

CHAPTER NO. 574

HOUSE BILL NO. 402

INTRODUCED BY UHDE, TOWE, CONROY, KEEDY

IN THE HOUSE

January 24, 1979	Introduced and referred to Committee on Taxation.
March 8, 1979	Committee recommend bill do not pass. Report adopted.
March 9, 1979	Objection raised to adverse committee report. Bill placed on second reading.
March 10, 1979	Printed and placed on members' desks.
March 13, 1979	Consideration passed until the 60th Legislative Day.
March 15, 1979	Second reading, do not pass as amended.
March 16, 1979	On motion, previous action reconsidered.
March 17, 1979	On motion, consideration passed until the 64th Legislative Day.
March 20, 1979	Second reading, do pass as amended.
March 22, 1979	Correctly engrossed.
March 23, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

March 24, 1979	Introduced and referred to Committee on Taxation.
March 28, 1979	Committee recommend bill be concurred in. Report adopted.

March 29, 1979

Second reading, concurred in.

March 31, 1979

Third reading, concurred in.

IN THE HOUSE

April 2, 1979

Returned from second house.
Concurred in. Sent to
enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 402

INTRODUCED BY UHDE, TOWE, CONROY, KEEDY

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT MONTANA PRODUCED GASOHOL FROM TAXATION UNDER THE GASOLINE LICENSE TAX; PROVIDING A LONG-TERM SLIDING SCALE FOR TAXATION OF GASOHOL; AND CONTAINING SUNSET PROVISIONS; AMENDING SECTIONS 15-70-201 AND 15-70-204, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 15-70-201, MCA, is amended to read:

"15-70-201. Definitions. As used in this part, the following definitions shall apply:

(1) "Aviation dealer" means any person in this state engaged in the business of selling aviation gasoline, either from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as herein provided for.

(2) "Aviation gasoline" means gasoline or any other liquid fuel by whatsoever name such liquid fuel may be known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all such gasoline or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its military

forces in aircraft.

(3) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks thereat or gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks thereat or gasoline imported into this state and placed in storage at refineries or pipeline terminals shall be deemed to be "distributed", for the purpose of this part, at the time the gasoline is withdrawn from such tanks, refinery, or terminal storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery or pipeline terminal in this state. When withdrawn from such tanks, refinery, or terminal, such gasoline may be distributed only by a person who is the holder of a valid distributor's license.

(b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline terminals, shall be deemed to be "distributed" after it has arrived in and is brought to rest in this state.

(4) "Distributor" means:

(a) any person who engages in the business in this state of producing, refining, manufacturing, or compounding gasoline for sale, use, or distribution;

(b) any person who imports gasoline for sale, use, or distribution;

1 (c) any dealer licensed as of January 1, 1969, except
2 a dealer at an established airport.

3 (5) "Gasoline" includes all products commonly or
4 commercially known or sold as gasolines, including
5 casinghead gasoline, natural gasoline, aviation gasoline,
6 and all flammable liquids composed of a mixture of selected
7 hydrocarbons expressly manufactured and blended for the
8 purpose of effectively and efficiently operating internal
9 combustion engines. Gasoline does not include special fuels
10 as defined in 15-70-301(6).

11 (6) "Import" shall include and mean to receive into
12 any person's possession or custody first after its arrival
13 and coming to rest at destination within the state of any
14 gasoline shipped or transported into this state from point
15 of origin without this state other than in the fuel supply
16 tank of a motor vehicle.

17 (7) "Motor vehicle" means all vehicles operated or
18 propelled upon the public highways or streets of this state
19 in whole or in part by the combustion of gasoline.

20 (8) "Person" means any person, firm, association,
21 joint-stock company, syndicate, or corporation.

22 (9) "Use" shall include and mean the operation of
23 motor vehicles upon the public roads or highways of the
24 state or of any political subdivision thereof.

25 (10) "Gasohol" means all products commonly or

1 commercially known or sold as gasohol, produced and sold in
2 Montana for the purpose of effectively and efficiently
3 operating internal combustion engines. Commonly produced
4 from cereals or grain alcohol, gasohol may be a mixture of
5 cereals or grain alcohol and gasoline."

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

7 "15-70-204. Gasoline license tax -- rate. (1) Every
8 distributor shall pay to the department of revenue a license
9 tax for the privilege of engaging in and carrying on
10 business in this state in an amount equal to 1 cent for each
11 gallon of aviation gasoline, which shall be allocated to the
12 department of community affairs as provided by 67-1-301, as
13 amended, and 8 cents for each gallon of all other gasoline
14 distributed by him within the state and upon which the
15 gasoline license tax has not been paid by any other
16 distributor.

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

20 (3) Gasohol shall be subject to gasoline license taxes
21 in accordance with the following schedule:

22 (a) beginning April 1, 1981, gasohol shall be taxed at
23 the rate of 2 cents per gallon;

24 (b) beginning April 1, 1983, gasohol shall be taxed at
25 the rate of 4 cents per gallon;

1 ~~(c) beginning April 1, 1985, gasohol shall be taxed at~~
2 ~~the rate of 6 cents per gallon;~~

3 ~~(d) beginning April 1, 1987, gasohol shall be taxed at~~
4 ~~the rate of 8 cents per gallon.~~

5 ~~(4) If at any time the gasoline license tax is lower~~
6 ~~than the current applicable tax on gasohol, the lower tax~~
7 ~~rate shall be adopted for gasohol.*~~

8 Section 3. Termination. This act terminates April 1,
9 1989.

10 Section 4. Effective date. This act is effective upon
11 passage and approval.

-End-

FISCAL NOTE

Form BD-15

In compliance with a written request received February 16, 19 79, there is hereby submitted a Fiscal Note for House Bill 402 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 proposed bill exempts Montana produced gasohol from taxation under the gasoline license tax; provides a long-term sliding scale for taxation of gasohol; and contains sunset provisions; and provides an effective date.

ASSUMPTIONS

The proposed tax on gasohol will not take effect until April 1, 1981, so it will have no fiscal impact in FY80 and only minimal fiscal impact in FY81.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
Gasoline License Tax		
- effect of including gasohol	<u>No Fiscal Impact</u>	<u>Minimal Fiscal Impact</u>

LONG-RANGE EFFECTS

The long-range effect of the proposed legislation will depend on the magnitude of the production and consumption of gasohol in Montana. If gasohol becomes a significant fuel source, revenues would grow each fiscal year due to increase in the tax rate applied to it.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drury for
 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 2/20/79

Committee on Taxation
Objection Raised to
Adverse Committee Report

1 HOUSE BILL NO. 402
 2 INTRODUCED BY UHDE, TOWE, CONROY, KEEDY
 3
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 5 PRODUCED GASOHOL FROM TAXATION UNDER THE GASOLINE LICENSE
 6 TAX; PROVIDING A LONG-TERM SLIDING SCALE FOR TAXATION OF
 7 GASOHOL; AND CONTAINING SUNSET PROVISIONS; AMENDING SECTIONS
 8 15-70-201 AND 15-70-204, MCA; AND PROVIDING AN EFFECTIVE
 9 DATE."
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 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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 13 "15-70-201. Definitions. As used in this part, the
 14 following definitions shall apply:
 15 (1) "Aviation dealer" means any person in this state
 16 engaged in the business of selling aviation gasoline, either
 17 from a wholesale or retail outlet, on which the license tax
 18 has been paid to a licensed distributor as herein provided
 19 for.
 20 (2) "Aviation gasoline" means gasoline or any other
 21 liquid fuel by whatsoever name such liquid fuel may be known
 22 or sold, compounded for use in and sold for use in aircraft,
 23 including but not limited to any and all such gasoline or
 24 liquid fuel meeting or exceeding the minimum specifications
 25 prescribed by the United States for use by its military

1 forces in aircraft.
 2 (3) (a) Gasoline refined, produced, manufactured, or
 3 compounded in this state and placed in tanks thereat or
 4 gasoline transferred from a refinery or pipeline terminal in
 5 this state and placed in tanks thereat or gasoline imported
 6 into this state and placed in storage at refineries or
 7 pipeline terminals shall be deemed to be "distributed", for
 8 the purpose of this part, at the time the gasoline is
 9 withdrawn from such tanks, refinery, or terminal storage for
 10 sale or use in this state or for the transportation to
 11 destinations in this state other than by pipeline to another
 12 refinery or pipeline terminal in this state. When withdrawn
 13 from such tanks, refinery, or terminal, such gasoline may be
 14 distributed only by a person who is the holder of a valid
 15 distributor's license.
 16 (b) Gasoline imported into this state, other than that
 17 gasoline placed in storage at refineries or pipeline
 18 terminals, shall be deemed to be "distributed" after it has
 19 arrived in and is brought to rest in this state.
 20 (4) "Distributor" means:
 21 (a) any person who engages in the business in this
 22 state of producing, refining, manufacturing, or compounding
 23 gasoline for sale, use, or distribution;
 24 (b) any person who imports gasoline for sale, use, or
 25 distribution;

1 (c) any dealer licensed as of January 1, 1969, except
2 a dealer at an established airport.

3 (5) "Gasoline" includes all products commonly or
4 commercially known or sold as gasolines, including
5 casinghead gasoline, natural gasoline, aviation gasoline,
6 and all flammable liquids composed of a mixture of selected
7 hydrocarbons expressly manufactured and blended for the
8 purpose of effectively and efficiently operating internal
9 combustion engines. Gasoline does not include special fuels
10 as defined in 15-70-301(6).

11 (6) "Import" shall include and mean to receive into
12 any person's possession or custody first after its arrival
13 and coming to rest at destination within the state of any
14 gasoline shipped or transported into this state from point
15 of origin without this state other than in the fuel supply
16 tank of a motor vehicle.

17 (7) "Motor vehicle" means all vehicles operated or
18 propelled upon the public highways or streets of this state
19 in whole or in part by the combustion of gasoline.

20 (8) "Person" means any person, firm, association,
21 joint-stock company, syndicate, or corporation.

22 (9) "Use" shall include and mean the operation of
23 motor vehicles upon the public roads or highways of the
24 state or of any political subdivision thereof.

25 (10) "Gasohol" means all products commonly or

1 ~~commercially known or sold as gasohol, produced and sold in~~
2 ~~Montana for the purpose of effectively and efficiently~~
3 ~~operating internal combustion engines. Commonly produced~~
4 ~~from cereals or grain alcohol, gasohol may be a mixture of~~
5 ~~cereals or grain alcohol and gasoline."~~

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

7 "15-70-204. Gasoline license tax -- rate. (1) Every
8 distributor shall pay to the department of revenue a license
9 tax for the privilege of engaging in and carrying on
10 business in this state in an amount equal to 1 cent for each
11 gallon of aviation gasoline, which shall be allocated to the
12 department of community affairs as provided by 67-1-301, as
13 amended, and 8 cents for each gallon of all other gasoline
14 distributed by him within the state and upon which the
15 gasoline license tax has not been paid by any other
16 distributor.

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

20 (3) ~~Gasohol shall be subject to gasoline license taxes~~
21 ~~in accordance with the following schedule:~~

22 (a) ~~beginning April 1, 1981, gasohol shall be taxed at~~
23 ~~the rate of 2 cents per gallon;~~

24 (b) ~~beginning April 1, 1983, gasohol shall be taxed at~~
25 ~~the rate of 4 cents per gallon;~~

1 (c) beginning April 1, 1985, gasohol shall be taxed at
2 the rate of 6 cents per gallon;

3 (d) beginning April 1, 1987, gasohol shall be taxed at
4 the rate of 8 cents per gallon.

5 (4) If at any time the gasoline license tax is lower
6 than the current applicable tax on gasohol, the lower tax
7 rate shall be adopted for gasohol."

8 Section 3. Termination. This act terminates April 1,
9 1989.

10 Section 4. Effective date. This act is effective upon
11 passage and approval.

-End-

HOUSE BILL NO. 402

INTRODUCED BY UMDE, TOME, CONROY, KEEDY

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

Section 1. Section 15-70-201, MCA, is amended to read:

"15-70-201. Definitions. As used in this part, the following definitions shall apply:

(1) "Aviation dealer" means any person in this state engaged in the business of selling aviation gasoline, either from a wholesale or retail outlet, on which the license tax has been paid to a licensed distributor as herein provided for.

(2) "Aviation gasoline" means gasoline or any other liquid fuel by whatsoever name such liquid fuel may be known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all such gasoline or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use by its military

forces in aircraft.

(3) (a) Gasoline refined, produced, manufactured, or compounded in this state and placed in tanks thereat or gasoline transferred from a refinery or pipeline terminal in this state and placed in tanks thereat or gasoline imported into this state and placed in storage at refineries or pipeline terminals shall be deemed to be "distributed", for the purpose of this part, at the time the gasoline is withdrawn from such tanks, refinery, or terminal storage for sale or use in this state or for the transportation to destinations in this state other than by pipeline to another refinery or pipeline terminal in this state. When withdrawn from such tanks, refinery, or terminal, such gasoline may be distributed only by a person who is the holder of a valid distributor's license.

(b) Gasoline imported into this state, other than that gasoline placed in storage at refineries or pipeline terminals, shall be deemed to be "distributed" after it has arrived in and is brought to rest in this state.

(4) "Distributor" means:

(a) any person who engages in the business in this state of producing, refining, manufacturing, or compounding gasoline for sale, use, or distribution;

(b) any person who imports gasoline for sale, use, or distribution;

(c) any dealer licensed as of January 1, 1969, except a dealer at an established airport.

(5) "Gasoline" includes all products commonly or commercially known or sold as gasolines, including casinghead gasoline, natural gasoline, aviation gasoline and all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. Gasoline does not include special fuels as defined in 15-70-301(6).

(6) "Import" shall include and mean to receive into any person's possession or custody first after its arrival and coming to rest at destination within the state of any gasoline shipped or transported into this state from point of origin without this state other than in the fuel supply tank of a motor vehicle.

(7) "Motor vehicle" means all vehicles operated or propelled upon the public highways or streets of this state in whole or in part by the combustion of gasoline.

(8) "Person" means any person, firm, association, joint-stock company, syndicate, or corporation.

(9) "Use" shall include and mean the operation of motor vehicles upon the public roads or highways of the state or of any political subdivision thereof.

~~(10) "Gasohol" means all products commonly or~~

~~commercially known or sold as gasohol, produced and sold in Montana for the purpose of effectively and efficiently operating internal combustion engines, commonly produced from ~~acetate or grain alcohol~~, gasohol may be a mixture of acetate or grain alcohol and gasoline, CONSISTING OF NOT LESS THAN 10% ANHYDROUS ETHANOL PRODUCED IN MONTANA FROM MONTANA AGRICULTURAL PRODUCTS."~~

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 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) Gasohol shall be subject to gasoline license taxes in accordance with the following schedule:~~

~~(a) beginning April 1, 1981 1979, gasohol shall be taxed at the rate of 2 cents per gallon;~~

1 ~~that beginning April 1, 1983, gasoline shall be taxed at~~
2 ~~the rate of 4 cents per gallon.~~

3 ~~(b) beginning April 1, 1985, gasoline shall be taxed~~
4 ~~at the rate of 6 4 cents per gallon;~~

5 ~~(c) beginning April 1, 1987, gasoline shall be taxed~~
6 ~~at the rate of 8 6 cents per gallon.~~

7 ~~(4) If at any time the gasoline license tax is lower~~
8 ~~than the current applicable tax on gasoline, the lower tax~~
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10 ~~SECTION 3. SUSPENSION. THE GOVERNOR MAY, UPON~~
11 ~~RECOMMENDATION OF THE DIRECTOR OF THE DEPARTMENT OF REVENUE~~
12 ~~AND THE DIRECTOR OF THE DEPARTMENT OF HIGHWAYS, SUSPEND THIS~~
13 ~~ACT IF THE FISCAL IMPACT OF THIS ACT SIGNIFICANTLY IMPAIRS~~
14 ~~THE MAINTENANCE OR CONSTRUCTION OF STATE OR INTERSTATE~~
15 ~~HIGHWAY SYSTEMS.~~

16 Section 4. Termination. This act terminates April 1,
17 1989.

18 Section 5. Effective date. This act is effective upon
19 passage and approval.

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1 ~~fbt--beginning-April-1x-1983x-gasohol-shall-be-taxed-at~~
2 ~~the-rate-of-4-cents-per-gallon~~

3 ~~fdt(B) beginning April 1, 1982, gasohol shall be taxed~~
4 ~~at the rate of 6 4 cents per gallon;~~

5 ~~fdt(C) beginning April 1, 1987, gasohol shall be taxed~~
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14 ~~THE MAINTIENANCE OR CONSTRUCTION OF STATE OR INTERSTATE~~
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18 Section 5. Effective date. This act is effective upon
19 passage and approval.

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