

HOUSE BILL 479

IN THE HOUSE

January 29, 1979	On motion, rules suspended and bill allowed to be introduced.
January 30, 1979	Introduced and referred to Committee on Taxation.
March 24, 1979	Committee recommend bill, as amended.
March 26, 1979	Printed and placed on members' desks. Second reading, do pass.
March 27, 1979	Considered correctly engrossed. Third reading, not passed. On motion, previous action reconsidered and bill placed on second reading this day. Second reading, do not pass.

House BILL NO. 479

INTRODUCED BY Holmes Hago

Walton Thessen

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE GASOLINE LICENSE TAX BY 1 CENT PER GALLON TO PROVIDE ADDITIONAL FUNDS TO LOCAL GOVERNMENTS FOR STREET AND ROAD PURPOSES; AMENDING SECTIONS 15-70-101 AND 15-70-204, MCA."

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

Section 1. 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~~ \$11,500,000 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~~ \$4,955,000 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~~ \$6,555,000 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

1 all cities and towns in Montana.

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

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

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

23 (5) For the purposes of this section where  
24 distribution of funds is made on a basis related to  
25 population, the population shall be determined by the last

1 preceding official federal census.

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

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

12 Section 2. Section 15-70-204, MCA, is amended to read:  
13 "15-70-204. Gasoline license tax -- rate. (1) Every  
14 distributor shall pay to the department of revenue a license  
15 tax for the privilege of engaging in and carrying on  
16 business in this state in an amount equal to 1 cent for each  
17 gallon of aviation gasoline, which shall be allocated to the  
18 department of community affairs as provided by 67-1-301, as  
19 amended, and 8 2 cents for each gallon of all other gasoline  
20 distributed by him within the state and upon which the  
21 gasoline license tax has not been paid by any other  
22 distributor.

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

## STATE OF MONTANA

Request No. 196-79

## FISCAL NOTE

Form BD-15

FED

In compliance with a written request received January 2, 1979, there is hereby submitted a Fiscal Note for House Bill 479 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 increases the gasoline license tax by 1 cent per gallon to provide additional funds to local governments for street and road purposes.

## ASSUMPTIONS:

- 1) Taxable gallons of gasoline will grow 3% - 4% per year
- |    | <u>FY 78 (actual)</u> | <u>FY 79</u> | <u>FY 80</u> | <u>FY 81</u> |
|----|-----------------------|--------------|--------------|--------------|
| 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) 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>

## FUND INFORMATION:

Highways Earmarked Revenue Account	\$ 0.5 to 0.6 M	\$ 0.6 to 0.8 M
Local Governments	5.0 to 5.0 M	5.0 to 5.0 M
Estimated Increase	<u>\$ 5.5 to 5.6 M</u>	<u>\$ 5.6 to 5.8 M</u>

## EFFECT ON LOCAL GOVERNMENTS:

This bill provides additional funds to local governments for street and road purposes.

## LONG-RANGE EFFECTS:

Assuming no other changes, revenues should be increased by about \$5.5 million per year for the next few years.

*Richard D. Young*  
BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: 2/5/79

PREPARED BY THE DEPARTMENT OF REVENUE

Approved by Committee  
on Taxation

HOUSE BILL NO. 479

INTRODUCED BY HOLMES, HAGER, WALDRON, THIESSEN

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 PER GALLON TO PROVIDE ADDITIONAL FUNDS TO LOCAL GOVERNMENTS FOR STREET AND ROAD PURPOSES; AMENDING SECTIONS 15-70-101, AND 15-70-204, AND 15-70-321, MCA."

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

Section 1. 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~~ ~~\$11,500,000~~ \$12,400,000 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~~ ~~\$4,945,000~~ \$5,332,000 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~~ ~~\$6,552,000~~ \$7,068,000 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.

1 exclusive of the federal-aid interstate system and  
2 federal-aid primary system, within the corporate limits of  
3 all cities and towns in Montana.

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

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

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

25 (5) For the purposes of this section where

1 distribution of funds is made on a basis related to  
2 population, the population shall be determined by the last  
3 preceding official federal census.

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

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

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

15 "15-70-204. Gasoline license tax -- rate. (1) Every  
16 distributor shall pay to the department of revenue a license  
17 tax for the privilege of engaging in and carrying on  
18 business in this state in an amount equal to 1 cent for each  
19 gallon of aviation gasoline, which shall be allocated to the  
20 department of community affairs as provided by 67-1-301, as  
21 amended, and 8 2 cents for each gallon of all other gasoline  
22 distributed by him within the state and upon which the  
23 gasoline license tax has not been paid by any other  
24 distributor.

25 (2) Gasoline exported or sold for export out of the

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

3 ~~SECTION 3. SECTION 15-70-321, MCA, IS AMENDED TO READ:~~

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

-End-

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13 state or used in motor vehicles, motorized equipment, and  
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-End-