

1 House BILL NO. 680
 2 INTRODUCED BY Burnett Kropp Manuel

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 1-501
 5 AND 84-1847, R.C.M. 1947, TO SET THE TAX ON AVIATION FUEL AT
 6 3 1/2% OF COST AT REFINERY AND TO PROVIDE THAT 43% OF THE
 7 TAX BE RESERVED FOR LOANS AND GRANTS TO LOCAL GOVERNMENTS
 8 FOR AERONAUTICAL PURPOSES."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 1-501, R.C.M. 1947, is amended to
 12 read as follows:

13 "1-501. Receipt and disbursement of moneys. (1) All
 14 costs and expenses of administering this title, including
 15 the salaries of employees of the department of community
 16 affairs engaged in functions pertaining to aeronautics, the
 17 expenses of members of the board of aeronautics, and all
 18 other disbursements necessary to carry out the purposes of
 19 this title, shall be paid out of the following revenues: All
 20 gifts and all legislative appropriations to the department
 21 for aeronautics; all moneys received from any branch or
 22 department of the federal government, or from other sources,
 23 for the purposes mentioned in this title or for the
 24 furtherance of aeronautics generally in this state. All such
 25 moneys shall be deposited in the state treasury to the

1 credit of the department.

2 (2) There shall be deposited in the earmarked revenue
 3 fund to the credit of the department the proceeds of ~~one~~
 4 ~~cent (1%) per gallon out of the amount per gallon of the~~
 5 gasoline license tax imposed by the laws of this state upon
 6 purchases of gasoline used for the operation of aircraft.
 7 Moneys so deposited shall be spent by the department for the
 8 sole purpose of carrying out its functions pertaining to
 9 aeronautics.

10 (3) Of the money deposited 43% shall be used solely
 11 for local government assistance in the form of loans and
 12 grants to carry out the purposes of 1-204.3.

13 ~~(4) No part of the one cent (1%) per gallon of~~
 14 gasoline license tax imposed by the laws of this state on
 15 gasoline purchased and used for the operation of airplanes
 16 or aircraft may be refunded."

17 Section 2. Section 84-1847, R.C.M. 1947, is amended to
 18 read as follows:

19 "84-1847. Gasoline license tax — amount. Every
 20 distributor shall pay to the state department of revenue a
 21 license tax for the privilege of engaging in and carrying on
 22 business in this state in an amount equal to ~~one cent (1%)~~
 23 3 1/2% of the cost to the distributor at refinery for each
 24 gallon of aviation gasoline, which shall be allocated to the
 25 ~~aeronautics-commission~~ department of community affairs, as

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LC 1665/01

1 provided by section 1-501, R.C.M. 1947, ~~as amended,~~ and
2 ~~seven and three quarters cents (\$.07 3/4)~~ 7 3/4 cents for
3 each gallon of all other gasoline distributed by him within
4 the state and upon which the gasoline license tax has not
5 been paid by any other distributor. Gasoline exported or
6 sold for export out of the state of Montana shall not be
7 included in the measure of the distributor's license tax."

-End-

FISCAL NOTE

Form BD-15

In compliance with a written request received February 9, 19 77, there is hereby submitted a Fiscal Note for House Bill 680 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

This bill sets the tax on aviation fuel at 3 1/2% of cost at refinery and provides that 43% of the tax be reserved for loans and grants to local governments for aeronautical purposes.

ASSUMPTIONS

1. There will be 34 to 36 million gallons of aviation fuel distributed in Montana during each of fiscal years 1978 and 1979. It is implicit in this assumption that commercial airlines will continue to re-fuel in Montana even though the cost of aviation fuel in Montana might be higher than that in surrounding states.
2. Currently the refinery cost of aviation fuel ranges from \$.50 per gallon for jet fuel to \$.58 per gallon for 100 octane aviation gasoline. It is assumed that the weighted average price currently is \$.52 and that the price will increase by 10% for FY 78 and an additional 10% for FY 79. (Based on information obtained from Morrison Flying Service, Helena)
3. No change in administrative costs is assumed. (This assumption is probably too optimistic since the method of taxation is being changed appreciably. However, it is impossible to estimate what the increase in cost might be.)

FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
Earmarked revenue fund (aviation fuel) under current law.	\$340,000-\$360,000	\$340,000-\$360,000
Earmarked revenue fund (aviation fuel) under proposed law.	<u>\$678,300-\$718,200</u>	<u>\$749,700-\$793,800</u>
INCREASE	<u>\$318,300-\$378,200</u>	<u>\$389,700-\$453,800</u>

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Zung
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-77

Taxation
Objection Raised to
Adverse Committee Report

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19 this title, shall be paid out of the following revenues: All
20 gifts and all legislative appropriations to the department
21 for aeronautics; all moneys received from any branch or
22 department of the federal government, or from other sources,
23 for the purposes mentioned in this title or for the
24 furtherance of aeronautics generally in this state. All such
25 moneys shall be deposited in the state treasury to the

1 credit of the department.

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9 aeronautics.

10 (3) Of the money deposited 43% shall be used solely
11 for local government assistance in the form of loans and
12 grants to carry out the purposes of 1-204.3.

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5 been paid by any other distributor. Gasoline exported or
6 sold for export out of the state of Montana shall not be
7 included in the measure of the distributor's license tax."

-End-