

CHAPTER NO. 632.

HOUSE BILL NO. 63

INTRODUCED BY DASSINGER

BY REQUEST OF THE DEPARTMENT OF HIGHWAYS

IN THE HOUSE

January 4, 1979	Introduced and referred to Committee on Taxation.
January 6, 1979	On motion, joint rule 6-6 suspended and sponsor's signature allowed to be added to prefiled bill.
February 3, 1979	Committee recommend bill do pass as amended. Report adopted.
February 5, 1979	Printed and placed on members' desks. On motion taken from printing and referred to Committee on Taxation.
February 9, 1979	Intent statement attached. Committee recommend bill do pass. Report adopted.
February 12, 1979	Printed and placed on members' desks.
February 13, 1979	Second reading, do pass.
February 14, 1979	Considered correctly engrossed.
February 15, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

February 16, 1979	Introduced and referred to Committee on Taxation.
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March 15, 1979	Committee recommend bill be concurred in. Report adopted.
March 17, 1979	Second reading, pass consideration.
March 19, 1979	On motion taken from second reading and rereferred to Committee on Taxation.
March 29, 1979	Committee recommend bill be concurred in as amended. Report adopted.
	Statement of Intent, as amended, be adopted.
March 30, 1979	Second reading, pass consideration.
March 31, 1979	Second reading, concurred in.
April 3, 1979	Third reading, concurred in as amended.

IN THE HOUSE

April 4, 1979	Returned from second house. Concurred in as amended with Intent Statement.
April 5, 1979	On motion Senate amendments referred to Committee on Rules.
April 18, 1979	On motion taken from Committee on Rules and referred to second reading this day.
	Second reading, amendments rejected.
	On motion Joint Conference Committee requested.
April 19, 1979	Joint Conference Committee appointed.

April 19, 1979

Joint Conference Committee
dissolved.

On motion Free Joint Con-
ference Committee requested
and appointed.

April 20, 1979

Free Joint Conference Com-
mittee reported.

Second reading, adopted.

Third reading, adopted.

Adopted by Senate.

Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 63
2 INTRODUCED BY _____
3 BY REQUEST OF THE DEPARTMENT OF HIGHWAYS
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE
6 GASOLINE LICENSE TAX AND THE TAX ON DIESEL FUEL AND VOLATILE
7 LIQUIDS BY 1 CENT; AMENDING SECTIONS 15-70-204 AND
8 15-70-321, MCA."
9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 Section 1. Section 15-70-204, MCA, is amended to read:
12 "15-70-204. Gasoline license tax — rate. (1) Every
13 distributor shall pay to the department of revenue a license
14 tax for the privilege of engaging in and carrying on
15 business in this state in an amount equal to 1 cent for each
16 gallon of aviation gasoline, which shall be allocated to the
17 department of community affairs as provided by 67-1-301, as
18 amended, and 8 2 cents for each gallon of all other gasoline
19 distributed by him within the state and upon which the
20 gasoline license tax has not been paid by any other
21 distributor.
22 (2) Gasoline exported or sold for export out of the
23 state shall not be included in the measure of the
24 distributor's license tax."
25 Section 2. Section 15-70-321, MCA, is amended to read:

1 "15-70-321. Tax on diesel fuel and volatile liquids.
2 The department shall, under the provisions of rules issued
3 by it, collect or cause to be collected from the owners or
4 operators of motor vehicles a tax in an amount equal to 10
5 11 cents for each gallon of diesel fuel or other volatile
6 liquid, except liquid petroleum gas, of less than 46 degrees
7 A.P.I. (American petroleum institute) gravity test when
8 actually sold or used to produce motor power to propel motor
9 vehicles upon the public highways or streets within the
10 state or used in motor vehicles, motorized equipment, and
11 the internal combustion of any and all engines, including
12 stationary engines, used in connection with any and all work
13 performed under any and all contracts pertaining to the
14 construction, reconstruction, or improvement of any highway
15 or street and their appurtenances awarded by any and all
16 public agencies, including federal, state, county,
17 municipal, or other political subdivisions."

-End-

STATE OF MONTANA

REQUEST NO. 58-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, 19 79, there is hereby submitted a Fiscal Note for House Bill 63 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 increases the gasoline license tax and the tax on diesel fuel and volatile liquids by 1 cent.

ASSUMPTIONS

- 1) Taxable gallons of gasoline will grow 3%-4% per year.

	<u>FY 78</u>	<u>FY 79e</u>	<u>FY 80e</u>	<u>FY 81e</u>	(e - estimate)
3%	514.4 M	529.8 M	545.7 M	562.1 M	
4%	514.4 M	535.0 M	556.4 M	578.6 M	
- 2) Effective tax on gasoline
current law - 7.88¢/Gallon
proposed law - 8.88¢/Gallon
- 3) Taxable gallons of diesel fuel and volatile liquids will range from 90 M to 93 M gallons for FY80 and FY81.
- 4) Effective tax on diesel fuel
current law - 9.94¢/Gallon
proposed law - 10.94¢/Gallon
- 5) Administrative costs will remain unchanged.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
Gasoline License Tax		
under current law	\$43.0 to 43.8 M	\$44.3 to 45.6 M
under proposed law	48.5 to 49.4 M	49.9 to 51.4 M
Estimated Increase	<u>\$ 5.5 to 5.6 M</u>	<u>\$ 5.6 to 5.8 M</u>
Tax on diesel fuel and volatile liquids		
under current law	\$ 9.0 to 9.2 M	\$ 9.0 to 9.2 M
under proposed law	9.9 to 10.2 M	9.9 to 10.2 M
Estimated Increase	<u>\$.9 to 1.0 M</u>	<u>\$.9 to 1.0 M</u>
Total Revenue		
under current law	\$52.0 to 53.0 M	\$53.3 to 54.8 M
under proposed law	58.4 to 59.6 M	59.8 to 61.6 M
Estimated Increase	<u>\$ 6.4 to 6.6 M</u>	<u>\$ 6.5 to 6.8 M</u>

CONTINUED ON PAGE 2

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

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FUND INFORMATION

	<u>FY 80</u>	<u>FY 81</u>
Earmarked Revenue		
Estimated Increase	<u>\$6.4 to 6.6 M</u>	<u>\$6.5 to 6.8 M</u>

LONG-RANGE EFFECTS

Assuming no other changes, revenues would be increased by \$6.5 to \$7.0 M per year for the next few years.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drury
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/25/79

Approved by Committee
on Taxation

HOUSE BILL NO. 63

INTRODUCED BY DASSINGER

BY REQUEST OF THE DEPARTMENT OF HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE
GASOLINE LICENSE TAX AND THE TAX ON DIESEL FUEL AND VOLATILE
LIQUIDS BY 1 CENT; AMENDING SECTIONS 15-70-204 AND
15-70-321, MCA."

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

Section 1. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax -- rate. (1) Every
distributor shall pay to the department of revenue a license
tax for the privilege of engaging in and carrying on
business in this state in an amount equal to 1 cent for each
gallon of aviation gasoline, which shall be allocated to the
department of community affairs as provided by 67-1-301, as
amended, and 8 2 8 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.

(2) Gasoline exported or sold for export out of the
state shall not be included in the measure of the
distributor's license tax.

(3) IN ADDITION TO THE TAX IMPOSED BY SUBSECTION (1)

OF THIS SECTION, THERE IS LEVIED AN ADDITIONAL TAX OF 1 CENT
A GALLON ON EACH GALLON OF NONAVIATION GASOLINE TO BE
ALLOCATED SOLELY FOR THE PURPOSE OF MATCHING FEDERAL FUNDS
AVAILABLE FOR COMPLETION OF THE FEDERAL-AID INTERSTATE
SYSTEM AS DEFINED IN 23 U.S.C. 103 AND SPENT ONLY AFTER ANY
EXISTING HIGHWAY CONSTRUCTION AND MAINTENANCE FUNDS
CURRENTLY ALLOCATED AND SCHEDULED FOR USE HAVE BEEN
OBLIGATED. THIS ADDITIONAL TAX OF 1 CENT A GALLON EXPIRES
JULY 1, 1983, OR WITHIN 30 DAYS OF LEGISLATIVE TERMINATION
OF THE FEDERAL INTERSTATE MATCHING FUNDS PROGRAM, WHICHEVER
COMES FIRST."

Section 2. Section 15-70-321, MCA, is amended to read:

"15-70-321. Tax on diesel fuel and volatile liquids.
(1) The department shall, under the provisions of rules
issued by it, collect or cause to be collected from the
owners or operators of motor vehicles a tax in an amount
equal to ~~10~~ 11 10 cents for each gallon of diesel fuel or
other volatile liquid, except liquid petroleum gas, of less
than 46 degrees 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 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

1 contracts pertaining to the construction, reconstruction, or
2 improvement of any highway or street and their appurtenances
3 awarded by any and all public agencies, including federal,
4 state, county, municipal, or other political subdivisions.

5 (2) IN ADDITION TO THE TAX IMPOSED BY SUBSECTION (1)
6 OF THIS SECTION, THERE IS LEVIED AN ADDITIONAL TAX OF 1 CENT
7 A GALLON ON EACH GALLON OF DIESEL FUEL OR OTHER VOLATILE
8 LIQUID, EXCEPT LIQUEFIED PETROLEUM GAS, TO BE ALLOCATED
9 SOLELY FOR THE PURPOSE OF MATCHING FEDERAL FUNDS AVAILABLE
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14 ADDITIONAL TAX OF 1 CENT A GALLON EXPIRES JULY 1, 1983, OR
15 WITHIN 30 DAYS OF LEGISLATIVE TERMINATION OF THE FEDERAL
16 INTERSTATE MATCHING FUNDS PROGRAM, WHICHEVER COMES FIRST."

-End-

1 STATEMENT OF INTENT RE: HB 63

2
3
4 This bill raises the tax on gasoline and diesel fuel by
5 one cent a gallon in order to provide funds to enable the
6 state of Montana to benefit from a large amount of federal
7 matching funds now available for interstate construction.

8 The original bill was amended by adding language in
9 subsection (3) of section 1 and subsection (2) of section 2
10 in order to make it clear that the money derived from the
11 tax increase may be used only for matching federal
12 interstate funds.

13 Further limiting language was added requiring that the
14 money raised by the tax increase be used only after any
15 highway funds currently maintained for interstate
16 construction and maintenance are obligated to insure that
17 money currently being maintained for the purpose of matching
18 federal funds would not be diverted to any other use.

19 It is understood and intended that the money raised
20 from this increase will create a fund for matching federal
21 interstate funds over and above the level of funding
22 normally used by the Department of Highways for the purpose
23 of matching federal interstate funds.

24 First adopted by the HOUSE COMMITTEE ON TAXATION, on
25 February 9, 1979.

HB 63

Approved by Committee
on Taxation

HOUSE BILL NO. 63

INTRODUCED BY DASSINGER

BY REQUEST OF THE DEPARTMENT OF HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE
GASOLINE LICENSE TAX AND THE TAX ON DIESEL FUEL AND VOLATILE
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distributor shall pay to the department of revenue a license
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business in this state in an amount equal to 1 cent for each
gallon of aviation gasoline, which shall be allocated to the
department of community affairs as provided by 67-1-301, as
amended, and 8 2 2 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.

(2) Gasoline exported or sold for export out of the
state shall not be included in the measure of the
distributor's license tax.

~~(3) IN ADDITION TO THE TAX IMPOSED BY SUBSECTION (1)~~

~~OF THIS SECTION, THERE IS LEVIED AN ADDITIONAL TAX OF 1 CENT
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Section 2. Section 15-70-321, MCA, is amended to read:

"15-70-321. Tax on diesel fuel and volatile liquids.
(1) The department shall, under the provisions of rules
issued by it, collect or cause to be collected from the
owners or operators of motor vehicles a tax in an amount
equal to ~~to 12~~ 10 cents for each gallon of diesel fuel or
other volatile liquid, except liquid petroleum gas, of less
than 46 degrees 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 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

1 contracts pertaining to the construction, reconstruction, or
2 improvement of any highway or street and their appurtenances
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Section 2. Section 15-70-321, MCA, is amended to read:

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connection with any and all work performed under any and all

1 contracts pertaining to the construction, reconstruction, or
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4 This bill raises the tax on gasoline and diesel fuel by
5 one cent a gallon in order to provide funds to enable the
6 state of Montana to benefit from a large amount of federal
7 matching funds now available for interstate construction AND
8 TO AID INCORPORATED CITIES AND COUNTIES IN CONSTRUCTING AND
9 RECONSTRUCTING STREETS THAT HAVE DETERIORATED AS A RESULT OF
10 RECENT SEVERE WINTER WEATHER.

11 ~~The original bill was amended by adding language in~~
12 ~~subsection (3) of section 1 and subsection (2) of section 2~~
13 ~~in order to make it clear that the money derived from the~~
14 ~~tax increase may be used only for matching federal~~
15 ~~interstate funds.~~

16 ~~Further limiting language was added requiring that the~~
17 ~~money raised by the tax increase be used only after any~~
18 ~~highway funds currently maintained for interstate~~
19 ~~construction and maintenance are obligated to insure that~~
20 ~~money currently being maintained for the purpose of matching~~
21 ~~federal funds would not be diverted to any other use.~~

22 It is understood and intended that the money raised
23 from this increase will create a fund for matching federal
24 interstate funds over and above the level of funding
25 normally used by the Department of Highways for the purpose

1 of matching federal interstate funds AND FOR CONSTRUCTING
2 AND RECONSTRUCTING COUNTY AND CITY STREETS.

3 First adopted by the HOUSE COMMITTEE ON TAXATION, on
4 February 9, 1979.

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BY REQUEST OF THE DEPARTMENT OF HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE GASOLINE LICENSE TAX AND THE TAX ON DIESEL FUEL AND VOLATILE LIQUIDS BY 1 CENT AND TO PROVIDE FOR ITS DISTRIBUTION; AMENDING SECTIONS 15-70-101, 15-70-204, AND 15-70-321, MCA."

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

Section 1. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax -- rate. (1) Every distributor shall pay to the department of revenue a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to 1 cent for each gallon of aviation gasoline, which shall be allocated to the department of community affairs as provided by 67-1-301, as amended, and ~~8~~ 2 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.

(2) Gasoline exported or sold for export out of the state shall not be included in the measure of the distributor's license tax.

(3) IN ADDITION TO THE TAX IMPOSED BY SUBSECTION (1)

OF THIS SECTION, THERE IS LEVIED AN ADDITIONAL TAX OF 1 CENT A GALLON ON EACH GALLON OF NONAVIATION GASOLINE TO BE ALLOCATED SOLELY FOR THE PURPOSE OF MATCHING FEDERAL FUNDS AVAILABLE FOR COMPLETION OF THE FEDERAL AID INTERSTATE SYSTEM AS DEFINED IN 23-MS-103 AND SPENT ONLY AFTER ANY EXISTING HIGHWAY CONSTRUCTION AND MAINTENANCE FUNDS CURRENTLY ALLOCATED AND SCHEDULED FOR USE HAVE BEEN OBLIGATED. THIS ADDITIONAL TAX OF 1 CENT A GALLON EXPIRES JULY 1, 1983, OR WITHIN 30 DAYS OF LEGISLATIVE TERMINATION OF THE FEDERAL INTERSTATE MATCHING FUNDS PROGRAM, WHICHEVER COMES FIRST."

Section 2. Section 15-70-321, MCA, is amended to read:

"15-70-321. Tax on diesel fuel and volatile liquids. (1) The department shall, under the provisions of rules issued by it, collect or cause to be collected from the owners or operators of motor vehicles a tax in an amount equal to ~~10~~ 11 10 cents for each gallon of diesel fuel or other volatile liquid, except liquid petroleum gas, of less than 46 degrees 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 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

1 contracts pertaining to the construction, reconstruction, or
2 improvement of any highway or street and their appurtenances
3 awarded by any and all public agencies, including federal,
4 state, county, municipal, or other political subdivisions.

5 ~~(2) IN ADDITION TO THE TAX IMPOSED BY SUBSECTION (1)~~
6 ~~OF THIS SECTION, THERE IS LEVIED AN ADDITIONAL TAX OF 1 CENT~~
7 ~~A GALLON ON EACH GALLON OF DIESEL FUEL OR OTHER VOLATILE~~
8 ~~LIQUID, EXCEPT LIQUEFIED PETROLEUM GAS, TO BE ALLOCATED~~
9 ~~SOLELY FOR THE PURPOSE OF MATCHING FEDERAL FUNDS AVAILABLE~~
10 ~~FOR COMPLETION OF THE FEDERAL-AID INTERSTATE SYSTEM AS~~
11 ~~DEFINED IN 23 USC 103 AND SPENT ONLY AFTER ANY EXISTING~~
12 ~~HIGHWAY CONSTRUCTION AND MAINTENANCE FUNDS CURRENTLY~~
13 ~~ALLOCATED AND SET ASIDE FOR USE HAVE BEEN OBLIGATED. THIS~~
14 ~~ADDITIONAL TAX OF 1 CENT A GALLON EXPIRES JULY 1, 1993, OR~~
15 ~~WITHIN 30 DAYS OF LEGISLATIVE TERMINATION OF THE FEDERAL~~
16 ~~INTERSTATE MATCHING FUNDS PROGRAM, WHICHEVER COMES FIRST."~~

17 ~~SECTION 3, SECTION 15-70-101, MCA, IS AMENDED TO READ:~~
18 ~~"15-70-101. Disposition of funds. All taxes, interest,~~
19 ~~and penalties collected under this chapter shall be turned~~
20 ~~over promptly to the state treasurer who shall place the~~
21 ~~same in the earmarked revenue fund to the credit of the~~
22 ~~department of highways, except those funds hereinbelow~~
23 ~~allocated to cities, towns, and counties, which funds shall~~
24 ~~be paid by the state treasurer directly to such cities,~~
25 ~~towns, and counties.~~

1 (1) ~~\$6,500,000~~ \$8,500,000 of the funds collected under
2 this chapter shall be allocated each fiscal year on a
3 monthly basis to the counties and incorporated cities and
4 towns in Montana for construction, reconstruction,
5 maintenance, and repair of rural roads and city or town
6 streets and alleys, as provided in subsections (a) and (b)
7 hereof:

8 (a) ~~\$2,950,000~~ \$3,250,000 shall be divided among the
9 various counties in the following manner:

10 (i) 40% in the ratio that the rural road mileage in
11 each county, exclusive of the federal-aid interstate system
12 and the federal-aid primary system, bears to the total rural
13 road mileage in the state, exclusive of the federal-aid
14 interstate system and the federal-aid primary system;

15 (ii) 40% in the ratio that the rural population in each
16 county outside incorporated cities and towns bears to the
17 total rural population in the state outside incorporated
18 cities and towns;

19 (iii) 20% in the ratio that the land area of each
20 county bears to the total land area of the state;

21 (b) ~~\$3,550,000~~ \$5,250,000 shall be divided among the
22 incorporated cities and towns in the following manner:

23 (i) 50% of the sum in the ratio that the population
24 within the corporate limits of the city or town bears to the
25 total population within corporate limits of all the cities

1 and towns in Montana;

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

9 (2) All funds hereby allocated to counties, cities,
10 and 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 city,
13 town, or county might otherwise expend for proportionate
14 matching of federal funds allocated for the construction of
15 roads or streets which are part of the federal-aid primary
16 or secondary highway system or urban extensions thereto.

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

24 (4) All funds hereby allocated to counties, cities,
25 and towns shall be disbursed to the lowest responsible

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

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

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

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

-End-

HOUSE BILL NO. 63

INTRODUCED BY DASSINGER

BY REQUEST OF THE DEPARTMENT OF HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE GASOLINE LICENSE TAX AND THE TAX ON DIESEL FUEL AND VOLATILE LIQUIDS BY 1 CENT AND TO PROVIDE FOR ITS DISTRIBUTION; AMENDING SECTIONS 15-70-101, 15-70-204, AND 15-70-321, MCA."

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

SECTION 1. THERE IS A NEW MCA SECTION THAT READS:

Purpose. The purpose of this bill is to provide an additional 1 cent per gallon tax on gasoline, diesel fuel, and volatile liquids to raise funds to, firstly, fully fund the accelerated interstate highway construction program; secondly, fully fund the highway patrol costs; and lastly, provide \$2 million, if funds are available, to cities and counties for the construction, reconstruction, maintenance, and repair of streets and roads.

Section 2. Section 15-70-204, MCA, is amended to read:

"15-70-204. Gasoline license tax -- rate. (1) Every distributor shall pay to the department of revenue a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to 1 cent for each gallon of aviation gasoline, which shall be allocated to the

department of community affairs as provided by 67-1-301, as amended, and 8 2 8 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.

(2) Gasoline exported or sold for export out of the state shall not be included in the measure of the distributor's license tax.

(3) IN ADDITION TO THE TAX IMPOSED BY SUBSECTION (1) OF THIS SECTION, THERE IS LEVIED AN ADDITIONAL TAX OF 1 CENT A GALLON ON EACH GALLON OF NONAVIATION GASOLINE--TO BE ALLOCATED--SOLELY--FOR THE PURPOSE OF MATCHING FEDERAL FUNDS AVAILABLE--FOR COMPLETION--OF--THE--FEDERAL AID--INTERSTATE SYSTEM--AS DEFINED IN 23 U.S.C. 103 AND SPENT ONLY AFTER ANY EXISTING--HIGHWAY--CONSTRUCTION--AND--MAINTENANCE--FUNDS CURRENTLY--ALLOCATED--AND--SCHEDULED--FOR--USE--HAVE--BEEN OBLIGATED. THIS ADDITIONAL TAX OF 1 CENT A GALLON EXPIRES JULY 1, 1983, OR WITHIN 30 DAYS OF LEGISLATIVE TERMINATION OF THE FEDERAL INTERSTATE MATCHING FUNDS PROGRAM, WHICHEVER COMES FIRST."

Section 3. Section 15-70-321, MCA, is amended to read:

"15-70-321. Tax on diesel fuel and volatile liquids.

(1) The department shall, under the provisions of rules issued by it, collect or cause to be collected from the owners or operators of motor vehicles a tax in an amount

1 equal to ~~20~~ 10 cents for each gallon of diesel fuel or
 2 other volatile liquid, except liquid petroleum gas, of less
 3 than 46 degrees A.P.I. (American petroleum institute)
 4 gravity test when actually sold or used to produce motor
 5 power to propel motor vehicles upon the public highways or
 6 streets within the state or used in motor vehicles,
 7 motorized equipment, and the internal combustion of any and
 8 all engines, including stationary engines, used in
 9 connection with any and all work performed under any and all
 10 contracts pertaining to the construction, reconstruction, or
 11 improvement of any highway or street and their appurtenances
 12 awarded by any and all public agencies, including federal,
 13 state, county, municipal, or other political subdivisions.

14 (2) IN ADDITION TO THE TAX IMPOSED BY SUBSECTION (1)
 15 OF THIS SECTION, THERE IS LEVIED AN ADDITIONAL TAX OF 1 CENT
 16 A GALLON ON EACH GALLON OF DIESEL FUEL OR OTHER VOLATILE
 17 LIQUID, EXCEPT LIQUEFIED PETROLEUM GAS, TO BE ALLOCATED
 18 SOLELY FOR THE PURPOSE OF MATCHING FEDERAL FUNDS AVAILABLE
 19 FOR COMPLETION OF THE FEDERAL-AID INTERSTATE SYSTEM AS
 20 DEFINED IN 23 U.S.C. 103 AND SPENT ONLY AFTER ANY EXISTING
 21 HIGHWAY CONSTRUCTION AND MAINTENANCE FUNDS CURRENTLY
 22 ALLOCATED AND SCHEDULED FOR USE HAVE BEEN OBLIGATED. THIS
 23 ADDITIONAL TAX OF 1 CENT A GALLON EXPIRES JULY 1, 1983 OR
 24 WITHIN 30 DAYS OF LEGISLATIVE TERMINATION OF THE FEDERAL
 25 INTERSTATE MATCHING FUNDS PROGRAM, WHICHEVER COMES FIRST."

1 SECTION 4. SECTION 15-70-101, MCA, IS AMENDED TO READ:

2 "15-70-101. Disposition of funds. All taxes, interest,
 3 and penalties collected under this chapter shall be turned
 4 over promptly to the state treasurer who shall place the
 5 same in the earmarked revenue fund to the credit of the
 6 department of highways, except those funds hereinbelow
 7 allocated to cities, towns, and counties, which funds shall
 8 be paid by the state treasurer directly to such cities,
 9 towns, and counties.

10 (1) ~~\$6,500,000~~ ~~\$8,500,000~~ \$6,500,000 of the funds
 11 collected under this chapter shall be allocated each fiscal
 12 year on a monthly basis to the counties and incorporated
 13 cities and towns in Montana for construction,
 14 reconstruction, maintenance, and repair of rural roads and
 15 city or town streets and alleys, as provided in subsections
 16 (a) and (b) hereof:

17 (a) ~~\$2,950,000~~ ~~\$3,250,000~~ \$2,950,000 shall be divided
 18 among the various counties in the following manner:

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

24 (ii) 40% in the ratio that the rural population in each
 25 county outside incorporated cities and towns bears to the

1 total rural population in the state outside incorporated
2 cities and towns;

3 (iii) 20% in the ratio that the land area of each
4 county bears to the total land area of the state;

5 (b) ~~\$3,550,000~~ ~~\$5,250,000~~ ~~\$3,550,000~~ shall be divided
6 among the incorporated cities and towns in the following
7 manner:

8 (i) 50% of the sum in the ratio that the population
9 within the corporate limits of the city or town bears to the
10 total population within corporate limits of all the cities
11 and towns in Montana;

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

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

1 or secondary highway system or urban extensions thereto.

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

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

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

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

1 review and approval by the department of highways.

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

4 SECTION 5. THERE IS A NEW MCA SECTION THAT READS:

5 Distribution of revenue generated by additional tax.

6 (1) The estimated revenue to be raised by the tax on
7 gasoline imposed in 15-70-204 and on diesel fuel and
8 volatile liquids imposed in 15-70-321 is:

	<u>Fiscal year 1980</u>	<u>Fiscal year 1981</u>
10 1st quarter	\$17,087,000	\$17,292,000
11 2nd quarter	13,326,000	13,949,000
12 3rd quarter	12,852,000	13,190,000
13 4th quarter	12,735,000	13,069,000

14 (2) The revenue collected each quarter from the
15 additional tax imposed in 15-70-204(3) and 15-70-321(2) will
16 be used as follows:

17 (a) primarily, for the purpose of matching federal
18 funds available for completion of the federal and interstate
19 system as defined in 32 U.S.C. 103 and spent only after any
20 existing highway construction and maintenance funds
21 currently allocated and scheduled for use have been
22 obligated, as appropriated in HB 483 of the 46th
23 legislature;

24 (b) secondarily, for the department of justice's
25 highway patrol costs, as appropriated in HB 483 of the 46th

1 legislature; and

2 (c) thirdly, subject to the limitations imposed in (3)
3 through (5), \$2,000,000 for each year is hereby appropriated
4 to cities, towns, and counties for the purposes described in
5 15-70-101(1) under the formula established in (6) of this
6 section.

7 (3) If the revenue collected in any quarter from the
8 additional tax is up to \$500,000 less than the estimated
9 revenue listed for that quarter in (1), the amount paid to
10 cities, towns, and counties for the purposes described in
11 15-70-101(1) will be decreased \$1 for every dollar by which
12 the revenue collected is less than the estimated revenue for
13 that quarter.

14 (4) If the revenue collected in any quarter from the
15 additional tax is more than \$500,000 less than the estimated
16 revenue listed for that quarter in (1):

17 (a) no funds from the additional tax shall be paid to
18 cities, towns, and counties for the purposes described in
19 15-70-101(1);

20 (b) the department of highways shall inform the
21 governing body of each county, city, and town that no funds
22 from the additional tax will be available for that quarter;
23 and

24 (c) the amount of money deposited to the credit of the
25 department of justice for the costs of the highway patrol

1 will be decreased \$1 for every dollar by which actual
2 revenue collections are \$500,000 less than the estimated
3 revenue listed in (1) for that quarter.

4 (5) If the revenue collected in any quarter from the
5 additional tax exceeds the estimated revenue listed in (1)
6 for that quarter, \$1 for each \$1 in excess shall be paid to
7 cities, towns, and counties for the purposes described in
8 15-70-101(1) under the provisions of (6) of this section.

9 (6) Any money collected from the additional tax and
10 paid to the cities, towns, and counties in Montana for
11 construction, reconstruction, maintenance, and repair of
12 rural roads and city or town streets and alleys shall be
13 divided 65% for cities and towns and 35% to counties and
14 allocated among the cities and towns and among the counties
15 by the method provided in subsections (1)(a)(i) and (ii) and
16 (1)(b)(i) and (ii) of 15-70-101.

17 SECTION 6. EFFECTIVE DATE OF SECTIONS 1 AND 4.
18 SECTIONS 1 AND 4 ARE EFFECTIVE FOR FISCAL YEARS 1980 AND
19 1981 ONLY.

-End-

March 29, 1979

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 63, third reading bill, be amended as follows:

1. Title, line 7.

Following: "CENT"

Insert: "AND TO PROVIDE FOR ITS DISTRIBUTION"

Following: "SECTIONS"

Insert: "15-70-101,"

Following: "15-70-204"

Insert: ", "

2. Page 2, line 2.

Following: "GASOLINE"

Strike: remainder of line 2 through "OBLIGATED" on line 8

3. Page 2, line 9.

Following: "1983"

Strike: remainder of line 9 through line 11

Insert: "."

4. Page 3, line 8.

Following: "GAS"

Strike: remainder of line 8 through "OBLIGATED" on line 13

5. Page 3, line 14.

Following: "1983"

Strike: "remainder of line 14 through line 16

Insert: "."

6. Page 3.

Following: line 16

Insert: "Section 3. Section 15-70-101, MCA, IS AMENDED TO READ:

"15-70-101. Disposition of funds. All taxes, interest, and penalties collected under this chapter shall be turned over promptly to the state treasurer who 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) ~~\$6,500,000~~ \$8,500,000 of the funds collected under this chapter shall be allocated each fiscal year on a monthly basis 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 (a) and (b) hereof:

(a) ~~\$2,950,000~~ \$3,250,000 shall be divided among the various counties in the following manner:

(i) 40% in the ratio that the rural road mileage in each county, exclusive of the federal-aid interstate system and the federal-aid primary system, bears to the total rural road mileage in the state, exclusive of the federal-aid interstate system and the federal-aid primary system;

(ii) 40% in the ratio that the rural population in each county outside incorporated cities and towns bears to the total rural population in the state outside incorporated cities and towns;

(iii) 20% in the ratio that the land area of each county bears to the total land area of the state;

(b) ~~\$3,550,000~~ \$5,250,000 shall be divided among the incorporated cities and towns in the following manner:

(i) 50% of the sum in the ratio that the population within the corporate limits of the city or town bears to the total population within corporate limits of all the cities and towns in Montana;

(ii) 50% in the ratio that the city or town street and alley mileage, exclusive of the federal-aid interstate system and the federal-aid primary system, within corporate limits bears to the total street and alley mileage, exclusive of the federal-aid interstate system and federal-aid primary system, within the corporate limits of all cities and towns in Montana.

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

(3) Upon receipt of the allocation provided herein, the governing bodies of the recipient counties, cities, and towns shall inform the department of highways of the purposes for which the funds will be expended so that the county commissioners, the governing body, and the department of highways may coordinate the expenditure of public funds for road improvements.

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

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

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

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

March 30, 1979

PROPOSED AMENDMENTS TO STATEMENT OF INTENT on House Bill No. 63

1. Page 1, line 7.

Following: "construction"

Strike: "remainder of lines 7 through line 10 in their entirety"

Insert: ". The original bill was amended by adding language in subsection (3) of section 1 and subsection (2) of section 2 in order to make it clear that the money derived from the tax increase may be used only for matching federal interstate funds.

Further limiting language was added requiring that the money raised by the tax increase be used only after any highway funds currently maintained for interstate construction and maintenance are obligated to insure that money currently being maintained for the purpose of matching federal funds would not be diverted to any other use."

2. Page 2, line 1.

Following: "funds"

Strike: "remainder of lines 1 and 2 in their entirety"