

SENATE BILL NO. 288

Introduced: 01/25/83

Referred to Committee on Taxation; 01/25/83

Hearing: 2/17/83

Died in Committee.

1 *Senate* BILL NO. *288*
2 INTRODUCED BY *Don*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING PERMANENT THE
5 1-CENT-A-GALLON INCREMENT OF MOTOR FUELS TAX ENACTED IN
6 1979; RAISING THE MOTOR FUELS TAX RATE 1 CENT A GALLON;
7 INCREASING THE ALLOCATION TO COUNTIES, TOWNS, AND CITIES;
8 REPEALING THE LOCAL OPTION MOTOR FUELS TAX; AMENDING
9 SECTIONS 15-70-101, 15-70-204, AND 15-70-321, MCA; REPEALING
10 SECTIONS 7-14-301 THROUGH 7-14-303, MCA; AND PROVIDING AN
11 EFFECTIVE DATE."

12
13 WHEREAS, Chapter 632, Laws of 1979, imposed a tax of 1
14 cent a gallon of gasoline in addition to the tax of 8 cents
15 a gallon imposed in section 15-70-204, MCA, and a tax of 1
16 cent a gallon of diesel fuel and volatile liquids in
17 addition to the tax of 10 cents a gallon imposed in section
18 15-70-321, MCA; and

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

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

1 WHEREAS, the Legislature intends to increase the tax on
2 gasoline by an additional 1 cent a gallon and to increase
3 the tax on diesel fuel and volatile liquids by an additional
4 1 cent a gallon; and

5 WHEREAS, sections 7-14-301 through 7-14-303, MCA,
6 relating to the local option motor fuel tax, are unworkable;
7 and

8 WHEREAS, Title 15, chapter 70, MCA, designates no
9 portion of the diesel fuel motor fuel tax to cities and
10 counties.

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

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

24 (2) Gasoline exported or sold for export out of the
25 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 12 cents for each gallon of diesel fuel or other volatile
19 liquid, except liquid petroleum gas, of less than 46 degrees
20 A.P.I. (American petroleum institute) gravity test when
21 actually sold or used to produce motor power to propel motor
22 vehicles upon the public highways or streets within the
23 state or used in motor vehicles, motorized equipment, and
24 the internal combustion of any and all engines, including
25 stationary engines, used in connection with any and all work

1 performed under any and all contracts pertaining to the
2 construction, reconstruction, or improvement of any highway
3 or street and their appurtenances awarded by any and all
4 public agencies, including federal, state, county,
5 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 revenue fund to the credit of the
11 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~~ \$9,250,000 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~~ \$4,198,000 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

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~~ \$2,052,000 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 determination of mileage is necessary for distribution of funds, it shall be the responsibility of the cities, towns,

LC 1178/01

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. Repealer. Sections 7-14-301
9 through 7-14-303, MCA, are repealed.

10 NEW SECTION. Section 5. Effective date. This act is
11 effective July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 248-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 26, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 288 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 OF PROPOSED LEGISLATION:

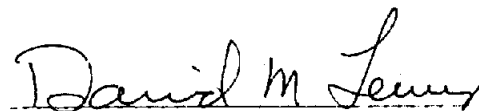
Senate Bill 288 makes permanent the 1-cent-a-gallon increment of motor fuels tax enacted in 1979; raises the motor fuels tax rate 1 cent a gallon; increases the allocation to counties, towns, and cities; repeals the local option motor fuels tax; and provides an effective date.

ASSUMPTIONS:

- 1) The Department of Revenue forecast of motor fuels tax receipts for the 1984-1985 biennium is the basis for comparison.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
Gasoline License Tax		
Under Current Law	\$32.888M	\$32.588M
Under Proposed Law	41.110M	40.735M
Estimated Increase	<u>\$ 8.222M</u>	<u>\$ 8.147M</u>
Special Fuels License Tax		
Under Current Law	10.852M	11.069M
Under Proposed Law	13.022M	13.283M
Estimated Increase	<u>\$ 2.170M</u>	<u>\$ 2.214M</u>
Total Revenue		
Under Current Law	43.740M	43.657M
Under Proposed Law	54.132M	54.018M
Estimated Increase	<u>\$10.392M</u>	<u>\$10.361M</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-31-83

DISTRIBUTION OF REVENUE:

	<u>FY 84</u>	<u>FY 85</u>
Highway Earmarked Account	\$ 7.642M	\$ 7.611M
Local Governments	<u>2.740M</u>	<u>2.750M</u>
Total	<u>\$10.392M</u>	<u>\$10.361M</u>

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES

The amount which is allocated annually to counties and incorporated cities and towns for construction, maintenance and repair of roads, streets and alleys is increased from \$6.5 million to \$9.25 million. Of this amount, counties would receive an additional \$1,248,000 per year and municipalities \$1,502,000.