

HOUSE BILL 784

IN THE HOUSE

February 13, 1979

Introduced and referred to
Committee on Taxation.

1 HOUSE BILL NO. 784
 2 INTRODUCED BY Holmes Hager Walker
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE TAX ON
 5 DIESEL FUEL AND VOLATILE LIQUIDS BY 1 CENT PER GALLON AND TO
 6 ALLOCATE THE ESTIMATED REVENUE FROM THE INCREASE TO THE
 7 CITIES AND TOWNS AND THE COUNTIES ON A 57% TO 43% SPLIT;
 8 AMENDING SECTIONS 15-70-101 AND 15-70-321, MCA."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 15-70-101, MCA, is amended to read:
 12 "15-70-101. Disposition of funds. All taxes, interest,
 13 and penalties collected under this chapter shall be turned
 14 over promptly to the state treasurer who shall place the
 15 same in the earmarked revenue fund to the credit of the
 16 department of highways, except those funds hereinbelow
 17 allocated to cities, towns, and counties, which funds shall
 18 be paid by the state treasurer directly to such cities,
 19 towns, and counties.

20 (1) ~~\$6,588,000~~ \$7,400,000 of the funds collected under
 21 this chapter shall be allocated each fiscal year on a
 22 monthly basis to the counties and incorporated cities and
 23 towns in Montana for construction, reconstruction,
 24 maintenance, and repair of rural roads and city or town
 25 streets and alleys, as provided in subsections (a) and (b)

1 hereof:
 2 (a) ~~\$2,950,000~~ \$3,337,000 shall be divided among the
 3 various counties in the following manner:
 4 (i) 40% in the ratio that the rural road mileage in
 5 each county, exclusive of the federal-aid interstate system
 6 and the federal-aid primary system, bears to the total rural
 7 road mileage in the state, exclusive of the federal-aid
 8 interstate system and the federal-aid primary system;
 9 (ii) 40% in the ratio that the rural population in each
 10 county outside incorporated cities and towns bears to the
 11 total rural population in the state outside incorporated
 12 cities and towns;
 13 (iii) 20% in the ratio that the land area of each
 14 county bears to the total land area of the state;
 15 (b) ~~\$3,550,000~~ \$4,063,000 shall be divided among the
 16 incorporated cities and towns in the following manner:
 17 (i) 50% of the sum in the ratio that the population
 18 within the corporate limits of the city or town bears to the
 19 total population within corporate limits of all the cities
 20 and towns in Montana;
 21 (ii) 50% in the ratio that the city or town street and
 22 alley mileage, exclusive of the federal-aid interstate
 23 system and the federal-aid primary system, within corporate
 24 limits bears to the total street and alley mileage,
 25 exclusive of the federal-aid interstate system and

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

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

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

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

24 (5) For the purposes of this section where
25 distribution of funds is made on a basis related to

1 population, the population shall be determined by the last
2 preceding official federal census.

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

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

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

14 "15-70-321. Tax on diesel fuel and volatile liquids.
15 The department shall, under the provisions of rules issued
16 by it, collect or cause to be collected from the owners or
17 operators of motor vehicles a tax in an amount equal to
18 cents 11 cents for each gallon of diesel fuel or other
19 volatile liquid, except liquid petroleum gas, of less than
20 46 degrees A.P.I. (American petroleum institute) gravity
21 test when actually sold or used to produce motor power to
22 propel motor vehicles upon the public highways or streets
23 within the state or used in motor vehicles, motorized
24 equipment, and the internal combustion of any and all
25 engines, including stationary engines, used in connection

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

-End-

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FISCAL NOTE

Form BD-15

In compliance with a written request received February 16, 1979, there is hereby submitted a Fiscal Note for House Bill 784 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 tax on diesel fuel and volatile liquids by 1 cent per gallon and to allocate the estimated revenue from the increase to the cities and towns and the counties on a 57% to 43% split.

ASSUMPTIONS

- 1) Taxable gallons of diesel fuel and volatile fuels will range from 90 million to 93 million gallons for FY80 and FY81.
- 2) Effective tax on diesel fuel and volatile fuels -
current law - 9.94¢/Gallon
proposed law - 10.94¢/Gallon
- 3) Administrative costs will remain unchanged.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
Diesel Fuel & Volatile Fuel Tax		
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>\$0.9 to 1.0 M</u>	<u>\$0.9 to 1.0 M</u>

FUND INFORMATION

Earmarked Revenue		
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>\$0.9 to 1.0 M</u>	<u>\$0.9 to 1.0 M</u>

EFFECT ON LOCAL GOVERNMENTS

The increased revenue will go to local governments for road purposes.

LONG-RANGE EFFECTS

Assuming no other changes, revenues would be increased about \$1.0 million per year for each year the legislation is in effect.

Richard L. Drayton
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 2/10/79