

SENATE BILL 324

IN THE SENATE

January 31, 1979	Introduced and referred to Committee on Taxation.
February 1, 1979	Fiscal note requested.
February 6, 1979	Fiscal note returned.
April 20, 1979	Died in Committee.

1 *Senate* BILL NO. *324*  
 2 INTRODUCED BY *Walt*

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE  
 5 GASOLINE LICENSE TAX BY 2 CENTS PER GALLON; DIVIDING THE  
 6 REVENUE BETWEEN THE STATE AND LOCAL GOVERNMENTS; AND  
 7 AMENDING SECTIONS 15-70-101 AND 15-70-204, MCA."

8  
 9 WHEREAS, a significant amount of money may be saved by  
 10 investing in the construction of key highways now and by  
 11 saving deteriorating highways by an aggressive maintenance  
 12 program; and

13 WHEREAS, many city and town streets are in very poor  
 14 condition, causing accidents, damage to motor vehicles, and  
 15 health hazards from dust; and

16 WHEREAS, additional funds to encourage local government  
 17 participation in special improvement districts would help  
 18 alleviate the poor condition of the streets and highways.

19  
 20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

21 Section 1. Section 15-70-101, MCA, is amended to read:  
 22 "15-70-101. Disposition of funds. All taxes, interest,  
 23 and penalties collected under this chapter shall be turned  
 24 over promptly to the state treasurer who shall place the  
 25 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) ~~\$6,500,000~~ \$11,500,000 of the funds collected  
 6 under 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, as provided in subsections (a) and (b)  
 11 hereof:

12 (a) ~~\$2,950,000~~ \$1,219,231 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) ~~\$3,550,000~~ \$6,280,769 shall be divided among the

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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 or for the share which such city,  
17 town, or county might otherwise expend for proportionate  
18 matching of federal funds allocated for the construction of  
19 roads or streets which are part of the federal-aid primary  
20 or secondary highway system or urban extensions thereto.

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

1 of highways may coordinate the expenditure of public funds  
2 for road improvements.

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

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

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

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

23 Section 2. Section 15-70-204, MCA, is amended to read:  
24 "15-70-204. Gasoline license tax -- rate. (1) Every  
25 distributor shall pay to the department of revenue a license

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1 tax for the privilege of engaging in and carrying on  
2 business in this state in an amount equal to 1 cent for each  
3 gallon of aviation gasoline, which shall be allocated to the  
4 department of community affairs as provided by 67-1-301, as  
5 amended, and 8 10 cents for each gallon of all other  
6 gasoline distributed by him within the state and upon which  
7 the gasoline license tax has not been paid by any other  
8 distributor.

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

-End-

## STATE OF MONTANA

REQUEST NO. 201-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 2, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 324 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 2 cents per gallon; dividing the revenue between the state and local governments.

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%	514.5 M	535.0 M	556.4 M	578.6 M

2) Effective tax on gasoline  
current law - 7.88¢/gallon  
proposed law - 9.88¢/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	53.9 to 55.0 M	55.5 to 57.2 M
Estimated Increase	<u>\$10.9 to 11.2 M</u>	<u>\$11.2 to 11.6 M</u>

FUND INFORMATION

Local Governments	\$ 5.0 to 5.0 M	\$ 5.0 to 5.0 M
Highways Earmarked Revenue	5.9 to 6.2 M	6.2 to 6.6 M
Estimated Increase	<u>\$10.9 to 11.2 M</u>	<u>\$11.2 to 11.6 M</u>

EFFECT ON LOCAL GOVERNMENTS

The 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 \$11.5 million per year for the next few years.

*Richard A. Franzen*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: \_\_\_\_\_

PREPARED BY DEPARTMENT OF REVENUE