

1 *Senate* BILL NO. *61*
 2 INTRODUCED BY *LOCKREM Tom Murray Hagen*
 3 *Thomas*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE TAX ON
 5 GASOLINE AND TO PROVIDE FOR URBAN STREET DEVELOPMENT;
 6 AMENDING SECTIONS 84-1832.1 AND 84-1840, R.C.M. 1947."

7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Short title. This act may be cited as "The
 10 Montana Urban Street Act of 1977".

11 Section 2. Section 84-1832.1, R.C.M. 1947, is amended
 12 to read as follows:

13 "84-1832.1. Tax to be collected on diesel fuel and
 14 liquid petroleum gas, when. The ~~state~~ department of revenue
 15 shall, under the provisions of rules and regulations issued
 16 by the department, collect or cause to be collected from the
 17 owners or operators of motor vehicles a tax in an amount
 18 equal to ~~nine and three quarters cents (\$.09 3/4)~~ 11 cents
 19 for each gallon of diesel fuel or other volatile liquid,
 20 except liquid petroleum gas, of less than ~~forty six~~ 46
 21 degrees ~~(46.2)~~ A.P.I. (American Petroleum Institute) gravity
 22 test when actually sold or used to produce motor power to
 23 propel motor vehicles upon the public highways or streets
 24 within the state of Montana, or used in motor vehicles,
 25 motorized equipment and the internal combustion of any and

1 all engines including stationary engines used in connection
 2 with any and all work performed under any and all contracts
 3 pertaining to the construction, reconstruction or
 4 improvement of any highway or street and their appurtenances
 5 awarded by any and all public agencies, including federal,
 6 state, county, municipalities, or other political
 7 subdivisions."

8 Section 3. Section 84-1840, R.C.M. 1947, is amended to
 9 read as follows:

10 "84-1840. Disposition of funds. All taxes, interest
 11 and penalties collected under this act shall be turned over
 12 promptly to the state treasurer and the state treasurer
 13 shall place the same in the earmarked revenue fund to the
 14 credit of the department of highways except those funds
 15 hereinbelow allocated to cities, towns and counties, which
 16 funds shall be paid by the state treasurer directly to such
 17 cities, towns and counties.

18 (1) ~~Six million five hundred thousand dollars~~
 19 ~~(\$6,500,000)~~ \$12,300,000 of the funds collected under this
 20 act shall be allocated each fiscal year on a monthly basis
 21 to the counties and incorporated cities and towns in Montana
 22 for construction, reconstruction, maintenance and repair of
 23 rural roads, and city or town streets and alleys, as
 24 provided in subsections (a) and (b) hereof,

25 (a) ~~Two million nine hundred fifty thousand dollars~~

1 ~~(\$2,950,000)~~ \$4,050,000 shall be divided among the various
2 counties in the following manner:

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

9 (ii) ~~Forty per centum (40%)~~ in the ratio that the rural
10 population in each county outside incorporated cities and
11 towns bears to the total rural population in the state
12 outside incorporated cities and towns.

13 (iii) ~~Twenty per centum (20%)~~ in the ratio that the
14 land area of each county bears to the total land area of the
15 state.

16 (b) ~~Three million five hundred fifty thousand dollars~~
17 ~~(\$3,550,000)~~ \$8,250,000 shall be divided among the
18 incorporated cities and towns in the following manner:

19 (i) ~~Fifty per cent (50%)~~ of the sum shall be divided
20 in the ratio that the population within the corporate limits
21 of the city or town bears to the total population within
22 corporate limits of all the cities and towns in Montana.

23 (ii) ~~Fifty per cent (50%)~~ shall be divided in the ratio
24 that the city or town street and alley mileage, exclusive of
25 the federal-aid interstate system and the federal-aid

1 primary system, within corporate limits bears to the total
2 street and alley mileage, exclusive of the federal-aid
3 interstate system and federal-aid primary system, within the
4 corporate limits of all cities and towns in Montana.

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

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

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

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

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

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

-End-

STATE OF MONTANA

REQUEST NO. 32-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 60 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

This bill is an act to revise the income tax rates; providing sets of rates for married persons filing jointly and separately.

ASSUMPTIONS

1. The proportion of taxable income, found in each thousand dollar bracket of taxable income, remains constant throughout the biennium.
2. In 1975: 105,212 married couples filed joint returns and paid \$41.033M in tax; 118,744 returns were received from married persons who filed separately and paid \$37.268M in tax (approximately 59,400 married couples); 121,748 single persons paid \$19.950M.
3. Under the proposed schedule the average tax liability of a married couple who filed jointly in 1975 would have been 6.8% lower while that of single individuals would have been 3.1% lower. These percentages were calculated by actually calculating the differences in taxes paid in each thousand dollar bracket of taxable income and averaging.
4. If those married people who filed separately in 1975 had filed jointly the state would have realized approximately \$6.000M more income tax revenue. (Based on an actual computer run calculating tax on joint income.)
5. 80% of those married couples who filed separately in 1975 would find it more advantageous to file jointly under the proposed law. In addition, these married couples would contribute a proportionate share of the additional revenue noted in assumption #4.
6. There will be no change in administrative costs under the proposed law.
7. The 10% income tax surcharge will be in effect in FY 78 and FY 79.
8. The shifts observed among the categories of income taxpayers will be valid in FY 78 and FY 79.
9. Those who continue to file separately would pay 10% more tax than they would under current law. (Based on actual calculation using proposed rates)
10. Income tax collections: Fy 78 \$123.732M; FY 79 \$140.093M.

(Continued on page 2)

R. J. J. for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-14-77

STATE OF MONTANA

REQUEST NO. 32-77

FISCAL NOTE

Form BD 15

In compliance with a written request received January 10, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 60 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.

Page 2

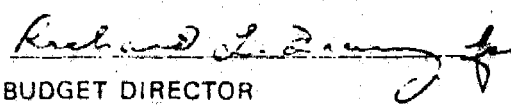
FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
Estimated amount of income tax revenue under current law	\$123.732M	\$140.093M
Estimated amount of income tax revenue under proposed law	<u>123.461M</u>	<u>139.787M</u>
TOTAL DECREASE	<u>(\$.271M)</u>	<u>(\$.305M)</u>

TECHNICAL NOTE

In lines 3 and 21 of page 3 and line 14 of page 4 the phrase "\$.00 plus" could be eliminated without any loss.

PREPARED BY: Department of Revenue


 BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-4-77

STATE OF MONTANA

REQUEST NO. 31-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 61 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:

An act to increase the tax on gasoline and increase the allocation to local government for road maintenance.

ASSUMPTIONS:

1. The title of the bill implies the intent of the bill so that instead of amending section 84-1832.1, R.C.M., 1947, the amended section is 84-1847, R.C.M., 1947. A further assumption is that the tax will increase from 7¢ gallon to 9¢ gallon.
2. Gasoline consumption will increase between 2% and 3% for each fiscal year 77, 78 and 79. This assumption yields estimated taxable gallons between 489.490M and 499.135M in FY 78 and 499.280M and 514.109M in FY 79. Assumption based on data from Motor Fuels Division.
3. 2% of the first 6¢ tax collected will be deducted. This is the current law.
4. Administrative costs will remain unchanged.
5. The earmarked allocation to local governments will increase by \$5.8M in each fiscal year.

FISCAL IMPACT:

	Estimated Amount Under Current Law	FY 78	
		Estimated Amount Under Proposed Law	Estimated Increase
Dept. of Highways earmarked revenue fund from gasoline	\$30.848M-\$31.584M	\$31.167M-\$32.023M	\$.319M-\$.439M
Earmarked for local gov't. road maintenance from gasoline tax	\$ 6.5M	\$12.3M	\$5.8M
Total Revenue:	<u>\$37.348M-\$38.084M</u>	<u>\$43.467M-\$44.323M</u>	<u>\$6.119M-\$6.239M</u>
		FY 79	
Dept. of Highways earmarked revenue fund from gasoline	\$31.595M-\$32.727	\$32.036M-\$33.353M	\$.441M-\$.626M
Earmarked for local gov't. road maintenance from gasoline tax	\$ 6.5M	\$12.3M	\$ 5.8M
Total Revenue:	<u>\$38.095M-\$39.227M</u>	<u>\$44.336M-\$45.653M</u>	<u>\$6.241M-\$6.426M</u>

LOCAL IMPACT:

Local government revenues that are allocated for road maintenance out of the earmarked revenue fund from the gasoline tax will increase by almost 90% in each fiscal year following the implementation of this bill. The increase is from \$6.5M to \$12.3M in each fiscal year starting with FY 78.

LONG-RANGE EFFECTS:

The Department of Highways earmarked fund will experience a slight increase in revenue, less than 2%.

TECHNICAL NOTE:

This act is entitled an act to increase the tax on gasoline, but the bill provides for a tax increase on diesel fuel. This fiscal note assumes the amount of increase indicated in the bill (1.25 cents), but applies the increase to the gasoline tax instead of the diesel fuel tax.

Richard L. Zang
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-14-77

STATE OF MONTANA

REQUEST NO. Amended 31-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 61 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:

An act to increase the tax on gasoline and increase the allocation to local government for road maintenance.

ASSUMPTIONS:

1. The title of the bill implies the intent of the bill so that instead of amending section 84-1832.1, R.C.M. 1947, the amended section is 84-1847, R.C.M., 1947. A further assumption is that the tax will increase from 7¢ gallon to 9¢ gallon.
2. Gasoline consumption will increase between 2% and 3% for each fiscal year 77, 78 and 79. This assumption yields estimated taxable gallons between 489.490M and 499.135M in FY 78 and 499.280M and 514.109M in FY 79. Assumption based on data from Motor Fuels Division.
3. 2% of the first 6¢ tax collected will be deducted. This is the current law.
4. Administrative costs will remain unchanged.
5. The earmarked allocation to local governments will increase by \$5.8M in each fiscal year.

FISCAL IMPACT:

	FY 78		
	Estimated Amount Under Current Law	Estimated Amount Under Proposed Law	Estimated Increase
Gross collections (includes Fish & Game allocation, refunds and Highways earmarked funds)	\$30.848M-\$31.584M	\$31.167M-\$32.023M	\$.319M-\$.439M
Earmarked for local gov't. road maintenance from gasoline tax	\$ 6.5M	\$12.3M	\$5.8M
Total Revenue	<u>\$37.348M-\$38.084M</u>	<u>\$43.467M-\$44.323M</u>	<u>\$6.119M-\$6.239M</u>
	FY 79		
Gross collections (includes Fish & Game allocation, refunds and Highways earmarked funds)	\$31.595M-\$32.727	\$32.036-\$33.353M	\$.441M-\$.626M
Earmarked for local gov't. road maintenance from gasoline tax	\$ 6.5M	\$12.3M	\$ 5.8M
Total Revenue	<u>\$38.095M-\$39.227M</u>	<u>\$44.336M-\$45.653M</u>	<u>\$6.241M-\$6.426M</u>

LOCAL IMPACT:

Local government revenues that are allocated for road maintenance out of the earmarked revenue fund from the gasoline tax will increase by almost 90% in each fiscal year following the implementation of this bill. The increase is from \$6.5M to \$12.3M in each fiscal year starting with FY 78.

LONG-RANGE EFFECTS:

Gross collections will experience a slight increase in revenue, less than 2%.

TECHNICAL NOTE:

This act is entitled an act to increase the tax on gasoline, but the bill provides for a tax increase on diesel fuel. This fiscal note assumes the amount of increase indicated in the bill (1.25 cents), but applies the increase to the gasoline tax instead of the diesel fuel tax.

AMENDMENT NOTE:

This amendment changes the phrase "Department of Highways earmarked revenue fund" to "Gross collections" in the Fiscal Impact and Long-Range Effects sections of the original fiscal note.

Richard L. Drury
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-21-77

No Recommendation by Committee
on Taxation

SENATE BILL NO. 61

INTRODUCED BY LOCKREM, LCWE, MURRAY, HAGER, THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE TAX ON GASOLINE AND TO PROVIDE FOR URBAN STREET DEVELOPMENT; AMENDING SECTIONS ~~84-1832, 4~~ 84-1847 AND 84-1840, R.C.M. 1947."

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

Section 1. Short title. This act may be cited as "The Montana Urban Street Act of 1977".

~~Section 2. 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 and three quarters cents (\$.09 3/4) 11 cents for each gallon of diesel fuel or other volatile liquid, except liquid petroleum gas, of less than forty six 46 degrees (46°) A.P.I. (American Petroleum Institute) gravity test 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 subdivisions."~~

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

"84-1847. Gasoline license tax — amount. Every distributor shall pay to the state department of revenue a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~one cent (1¢)~~ cent for each gallon of aviation gasoline, which shall be allocated to the aeronautics commission, as provided by section 1-501, R.C.M. 1947, as amended, and ~~seven and three quarters cents (\$.07 3/4)~~ 9 cents for each gallon of all other gasoline distributed by him within the state and upon which the gasoline license tax has not been paid by any other distributor. Gasoline exported or sold for export out of the state of Montana shall not be included in the measure of the distributor's license tax."

Section 3. Section 84-1840, R.C.M. 1947, is amended to read as follows:

SECOND READING

1 "84-1840. Disposition of funds. All taxes, interest
 2 and penalties collected under this act shall be turned over
 3 promptly to the state treasurer and the state treasurer
 4 shall place the same in the earmarked revenue fund to the
 5 credit of the department of highways except those funds
 6 hereinbelow allocated to cities, towns and counties, which
 7 funds shall be paid by the state treasurer directly to such
 8 cities, towns and counties.

9 (1) ~~Six million five hundred thousand dollars~~
 10 ~~(\$6,500,000)~~ \$12,300,000 of the funds collected under this
 11 act shall be allocated each fiscal year on a monthly basis
 12 to the counties and incorporated cities and towns in Montana
 13 for construction, reconstruction, maintenance and repair of
 14 rural roads, and city or town streets and alleys, as
 15 provided in subsections (a) and (b) hereof,

16 (a) ~~Two million nine hundred fifty thousand dollars~~
 17 ~~(\$2,950,000)~~ \$4,050,000 shall be divided among the various
 18 counties in the following manner:

19 (i) ~~Forty per centum (40%)~~ in the ratio that the rural
 20 road mileage in each county, exclusive of the federal-aid
 21 interstate system and the federal-aid primary system, bears
 22 to the total rural road mileage in the state, exclusive of
 23 the federal-aid interstate system and the federal-aid
 24 primary system.

25 (ii) ~~Forty per centum (40%)~~ in the ratio that the rural

1 population in each county outside incorporated cities and
 2 towns bears to the total rural population in the state
 3 outside incorporated cities and towns.

4 (iii) ~~Twenty per centum (20%)~~ in the ratio that the
 5 land area of each county bears to the total land area of the
 6 state.

7 (b) ~~Three million five hundred fifty thousand dollars~~
 8 ~~(\$3,550,000)~~ \$8,250,000 shall be divided among the
 9 incorporated cities and towns in the following manner:

10 (i) ~~Fifty per cent (50%)~~ of the sum shall be divided
 11 in the ratio that the population within the corporate limits
 12 of the city or town bears to the total population within
 13 corporate limits of all the cities and towns in Montana.

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

21 (2) All funds hereby allocated to counties, cities and
 22 towns shall be used exclusively for the construction,
 23 reconstruction, maintenance and repair of rural roads, city
 24 or town streets and alleys, or for the share which such
 25 city, town or county might otherwise expend for

1 proportionate matching of federal funds allocated for the
2 construction of roads or streets which are part of the
3 federal-aid primary or secondary highway system, or urban
4 extensions thereto.

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

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

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

21 (6) For the purposes of this act where determination
22 of mileage is necessary for distribution of funds it shall
23 be the responsibility of the cities, towns and counties to
24 furnish to the department of highways and state treasurer a
25 yearly certified statement indicating the total mileage

1 within their respective areas applicable to this act. All
2 mileage submitted shall be subject to review and approval by
3 the department of highways.

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

-End-

Approved by Committee
on Taxation

SENATE BILL NO. 61

INTRODUCED BY LOCKREM, LOWE, MURRAY, HAGER, THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE TAX ON GASOLINE AND TO PROVIDE FOR URBAN STREET DEVELOPMENT; AMENDING SECTIONS ~~84-1832~~ 84-1847 AND 84-1840, R.C.M. 1947."

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

Section 1. Short title. This act may be cited as "The Montana Urban Street Act of 1977".

~~Section 2. Section 84-1832, R.C.M. 1947, is amended to read as follows:~~

~~"84-1832. 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 and three quarters cents (\$.09-3/4) 11 cents for each gallon of diesel fuel or other volatile liquid except liquid petroleum gas of less than forty six 46 degrees [~~46~~] ~~A.P.I.~~ (American Petroleum Institute) gravity test 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 states county municipalities or other political subdivisions."~~

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

"84-1847. Gasoline license tax -- amount. Every distributor shall pay to the state department of revenue a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to ~~one cent (1¢)~~ cent for each gallon of aviation gasoline, which shall be allocated to the aeronautics commission, as provided by section 1-501, R.C.M. 1947, as amended, and ~~seven and three quarters cents (\$.07-3/4)~~ 9 cents for each gallon of all other gasoline distributed by him within the state and upon which the gasoline license tax has not been paid by any other distributor. Gasoline exported or sold for export out of the state of Montana shall not be included in the measure of the distributor's license tax."

Section 3. Section 84-1840, R.C.M. 1947, is amended to read as follows:

SECOND READING

SECOND PRINTING

1 "64-1840. Disposition of funds. All taxes, interest
2 and penalties collected under this act shall be turned over
3 promptly to the state treasurer and the state treasurer
4 shall place the same in the earmarked revenue fund to the
5 credit of the department of highways except those funds
6 hereinbelow allocated to cities, towns and counties, which
7 funds shall be paid by the state treasurer directly to such
8 cities, towns and counties.

9 (1) ~~Six--million--five--hundred--thousand--dollars~~
10 ~~(\$6,500,000)~~ \$12,300,000 of the funds collected under this
11 act shall be allocated each fiscal year on a monthly basis
12 to the counties and incorporated cities and towns in Montana
13 for construction, reconstruction, maintenance and repair of
14 rural roads, and city or town streets and alleys, as
15 provided in subsections (a) and (b) hereof,

16 (a) ~~Two-million-nine-hundred-fifty-thousand-dollars~~
17 ~~(\$2,950,000)~~ \$4,950,000 \$6,150,000 shall be divided among
18 the various counties in the following manner:

19 (i) ~~Forty-per-centum-(40%)~~ in the ratio that the rural
20 road mileage in each county, exclusive of the federal-aid
21 interstate system and the federal-aid primary system, bears
22 to the total rural road mileage in the state, exclusive of
23 the federal-aid interstate system and the federal-aid
24 primary system.

25 (ii) ~~Forty-per-centum-(40%)~~ in the ratio that the rural

1 population in each county outside incorporated cities and
2 towns bears to the total rural population in the state
3 outside incorporated cities and towns.

4 (iii) ~~Twenty-per-centum-(20%)~~ in the ratio that the
5 land area of each county bears to the total land area of the
6 state.

7 (b) ~~Three--million--five--hundred--fifty--thousand--dollars~~
8 ~~(\$3,550,000)~~ \$8,250,000 \$6,150,000 shall be divided among
9 the incorporated cities and towns in the following manner:

10 (i) ~~Fifty--per--cent-(50%)~~ of the sum shall be divided
11 in the ratio that the population within the corporate limits
12 of the city or town bears to the total population within
13 corporate limits of all the cities and towns in Montana.

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

21 (2) All funds hereby allocated to counties, cities and
22 towns shall be used exclusively for the construction,
23 reconstruction, maintenance and repair of rural roads, city
24 or town streets and alleys, or for the share which such
25 city, town or county might otherwise expend for

1 proportionate matching of federal funds allocated for the
 2 construction of roads or streets which are part of the
 3 federal-aid primary or secondary highway system, or urban
 4 extensions thereto.

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

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

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

21 (6) For the purposes of this act where determination
 22 of mileage is necessary for distribution of funds it shall
 23 be the responsibility of the cities, towns and counties to
 24 furnish to the department of highways and state treasurer a
 25 yearly certified statement indicating the total mileage

1 within their respective areas applicable to this act. All
 2 mileage submitted shall be subject to review and approval by
 3 the department of highways.

4 (7) None of the funds authorized by this section shall
 5 be used for the purchase of capital equipment.*

-End-