

HOUSE BILL NO. 16

**INTRODUCED BY HARP, TVEIT, WALDRON, ELLIOTT
BY REQUEST OF THE JOINT SUBCOMMITTEE ON HIGHWAYS**

IN THE HOUSE

January 3, 1983	Introduced and referred to Committee on Highways and Transportation.
February 7, 1983	Committee recommend bill do pass as amended. Report adopted. On motion, taken from printing and referred to Committee on Taxation.
February 8, 1983	Bill printed and placed on members' desks.
February 10, 1983	Committee recommend bill do pass. Report adopted.
February 11, 1983	Bill printed and placed on members' desks.
February 12, 1983	Second reading, do pass as amended.
February 14, 1983	Correctly engrossed.
February 15, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 16, 1983	Introduced and referred to Committee on Taxation.
April 11, 1983	Committee recommend bill be concurred in as amended. Report adopted.

April 12, 1983

Second reading, concurred in.

April 13, 1983

Third reading, concurred in.
Ayes, 37; Noes, 6.

IN THE HOUSE

April 13, 1983

Returned to House with
amendments.

April 14, 1983

Second reading, pass
consideration.

On motion, previous action
reconsidered.

On motion, amendments placed
on second reading this day.

Second reading, amendments
concurred in.

April 15, 1983

Third reading, amendments
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 16
2 INTRODUCED BY HARP, TVETT, WALDRON, ELLIOTT
3 BY REQUEST OF THE JOINT SUBCOMMITTEE ON HIGHWAYS

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING PERMANENT THE
6 1-CENT MOTOR FUELS TAX INCREMENT ENACTED IN 1979; RAISING
7 THE MOTOR FUELS TAX RATES 3.5 CENTS PER GALLON; INCREASING
8 THE ALLOCATION TO COUNTIES, TOWNS, AND CITIES; AMENDING
9 SECTIONS 15-70-101, 15-70-204, AND 15-70-321, MCA; AND
10 PROVIDING AN EFFECTIVE DATE."

11
12 WHEREAS, Chapter 632, Laws of 1979, imposed a tax of 1
13 cent per gallon of gasoline in addition to the tax of 8
14 cents per gallon imposed in section 15-70-204, MCA, and a
15 tax of 1 cent per gallon of diesel fuel and volatile liquids
16 in addition to the tax of 10 cents per gallon imposed in
17 section 15-70-321, MCA; and

18 WHEREAS, the tax increments of 1 cent per gallon
19 enacted in Chapter 632, Laws of 1979, expire on July 1,
20 1983; and

21 WHEREAS, the Legislature intends to make permanent the
22 increases of 1 cent per gallon enacted in Chapter 632, Laws
23 of 1979, and to continue their imposition and collection
24 after July 1, 1983, to raise funds for the department of
25 highways in the earmarked special revenue fund; and

1 WHEREAS, the Legislature intends to increase the tax on
2 gasoline by an additional 3.5 cents per gallon and to
3 increase the tax on diesel fuel and volatile liquids by an
4 additional 3.5 cents per gallon.

5
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

7 Section 1. Section 15-70-204, MCA, is amended to read:

8 "15-70-204. Gasoline license tax -- rate. (1) Every
9 distributor shall pay to the department of revenue a license
10 tax for the privilege of engaging in and carrying on
11 business in this state in an amount equal to 1 cent for each
12 gallon of aviation gasoline, which shall be allocated to the
13 department of commerce as provided by 67-1-301, as amended,
14 and ~~8~~ 12.5 cents for each gallon of all other gasoline
15 distributed by him within the state and upon which the
16 gasoline license tax has not been paid by any other
17 distributor.

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

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

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

25 (b) beginning April 1, 1985, gasohol shall be taxed at

INTRODUCED BILL

1 the rate of 4 cents per gallon;

2 (c) beginning April 1, 1987, gasohol shall be taxed at

3 the rate of 6 cents per gallon.

4 (4) If at any time the gasoline license tax is lower

5 than the current applicable tax on gasohol, the lower tax

6 rate shall be adopted for gasohol."

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

8 "15-70-321. Tax on diesel fuel and volatile liquids.

9 The department shall, under the provisions of rules issued

10 by it, collect or cause to be collected from the owners or

11 operators of motor vehicles a tax in an amount equal to ~~10~~

12 14.5 cents for each gallon of diesel fuel or other volatile

13 liquid, except liquid petroleum gas, of less than 46 degrees

14 A.P.I. (American petroleum institute) gravity test when

15 actually sold or used to produce motor power to propel motor

16 vehicles upon the public highways or streets within the

17 state or used in motor vehicles, motorized equipment, and

18 the internal combustion of any and all engines, including

19 stationary engines, used in connection with any and all work

20 performed under any and all contracts pertaining to the

21 construction, reconstruction, or improvement of any highway

22 or street and their appurtenances awarded by any and all

23 public agencies, including federal, state, county,

24 municipal, or other political subdivisions."

25 Section 3. Section 15-70-101, MCA, is amended to read:

1 "15-70-101. Disposition of funds. All taxes, interest,

2 and penalties collected under this chapter shall be turned

3 over promptly to the state treasurer who shall place the

4 same in the earmarked special revenue fund to the credit of

5 the department of highways, except those funds hereinbelow

6 allocated to cities, towns, and counties, which funds shall

7 be paid by the state treasurer directly to such cities,

8 towns, and counties.

9 (1) ~~\$6,500,000~~ \$9,000,000 of the funds collected under

10 this chapter shall be allocated each fiscal year on a

11 monthly basis to the counties and incorporated cities and

12 towns in Montana for construction, reconstruction,

13 maintenance, and repair of rural roads and city or town

14 streets and alleys, as provided in subsections (a) and (b)

15 hereof:

16 (a) ~~\$2,950,000~~ \$4,085,000 shall be divided among the

17 various counties in the following manner:

18 (i) 40% in the ratio that the rural road mileage in

19 each county, exclusive of the federal-aid interstate system

20 and the federal-aid primary system, bears to the total rural

21 road mileage in the state, exclusive of the federal-aid

22 interstate system and the federal-aid primary system;

23 (ii) 40% in the ratio that the rural population in each

24 county outside incorporated cities and towns bears to the

25 total rural population in the state outside incorporated

1 cities and towns;

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

4 (b) ~~\$3,550,000~~ \$4,915,000 shall be divided among the
5 incorporated cities and towns in the following manner:

6 (i) 50% of the sum in the ratio that the population
7 within the corporate limits of the city or town bears to the
8 total population within corporate limits of all the cities
9 and towns in Montana;

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

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

25 (3) Upon receipt of the allocation provided herein,

1 the governing bodies of the recipient counties, cities, and
2 towns shall inform the department of highways of the
3 purposes for which the funds will be expended so that the
4 county commissioners, the governing body, and the department
5 of highways may coordinate the expenditure of public funds
6 for road improvements.

7 (4) All funds hereby allocated to counties, cities,
8 and towns shall be disbursed to the lowest responsible
9 bidder according to applicable bidding procedures followed
10 in all cases where the contract for construction,
11 reconstruction, maintenance, or repair is in excess of
12 \$4,000.

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

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

25 (7) None of the funds authorized by this section shall

1 be used for the purchase of capital equipment."

2 NEW SECTION. Section 4. Coordination Instructions. If
3 __Bill No.__ (LC 61), including the section of that bill
4 amending 15-70-321, is passed and approved, section 2 of
5 this act is void and is superseded by the language in __Bill
6 No.__ (LC 61) amending 15-70-321.

7 NEW SECTION. Section 5. Effective date. This act is
8 effective on July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 025-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 6, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 16 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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 OF PROPOSED LEGISLATION:

House Bill 16 makes permanent the 1-cent Motor Fuels tax increment enacted in 1979; raises the Motor Fuels tax rates 3.5 per gallon; increases the allocation to counties, towns, and cities; amends Sections 15-70-101, 15-70-204, and 14-70-321, MCA; and provides an effective date.

ASSUMPTIONS:

- 1) The Department of Revenue forecast of Motor fuels tax receipts for the 1984-85 biennium is the basis for comparison.
- 2) Consumption is assumed to remain at present levels.


FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
Gasoline License Tax		
Under Current Law	\$32.888 M	\$32.588 M
Under Proposed Law	<u>51.388 M</u>	<u>50.919 M</u>
Estimated Increase	<u>\$18.500 M</u>	<u>\$18.331 M</u>
Special Fuels License Tax		
Under Current Law	\$10.852 M	\$11.069 M
Under Proposed Law	<u>15.735 M</u>	<u>16.050 M</u>
Estimated Increase	<u>\$ 4.883 M</u>	<u>\$ 4.981 M</u>

EFFECT OF COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The amount which is allocated annually to counties and incorporated cities and towns for construction, reconstruction, maintenance and repair of roads, streets and alleys is increased from \$6.5 million to \$9 million. Of this amount, counties would receive an additional \$1,135,000 per year and municipalities \$1,365,000.

FISCAL NOTE2:DD/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-11-83

Approved by Committee
on Highways & Transportation

HOUSE BILL NO. 16

INTRODUCED BY HARP, TVEIT, WALDRON, ELLIOTT

BY REQUEST OF THE JOINT SUBCOMMITTEE ON HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT MAKING PERMANENT THE 1-CENT MOTOR FUELS TAX INCREMENT ENACTED IN 1979; RAISING THE MOTOR FUELS TAX RATES 3½ 3 CENTS PER GALLON EFFECTIVE JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1, 1985; INCREASING THE ALLOCATION TO COUNTIES, TOWNS, AND CITIES; AMENDING SECTIONS 15-70-101, 15-70-204, AND 15-70-321, MCA; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, Chapter 632, Laws of 1979, imposed a tax of 1 cent per gallon of gasoline in addition to the tax of 8 cents per gallon imposed in section 15-70-204, MCA, and a tax of 1 cent per gallon of diesel fuel and volatile liquids in addition to the tax of 10 cents per gallon imposed in section 15-70-321, MCA; and

WHEREAS, the tax increments of 1 cent per gallon enacted in Chapter 632, Laws of 1979, expire on July 1, 1983; and

WHEREAS, the Legislature intends to make permanent the increases of 1 cent per gallon enacted in Chapter 632, Laws of 1979, and to continue their imposition and collection after July 1, 1983, to raise funds for the department of

highways in the earmarked special revenue fund; and

WHEREAS, the Legislature intends to increase the tax on gasoline by an additional 3½ 3 cents per gallon EFFECTIVE JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1, 1985, and to increase the tax on diesel fuel and volatile liquids by an additional 3½ 3 cents per gallon EFFECTIVE JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1, 1985.

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 commerce as provided by 67-1-301, as amended, and 8 ~~12~~ 12 cents FROM JULY 1, 1983, TO DECEMBER 31, 1984, AND 14 CENTS THEREAFTER, 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.

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

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

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

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

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

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

13 "15-70-321. Tax on diesel fuel and volatile liquids.
14 The department shall, under the provisions of rules issued
15 by it, collect or cause to be collected from the owners or
16 operators of motor vehicles a tax in an amount equal to ~~10~~
17 ~~14.5~~ 14 cents ~~FROM JULY 1, 1983, TO DECEMBER 31, 1984, AND~~
18 ~~16 CENTS THEREAFTER,~~ 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

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."

6 Section 3. Section 15-70-101, MCA, is amended to read:

7 "15-70-101. Disposition of funds. All taxes, interest,
8 and penalties collected under this chapter shall be turned
9 over promptly to the state treasurer who shall place the
10 same in the earmarked special revenue fund to the credit of
11 the department of highways, except those funds hereinbelow
12 allocated to cities, towns, and counties, which funds shall
13 be paid by the state treasurer directly to such cities,
14 towns, and counties.

15 (1) ~~\$6,500,000~~ ~~\$2,000,000~~ of the funds collected under
16 this chapter shall be allocated each fiscal year on a
17 monthly basis to the counties and incorporated cities and
18 towns in Montana for construction, reconstruction,
19 maintenance, and repair of rural roads and city or town
20 streets and alleys, as provided in subsections (a) and (b)
21 hereof:

22 (a) ~~\$2,950,000~~ ~~\$1,085,000~~ shall be divided among the
23 various counties in the following manner:

24 (i) 40% in the ratio that the rural road mileage in
25 each county, exclusive of the federal-aid interstate system

1 and the federal-aid primary system, bears to the total rural
2 road mileage in the state, exclusive of the federal-aid
3 interstate system and the federal-aid primary system;

4 (ii) 40% in the ratio that the rural population in each
5 county outside incorporated cities and towns bears to the
6 total rural population in the state outside incorporated
7 cities and towns;

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

10 (c) ~~\$3,550,000~~ ~~\$4,915,000~~ shall be divided among the
11 incorporated cities and towns in the following manner:

12 (i) 50% of the sum in the ratio that the population
13 within the corporate limits of the city or town bears to the
14 total population within corporate limits of all the cities
15 and towns in Montana;

16 (ii) 50% in the ratio that the city or town street and
17 alley mileage, exclusive of the federal-aid interstate
18 system and the federal-aid primary system, within corporate
19 limits bears to the total street and alley mileage,
20 exclusive of the federal-aid interstate system and
21 federal-aid primary system, within the corporate limits of
22 all cities and towns in Montana.

23 (2) All funds hereby allocated to counties, cities,
24 and towns shall be used exclusively for the construction,
25 reconstruction, maintenance, and repair of rural roads, city

1 or town streets and alleys or for the share which such city,
2 town, or county might otherwise expend for proportionate
3 matching of federal funds allocated for the construction of
4 roads or streets which are part of the federal-aid primary
5 or secondary highway system or urban extensions thereto.

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

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

19 (5) For the purposes of this section where
20 distribution of funds is made on a basis related to
21 population, the population shall be determined by the last
22 preceding official federal census.

23 (6) For the purposes of this section where
24 determination of mileage is necessary for distribution of
25 funds, it shall be the responsibility of the cities, towns,

1 and counties to furnish to the department of highways and
 2 state treasurer a yearly certified statement indicating the
 3 total mileage within their respective areas applicable to
 4 this chapter. All mileage submitted shall be subject to
 5 review and approval by the department of highways.

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

8 ~~NEW SECTION. Section 4. Coordination. Instructions~~
 9 ~~if 811 Nov 61, including the section of that bill~~
 10 ~~amending 15-70-321, is passed and approved, section 2 of~~
 11 ~~this act is void and is superseded by the language in 811~~
 12 ~~Nov 61, amending 15-70-321.~~

13 NEW SECTION. Section 4. Effective date. This act is
 14 effective on July 1, 1983.

-End-

Rereferred and
Approved by committee
on taxation

1 HOUSE BILL NO. 16
2 INTRODUCED BY HARP, IVEIT, WALDRON, ELLIOTT
3 BY REQUEST OF THE JOINT SUBCOMMITTEE ON HIGHWAYS
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5 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING PERMANENT THE
6 1-CENT MOTOR FUELS TAX INCREMENT ENACTED IN 1979; RAISING
7 THE MOTOR FUELS TAX RATES ~~3.5~~ 2 CENTS PER GALLON ~~EFFECTIVE~~
8 ~~JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1,~~
9 ~~1985;~~ INCREASING THE ALLOCATION TO COUNTIES, TOWNS, AND
10 CITIES; AMENDING SECTIONS 15-70-101, 15-70-204, AND
11 15-70-321, MCA; AND PROVIDING AN EFFECTIVE DATE."
12
13 WHEREAS, Chapter 632, Laws of 1979, imposed a tax of 1
14 cent per gallon of gasoline in addition to the tax of 8
15 cents per gallon imposed in section 15-70-204, MCA, and a
16 tax of 1 cent per gallon of diesel fuel and volatile liquids
17 in addition to the tax of 10 cents per gallon imposed in
18 section 15-70-321, MCA; and
19 WHEREAS, the tax increments of 1 cent per gallon
20 enacted in Chapter 632, Laws of 1979, expire on July 1,
21 1983; and
22 WHEREAS, the Legislature intends to make permanent the
23 increases of 1 cent per gallon enacted in Chapter 632, Laws
24 of 1979, and to continue their imposition and collection
25 after July 1, 1983, to raise funds for the department of

H B 16 was rereferred to comm. on
Taxation. There is no change from previous
second reading (yellow) printing and will
not be reprinted.

SECOND READING

HB-16

HOUSE BILL NO. 16

INTRODUCED BY HARP, TVEIT, WALDRON, ELLIOTT
BY REQUEST OF THE JOINT SUBCOMMITTEE ON HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT MAKING PERMANENT THE
1-CENT MOTOR FUELS TAX INCREMENT ENACTED IN 1979; RAISING
THE MOTOR FUELS TAX RATES ~~3+5 3 CENTS PER GALLON EFFECTIVE~~
~~JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1,~~
~~1985 FEBRUARY 15, 1985~~; INCREASING THE ALLOCATION TO
COUNTIES, TOWNS, AND CITIES; AMENDING SECTIONS 15-70-101,
15-70-204, AND 15-70-321, MCA; AND PROVIDING AN EFFECTIVE
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WHEREAS, Chapter 632, Laws of 1979, imposed a tax of 1
cent per gallon of gasoline in addition to the tax of 8
cents per gallon imposed in section 15-70-204, MCA, and a
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in addition to the tax of 10 cents per gallon imposed in
section 15-70-321, MCA; and

WHEREAS, the tax increments of 1 cent per gallon
enacted in Chapter 632, Laws of 1979, expire on July 1,
1983; and

WHEREAS, the Legislature intends to make permanent the
increases of 1 cent per gallon enacted in Chapter 632, Laws
of 1979, and to continue their imposition and collection

after July 1, 1983, to raise funds for the department of
highways in the earmarked special revenue fund; and

WHEREAS, the Legislature intends to increase the tax on
gasoline by an additional ~~3+5 3 cents per gallon EFFECTIVE~~
~~JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1,~~
~~1985 FEBRUARY 15, 1985~~, and to increase the tax on diesel
fuel and volatile liquids by an additional ~~3+5 3 cents per~~
gallon ~~EFFECTIVE JULY 1, 1983, AND 2 CENTS PER GALLON~~
~~EFFECTIVE JANUARY 1, 1985 FEBRUARY 15, 1985~~.

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 commerce as provided by 67-1-301, as amended,
and ~~0 12+5 12 cents FROM JULY 1, 1983, TO DECEMBER 31, 1984~~
~~FEBRUARY 15, 1985, AND 14 CENTS THEREAFTER~~, 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

1 distributor's license tax.

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

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

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

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

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

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 ~~10~~
18 ~~14 1/2~~ 14 cents FROM JULY 1, 1983, TO DECEMBER 31, 1984
19 FEBRUARY 15, 1985, AND 16 CENTS THEREAFTER, for each gallon
20 of diesel fuel or other volatile liquid, except liquid
21 petroleum gas, of less than 46 degrees A.P.I. (American
22 petroleum institute) gravity test when actually sold or used
23 to produce motor power to propel motor vehicles upon the
24 public highways or streets within the state or used in motor
25 vehicles, motorized equipment, and the internal combustion

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

8 Section 3. Section 15-70-101, MCA, is amended to read:

9 "15-70-101. Disposition of funds. All taxes, interest,
10 and penalties collected under this chapter shall be turned
11 over promptly to the state treasurer who shall place the
12 same in the earmarked special revenue fund to the credit of
13 the department of highways, except those funds hereinbelow
14 allocated to cities, towns, and counties, which funds shall
15 be paid by the state treasurer directly to such cities,
16 towns, and counties.

17 (1) ~~\$6,500,000~~ ~~\$2,000,000~~ of the funds collected under
18 this chapter shall be allocated each fiscal year on a
19 monthly basis to the counties and incorporated cities and
20 towns in Montana for construction, reconstruction,
21 maintenance, and repair of rural roads and city or town
22 streets and alleys, as provided in subsections (a) and (b)
23 hereof:

24 (a) ~~\$2,950,000~~ ~~\$4,000,000~~ shall be divided among the
25 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~~ \$4,915,000 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 all cities and towns in Montana.

(2) All funds hereby allocated to counties, cities,

and towns shall be used exclusively for the construction, reconstruction, maintenance, and repair of rural roads, city or town streets and alleys or for the share which such city, town, or county might otherwise expend for proportionate matching of federal funds allocated for the construction of roads or streets which are part of the federal-aid primary or secondary highway system or urban extensions thereto.

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

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

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

(6) For the purposes of this section where

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

8 (7) None of the funds authorized by this section shall
 9 be used for the purchase of capital equipment.

10 (8) FUNDS AUTHORIZED BY THIS SECTION SHALL BE USED FOR
 11 CONSTRUCTION AND MAINTENANCE PROGRAMS ONLY."

12 ~~NEW SECTION--Section 4--Coordination---instructions~~
 13 ~~if---811-Nov--(LE-61)-including-the-section-of-that-b111~~
 14 ~~amending-15-70-321-is-passed-and--approved--section--2--of~~
 15 ~~this-act-is-void-and-is-superseded-by-the-language-in---8111~~
 16 ~~Nov--(LE-61)-amending-15-70-321~~

17 NEW SECTION. Section 4. Effective date. This act is
 18 effective on July 1, 1983.

-End-

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 16 be amended as follows:

1. Title, line 7.

Following: "RATES ~~3-5~~"

Strike: "3"

Insert: "6"

2. Title, line 8.

Following: "July 1, 1983"

Strike: remainder of line 8 through "1985" on line 9

3. Page 2, line 4.

Following: "additional ~~3-5~~"

Strike: "3"

Insert: "6"

4. Page 2, line 5.

Following: "July 1, 1983,"

Strike: remainder of line 5 through "1985," on line 6

5. Page 2, line 7.

Following: "additional ~~3-5~~"

Strike: "3"

Insert: "6"

6. Page 2, line 8.

Following: "July 1, 1983"

Strike: remainder of line 8 through "1985" on line 9

7. Page 2, line 19.

Following: "and 8 ~~12-5~~"

Strike: "12"

Insert: "15"

Following: "cents"

Strike: remainder of line 19 through "THEREAFTER," on line 20

8. Page 3, line 18.

Following: "~~14-5~~"

Strike: "14"

Insert: "17"

Following: "cents"

Strike: remainder of line 18 through "THEREAFTER," on line 19

9. Page 4, line 17.

Following: "\$~~67,5007,000~~"

Strike: "\$9,000,000"

Insert: "\$14,000,000"

10. Page 4, line 24.

Following: "\$~~27,9507,000~~"

Strike: "\$4,085,000"

Insert: "\$6,350,000"

11. Page 5, line 12.

Following: "\$~~37,5507,000~~"

Strike: "\$4,915,000"

Insert: "\$7,650,000"

HOUSE BILL NO. 16

INTRODUCED BY HARP, IVEIT, WALDRON, ELLIOTT

BY REQUEST OF THE JOINT SUBCOMMITTEE ON HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT MAKING PERMANENT THE 1-CENT MOTOR FUELS TAX INCREMENT ENACTED IN 1979; RAISING THE MOTOR FUELS TAX RATES 3-5 3/4 CENTS PER GALLON EFFECTIVE JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1, 1985 FEBRUARY 15, 1985; INCREASING THE ALLOCATION TO COUNTIES, TOWNS, AND CITIES; AMENDING SECTIONS 15-70-101, 15-70-204, AND 15-70-321, MCA; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, Chapter 632, Laws of 1979, imposed a tax of 1 cent per gallon of gasoline in addition to the tax of 8 cents per gallon imposed in section 15-70-204, MCA, and a tax of 1 cent per gallon of diesel fuel and volatile liquids in addition to the tax of 10 cents per gallon imposed in section 15-70-321, MCA; and

WHEREAS, the tax increments of 1 cent per gallon enacted in Chapter 632, Laws of 1979, expire on July 1, 1983; and

WHEREAS, the Legislature intends to make permanent the increases of 1 cent per gallon enacted in Chapter 632, Laws of 1979, and to continue their imposition and collection

after July 1, 1983, to raise funds for the department of highways in the earmarked special revenue fund; and

WHEREAS, the Legislature intends to increase the tax on gasoline by an additional 3-5 3/4 cents per gallon EFFECTIVE JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1, 1985 FEBRUARY 15, 1985, and to increase the tax on diesel fuel and volatile liquids by an additional 3-5 3/4 cents per gallon EFFECTIVE JULY 1, 1983, AND 2 CENTS PER GALLON EFFECTIVE JANUARY 1, 1985 FEBRUARY 15, 1985.

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 commerce as provided by 67-1-301, as amended, and 8 12 1/2 12 1/2 cents FROM JULY 1, 1983, TO DECEMBER 31, 1984 FEBRUARY 15, 1985, AND 14 CENTS THEREAFTER, 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

1 distributor's license tax.

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

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

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

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

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

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 ~~10~~
18 ~~14.5~~ ~~14~~ 17 cents ~~FROM JULY 1, 1983, TO DECEMBER 31, 1984~~
19 ~~FOR EACH GALLON OF DIESEL FUEL OR OTHER VOLATILE LIQUID, EXCEPT LIQUID~~
20 ~~PETROLEUM GAS, OF LESS THAN 46 DEGREES A.P.I. (AMERICAN~~
21 ~~PETROLEUM INSTITUTE) GRAVITY TEST WHEN ACTUALLY SOLD OR USED~~
22 ~~TO PRODUCE MOTOR POWER TO PROPUL MOTOR VEHICLES UPON THE~~
23 ~~PUBLIC HIGHWAYS OR STREETS WITHIN THE STATE OR USED IN MOTOR~~
24 ~~VEHICLES, MOTORIZED EQUIPMENT, AND THE INTERNAL COMBUSTION~~
25

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

8 Section 3. Section 15-70-101, MCA, is amended to read:

9 "15-70-101. Disposition of funds. All taxes, interest,
10 and penalties collected under this chapter shall be turned
11 over promptly to the state treasurer who shall place the
12 same in the earmarked special revenue fund to the credit of
13 the department of highways, except those funds hereinbelow
14 allocated to cities, towns, and counties, which funds shall
15 be paid by the state treasurer directly to such cities,
16 towns, and counties.

17 (1) ~~\$6,500,000~~ ~~\$2,000,000~~ ~~\$14,000,000~~ of the funds
18 collected under this chapter shall be allocated each fiscal
19 year on a monthly basis to the counties and incorporated
20 cities and towns in Montana for construction,
21 reconstruction, maintenance, and repair of rural roads and
22 city or town streets and alleys, as provided in subsections
23 (a) and (b) hereof:

24 (a) ~~\$2,950,000~~ ~~\$1,000,000~~ ~~\$6,350,000~~ shall be divided
25 among the various counties in the following manner:

1 (i) 40% in the ratio that the rural road mileage in
2 each county, exclusive of the federal-aid interstate system
3 and the federal-aid primary system, bears to the total rural
4 road mileage in the state, exclusive of the federal-aid
5 interstate system and the federal-aid primary system;

6 (ii) 40% in the ratio that the rural population in each
7 county outside incorporated cities and towns bears to the
8 total rural population in the state outside incorporated
9 cities and towns;

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

12 (b) ~~\$3,550,000~~ ~~\$1,215,000~~ ~~\$7,650,000~~ shall be divided
13 among the incorporated cities and towns in the following
14 manner:

15 (i) 50% of the sum in the ratio that the population
16 within the corporate limits of the city or town bears to the
17 total population within corporate limits of all the cities
18 and towns in Montana;

19 (ii) 50% in the ratio that the city or town street and
20 alley mileage, exclusive of the federal-aid interstate
21 system and the federal-aid primary system, within corporate
22 limits bears to the total street and alley mileage,
23 exclusive of the federal-aid interstate system and
24 federal-aid primary system, within the corporate limits of
25 all cities and towns in Montana.

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

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

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

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

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

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

(8) FUNDS AUTHORIZED BY THIS SECTION SHALL BE USED FOR CONSTRUCTION AND MAINTENANCE PROGRAMS ONLY.

~~NEW SECTION. Section 4. Coordination. Instructions. If Nov. 1966-61, including the section of that bill amending 15-78-321, is passed and approved, section 2 of this act is void and is superseded by the language in Nov. 1966-61 amending 15-78-321.~~

NEW SECTION. Section 4. Effective date. This act is effective on July 1, 1983.

-End-