

HOUSE BILL 546

IN THE HOUSE

February 3, 1979

Introduced and referred to
Committee on Taxation.

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HOUSE BILL NO. 546

INTRODUCED BY Dassinger Hancock

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING
AND 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; DISTRIBUTING AN ADDITIONAL \$1,800,000 TO CITIES, TOWNS, AND COUNTIES FOR ROADS, STREETS, AND TRAFFIC CONTROL DEVICES; 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 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."

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

"15-70-321. Tax on diesel fuel and volatile liquids. 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 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 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, municipal, or other political subdivisions."

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

1 department of highways, except those funds hereinbelow
2 allocated to cities, towns, and counties, which funds shall
3 be paid by the state treasurer directly to such cities,
4 towns, and counties.

5 (1) ~~46,500,000~~ 18,300,000 of the funds collected under
6 this chapter shall be allocated each fiscal year on a
7 monthly basis to the counties and incorporated cities and
8 towns in Montana for construction, reconstruction,
9 maintenance, and repair of rural roads and city or town
10 streets and alleys, ~~and the maintenance of traffic control~~
11 ~~devices~~ as provided in subsections (a) and (b) hereof:

12 (a) ~~42,950,000~~ 13,760,000 shall be divided among the
13 various counties in the following manner:

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

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

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

25 (b) ~~43,550,000~~ 14,540,000 shall be divided among the

1 incorporated cities and towns in the following manner:

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

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

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

22 (3) Upon receipt of the allocation provided herein,
23 the governing bodies of the recipient counties, cities, and
24 towns shall inform the department of highways of the
25 purposes for which the funds will be expended so that the

1 county commissioners, the governing body, and the department
2 of highways may coordinate the expenditure of public funds
3 for road improvements.

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

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

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

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

-End-

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 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
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-End-

HB 546

STATE OF MONTANA

REQUEST NO. 234-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 7, 19 79, there is hereby submitted a Fiscal Note for House Bill 546 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 and the tax on diesel fuel and volatile liquids by 1 cent; distributes an additional \$1,800,000 to cities, towns, and counties for roads, streets, and traffic control devices.

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) Taxable gallons of diesel fuel and volatile liquids will range from 90 million gallons to 93 million gallons for FY 80 and FY 81.
- 4) Effective tax on diesel fuel
 - current law - 9.94¢/gallon
 - proposed law - 10.94¢/gallon
- 5) Administrative costs will remain unchanged.

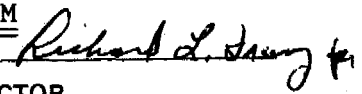
FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
Gasoline License Tax		
under current law	\$43.0 M to \$43.8 M	\$44.3 M to \$45.6 M
under proposed law	48.5 M to 49.4 M	49.9 M to 51.4 M
Estimated Increase	<u>\$ 5.5 M to \$ 5.6 M</u>	<u>\$ 5.6 M to \$ 5.8 M</u>
Tax on Diesel Fuel and Volatile Liquids		
under current law	\$ 9.0 M to \$ 9.2 M	\$ 9.0 M to \$ 9.2 M
under proposed law	9.9 M to 10.2 M	9.9 M to \$10.2 M
Estimated Increase	<u>\$ 0.9 M to \$ 1.0 M</u>	<u>\$ 0.9 M to \$ 1.0 M</u>

CONTINUED ON PAGE 2

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/8/79


FISCAL IMPACT (Continued)

	<u>FY 80</u>	<u>FY 81</u>
Total Revenue		
under current law	\$52.0 M to \$53.0 M	\$53.3 M to \$54.8 M
under proposed law	58.4 M to 59.6 M	59.8 M to 61.6 M
Estimated Increase	<u>\$ 6.4 M to \$ 6.6 M</u>	<u>\$ 6.5 M to \$ 6.8 M</u>

FUND INFORMATION

Local governments	\$1.8 M	\$1.8 M
Highways Earmarked Revenue Account	4.6 M to 4.8 M	4.7 M to 5.0 M
Estimated Increase	<u>\$ 6.4 M to \$ 6.6 M</u>	<u>\$ 6.5 M to \$ 6.8 M</u>

EFFECT ON LOCAL GOVERNMENTS

This legislation provides additional funds to local governments for maintenance of streets and roads.

LONG-RANGE EFFECTS

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

PREPARED BY THE DEPARTMENT OF REVENUE