

1 House BILL NO. 716  
 2 INTRODUCED BY J. White, Medcalf, Kuennehan, Hays,  
 3 Dawinger, Engel, Mular, Walden, Palmer

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE  
 5 GASOLINE LICENSE TAX TO PROVIDE FUNDING FOR AND AUTHORIZE  
 6 PLANNING, OPERATING, AND CAPITAL GRANTS FOR STATE AND LOCAL  
 7 PROGRAMS DESIGNED TO IMPROVE AND MAINTAIN LOCAL GOVERNMENT  
 8 PUBLIC TRANSPORTATION PROGRAMS AND TO IMPROVE AND MAINTAIN  
 9 LOCAL AND STATE RAILROAD FREIGHT AND INTERCITY PASSENGER  
 10 SERVICE; AMENDING SECTION 84-1847, R.C.M. 1947."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 13 Section 1. Section 84-1847, R.C.M. 1947, is amended to  
 14 read as follows:

15 "84-1847. Gasoline license tax -- amount. Every  
 16 distributor shall pay to the state department of revenue a  
 17 license tax for the privilege of engaging in and carrying on  
 18 business in this state in an amount equal to one cent (1¢)  
 19 for each gallon of aviation gasoline, which shall be  
 20 allocated to the aeronautics commission, as provided by  
 21 section 1-501, R.C.M. 1947, as amended, and ~~seven and~~  
 22 ~~three-quarters cents (\$.07 3/4)~~ 10 cents for each gallon of  
 23 all other gasoline distributed by him within the state and  
 24 upon which the gasoline license tax has not been paid by any  
 25 other distributor. Gasoline exported or sold for export out

1 of the state of Montana shall not be included in the measure  
 2 of the distributor's license tax."

3 Section 2. There is a new R.C.M. section that reads as  
 4 follows:

5 Public transit and railroad assistance account. There  
 6 is created a public transit and railroad assistance account  
 7 in the earmarked revenue fund. Of the total tax per gallon  
 8 of gasoline collected under 84-1847, 2 1/4 cents shall be  
 9 placed into this account. In addition, all funds that may  
 10 become available under the Railroad Revitalization and  
 11 Regulatory Reform Act of 1976, the Urban Mass Transportation  
 12 Act of 1974, and any other federal program offering grants  
 13 or matching funds to state and local nonhighway  
 14 transportation programs shall be credited to this account.

15 Section 3. There is a new R.C.M. section that reads as  
 16 follows:

17 Use of funds in the public transit and railroad  
 18 assistance account. Funds appropriated from the public  
 19 transit and railroad assistance account shall be used to:

20 (1) provide state financial assistance in the form of  
 21 direct grants to local governments for the purpose of  
 22 planning, establishing, and maintaining urban transit  
 23 districts under 11-4501;

24 (2) provide state financial assistance to rail freight  
 25 lines and passenger service lines that are of value to

1 Montana but are judged uneconomical by railroad operators;  
2 (3) acquire properties considered necessary to  
3 improve, continue, or establish railroad service in the  
4 public interest;  
5 (4) prepare for and administer the state's railroad  
6 planning and assistance program;  
7 (5) fund technical assistance programs designed to aid  
8 local governments with public transportation programs; and  
9 (6) provide grants for demonstrations of innovative  
10 transportation modes proposed by public or private agencies.  
11 Section 4. There is a new section that reads as  
12 follows:  
13 Appropriation. (1) There is appropriated to the  
14 department of community affairs for the purposes enumerated  
15 in [section 3] for the biennium ending June 30, 1979, all  
16 money received into the public transit and railroad  
17 assistance account.

-End-

## STATE OF MONTANA

REQUEST NO. 486-77

## FISCAL NOTE

Form BD-15

compliance with a written request received February 14, 19 77, there is hereby submitted a Fiscal Note House Bill 716 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 716 increases the gasoline tax from 7 3/4 cents to 10 cents per gallon. It also provides funding for local programs designed to improve and maintain urban transportation, railroad freight and passenger service, acquisition of abandoned light volume railroad properties, and other public transportation programs.

The proposed legislation earmarks 2 1/4 cents per gallon of the gasoline tax into a special Public Transit and Railroad Assistance Earmarked Revenue Fund to be used for the various public transportation purposes.

House Bill 716 also appropriates to the Department of Community Affairs for the 1979 biennium all monies received into the above Public Transit and Railroad Assistance ERA Fund.

## ASSUMPTIONS:

1. The revenue generated from the gasoline tax will increase at a rate of about 2 to 3% per year.
2. The consumption of gasoline in Montana throughout the next biennium is as follows:  
FY 78: 499,135,000 gallons  
FY 79: 514,109,000 gallons.
3. Refunds for off-highway use must come from the other 7 3/4 cents per gallon (see Technical Note below).
4. Two additional FTE employees will be needed by the Department of Community Affairs to administer the proposed legislation and to monitor the local assistance grants.

## REVENUE IMPACT:

	<u>FY 78</u>	<u>FY 79</u>
Gasoline tax collections under proposed law	\$46,038,501	\$51,410,901
Gasoline tax collections under current law	<u>34,807,963</u>	<u>39,843,448</u>
Increase in gasoline tax collections under proposed law	<u>\$11,230,538</u>	<u>\$11,567,453</u>

## EXPENDITURE IMPACT:

Personal services	\$ 28,000	\$ 28,866
Operating expenses	5,000	5,000
Local Assistance	<u>11,197,538</u>	<u>11,533,587</u>
Total additional expenditures under proposed law	<u>\$11,230,538</u>	<u>\$11,567,453</u>

## LONG-RANGE EFFECTS:

If the gasoline consumption in Montana were to increase (or decrease) rapidly in future years, there would be a corresponding change in revenue generated.

## TECHNICAL NOTE:

The proposed Public Transit and Railroad Assistance Fund takes 2 1/4 cents "of the total tax per gallon of gasoline collected", regardless of off-highway use refunds allowed under Section 84-1855, R.C.M. 1947. If House Bill 716 is passed and approved as is drafted, all off-highway refunds must come from the Highway Earmarked Revenue Fund (02138). This would represent a decrease in revenue for the highway account of about \$800,000 per fiscal year.

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BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-18-77