

SENATE BILL NO. 7

1st Special Session

Introduced and Referred to Committee on Taxation: 11/19/81  
Hearing: 11/19/81

Motion to Place SB 7 on 2nd Reading  
Motion Failed: 11/20/81

*Special Session I*

BILL NO. 2

INTRODUCED BY Blaylock Chug

BY REQUEST OF THE GOVERNOR

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A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A PERMANENT HIGHWAY RECONSTRUCTION PROGRAM; TO INCREASE THE GASOLINE LICENSE TAX BY 5 CENTS PER GALLON AND TO INCREASE THE TAX ON DIESEL FUEL AND OTHER VOLATILE LIQUIDS BY 6 CENTS PER GALLON TO FUND THE RECONSTRUCTION PROGRAM; TO MAKE PERMANENT THE TEMPORARY 1 CENT PER GALLON FUEL TAX INCREASES PROVIDED BY CHAPTER 632, LAWS OF 1979; REPEALING SECTIONS 2 AND 3 OF CHAPTER 632, LAWS OF 1979; AMENDING SECTIONS 15-70-204, 15-70-321, AND 60-3-203, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**NEW SECTION.** Section 1. Highway reconstruction program -- creation -- purpose. There is a permanent highway reconstruction program. This program is created in recognition that the highways located on the primary and secondary systems of Montana are deteriorating at such a rate that existing programs will be unable to construct and reconstruct them to safe and acceptable standards and that the prospects of increased federal assistance to solve this problem are unlikely.

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**NEW SECTION.** Section 2. Duties of the department. The department shall administer the highway reconstruction program to initiate, plan, design, construct, and reconstruct projects on the primary and secondary highway systems. The department shall select such projects from throughout the state according to need, and the funds expended for these projects are not subject to the provisions of 60-3-203.

**NEW SECTION.** Section 3. Highway reconstruction program -- funding. (1) For the purpose of funding the highway reconstruction program created in [section 1], 6 cents per gallon of the special fuel tax collected under 15-70-321 and 5 cents per gallon of the gasoline license tax collected under 15-70-204 are allocated to the highway reconstruction program.

(2) In addition, all funds in the highway earmarked revenue account not needed by the department for general operations, maintenance, or matching federal aid may be used by the department in the reconstruction program.

**NEW SECTION.** Section 4. Use of funds allocated to highway reconstruction program. The funds allocated to the highway reconstruction program under [section 3] may only be used to initiate, plan, design, construct, and reconstruct projects on the primary and secondary highway systems.

INTRODUCED BILL

1 Section 5. Section 15-70-204, MCA, is amended to read:  
 2 "15-70-204. Gasoline license tax -- rate. (1) Every  
 3 distributor shall pay to the department of revenue a license  
 4 tax for the privilege of engaging in and carrying on  
 5 business in this state in an amount equal to 1 cent for each  
 6 gallon of aviation gasoline, which shall be allocated to the  
 7 department of commerce as provided by 67-1-301, as amended,  
 8 and 8 ~~15~~ cents for each gallon of all other gasoline  
 9 distributed by him within the state and upon which the  
 10 gasoline license tax has not been paid by any other  
 11 distributor.

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

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

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

19 (b) beginning April 1, 1985, gasohol shall be taxed at  
 20 the rate of 4 cents per gallon;

21 (c) beginning April 1, 1987, gasohol shall be taxed at  
 22 the rate of 6 cents per gallon.

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

1 Section 6. Section 15-70-321, MCA, is amended to read:  
 2 "15-70-321. Tax on diesel fuel and volatile liquids.  
 3 The department shall, under the provisions of rules issued  
 4 by it, collect or cause to be collected from the owners or  
 5 operators of motor vehicles a tax in an amount equal to ~~10~~  
 6 ~~12~~ cents for each gallon of diesel fuel or other volatile  
 7 liquid, except liquid petroleum gas, of less than 46 degrees  
 8 A.P.I. (American petroleum institute) gravity test when  
 9 actually sold or used to produce motor power to propel motor  
 10 vehicles upon the public highways or streets within the  
 11 state or used in motor vehicles, motorized equipment, and  
 12 the internal combustion of any and all engines, including  
 13 stationary engines, used in connection with any and all work  
 14 performed under any and all contracts pertaining to the  
 15 construction, reconstruction, or improvement of any highway  
 16 or street and their appurtenances awarded by any and all  
 17 public agencies, including federal, state, county,  
 18 municipal, or other political subdivisions."

19 Section 7. Section 60-3-203, MCA, is amended to read:

20 "60-3-203. Districts for apportionment of department  
 21 funds. ~~At~~ ~~Except as provided in [sections 1 through 4.]~~  
 22 ~~all~~ money available to the department for highway  
 23 construction purposes shall be apportioned among these  
 24 financial districts, each composed of the counties named:

25 District 1. Lincoln, Flathead, Lake;

- 1 District 2. Glacier, Toole, Liberty, Hill, Blaine;
- 2 District 3. Phillips, Valley, Daniels, Sheridan,
- 3 Roosevelt;
- 4 District 4. McCone, Richland, Dawson, Prairie,
- 5 Wibaux;
- 6 District 5. Fergus, Garfield, Petroleum;
- 7 District 6. Pondera, Teton, Chouteau, Cascade, Judith
- 8 Basins;
- 9 District 7. Lewis and Clark, Jefferson, Broadwater;
- 10 District 8. Sanders, Mineral, Missoula, Ravalli,
- 11 Granite, Powell;
- 12 District 9. Beaverhead, Deer Lodge, Silver Bow,
- 13 Madison;
- 14 District 10. Park, Gallatin, Sweet Grass, Meagher,
- 15 Wheatland;
- 16 District 11. Golden Valley, Musselshell, Stillwater,
- 17 Yellowstone, Carbon, Big Horn, Treasure;
- 18 District 12. Rosebud, Custer, Fallon, Powder River,
- 19 Carter.\*

20 Section 8. Codification instruction. Sections 1  
 21 through 4 are intended to be codified as an integral part of  
 22 Title 60, Chapter 3, part 2 and the provisions of Title 60  
 23 apply to sections 1 through 4.

24 Section 9. Repealer. Sections 2 and 3, Chapter 632,  
 25 Laws of 1979, are repealed.

1 Section 10. Effective date. This act is effective  
 2 January 1, 1982.

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