

Senate BILL NO. 432
Thomson

1
2 INTRODUCED BY _____
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE ADDITIONAL
5 FUNDING FOR THE SECONDARY HIGHWAY SYSTEM AND TO PROVIDE
6 ADDITIONAL FUNDING THEREFOR BY INCREASING THE TAX ON
7 GASOLINE AND SPECIAL FUELS BY 1 CENT PER GALLON."
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 Section 1. There is a new R.C.M. section numbered
11 32-2607.1 that reads as follows:

12 32-2607.1. Additional apportionment. In addition to
13 the apportionments made under 32-2607, each year the
14 department shall apportion the sum of \$5 million among the
15 financial districts. This shall be done in the same manner
16 and on the same basis as provided in 32-2607. Such sum
17 shall be used for the construction and reconstruction of
18 public highways and bridges on the secondary highway system.

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

21 "84-1832.1. Tax to be collected on diesel fuel and
22 liquid petroleum gas, when. The state department of revenue
23 shall, under the provisions of rules and regulations issued
24 by the department, collect or cause to be collected from the
25 owners or operators of motor vehicles a tax in an amount

1 equal to ~~nine and three quarters cents (\$09 3/4)~~ 9 3/4
2 cents for each gallon of diesel fuel or other volatile
3 liquid except liquid petroleum gas, of less than ~~forty-six~~
4 46 degrees ~~(460)~~ A.P.I. (American Petroleum Institute)
5 gravity test when actually sold or used to produce motor
6 power to propel motor vehicles upon the public highways or
7 streets within the state of Montana, or used in motor
8 vehicles, motorized equipment and the internal combustion of
9 any and all engines including stationary engines used in
10 connection with any and all work performed under any and all
11 contracts pertaining to the construction, reconstruction or
12 improvement of any highway or street and their appurtenances
13 awarded by any and all public agencies, including federal,
14 state, county, municipalities, or other political
15 subdivisions and an additional 1 cent per gallon for the
16 purpose of funding 32-2607.1."

17 Section 3. 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¢)~~ 1
23 cent for each gallon of aviation gasoline, which shall be
24 allocated to the aeronautics commission, as provided by
25 section 1-501, R.C.M. ~~1947~~, as amended, and ~~seven and~~

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1 ~~three quarters cents (\$.07 3/4)~~ 8 3/4 cents for each gallon
2 of all other gasoline distributed by him within the state
3 and upon which the gasoline license tax has not been paid by
4 any other distributor, 1 cent of which shall be used for the
5 purpose of funding 32-2607,1. Gasoline exported or sold for
6 export out of the state of Montana shall not be included in
7 the measure of the distributor's license tax."

-End-

STATE OF MONTANA

REQUEST NO. 494-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 14, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 432 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 provides additional funding for the secondary highway system and provides additional funding therefor by increasing the tax on gasoline and special fuels by 1 cent per gallon.

ASSUMPTIONS

1. The growth rate in diesel fuel dealers' taxable gallons would be 2-3%/year.
2. The new diesel tax would be 10 3/4¢.
3. The growth rate in gasoline dealers' taxable gallons would be 2-3%/year.
4. 2% of the first 6¢ collected on gasoline tax will be deducted (evaporation allowance).
5. Refunds for off-road use will be \$2-7 million in FY 78 and FY 79.
6. Administrative costs will remain unchanged.

FISCAL IMPACT

	FY 78		
	Current Law	Proposed Law	Increase
Diesel Tax	\$ 4.786M-\$ 4.880M	\$ 5.277M-\$ 5.381M	\$.491M-\$.501M
Gasoline Tax (Less refunds and evaporation allowance)	\$34.648M-\$35.384M	\$39.543M-\$40.375M	\$4.895M-\$4.991M
TOTAL REVENUE	\$39.434M-\$40.264M	\$44.820M-\$45.756M	\$5.386M-\$5.492M
	FY 79		
	Current Law	Proposed Law	Increase
Diesel Tax	\$ 4.882M-\$ 5.027M	\$ 5.382M-\$ 5.542M	\$.500M-\$.515M
Gasoline Tax (Less refunds and evaporation allowance)	\$35.395M-\$36.527M	\$40.388M-\$41.688M	\$4.993M-\$5.141M
TOTAL REVENUE	\$40.277M-\$41.554M	\$45.770M-\$47.230M	\$5.493M-\$5.656M

LONG-RANGE EFFECT

If gasoline and diesel consumption increase over the long run the net increase to the state will be even greater than the increase during the biennium.

TECHNICAL NOTE

The diesel fuel tax should be raised to 10 3/4¢ per gallon (line 1 page 2) with 1¢ per gallon earmarked for secondary roads in order to be consistent with the title of the bill and the treatment accorded gasoline in Section 3.

The word "purpose", line 16 page 2 is misspelled.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drury
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-17-77