engaging in and carrying on
 7 business in this state in an amount equal to one cent (1¢)
 8 for each gallon of aviation gasoline, which shall be
 9 allocated to the aeronautics commission, as provided by
 10 section 1-501, R. C. M. 1947, as amended, and ~~seven--cents~~
 11 ~~(7¢) eight--cents--(8¢) SEVEN-AND-ONE-HALF-CENTS-(\$.07-1/2)~~
 12 SEVEN AND THREE-QUARTERS CENTS (\$.07 3/4) for each gallon of
 13 all other gasoline distributed by him within the state and
 14 upon which the gasoline license tax has not been paid by any
 15 other distributor. Gasoline exported or sold for export out
 16 of the state of Montana shall not be included in the measure
 17 of the distributor's license tax."

-End-