

HOUSE BILL NO. 346

INTRODUCED BY GILBERT, SCHYE

BY REQUEST OF THE DEPARTMENT OF COMMERCE

IN THE HOUSE

January 22, 1985	Introduced and referred to Committee on Taxation.
January 25, 1985	Fiscal Note requested.
January 29, 1985	Fiscal Note returned.
January 30, 1985	Committee recommend bill do pass as amended. Report adopted.
January 31, 1985	Bill printed and placed on members' desks.
February 2, 1985	Second reading, pass consideration.
February 4, 1985	Second reading, do pass as amended.
February 5, 1985	Correctly engrossed.
February 6, 1985	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 7, 1985	Introduced and referred to Committee on Taxation.
March 20, 1985	Committee recommend bill be concurred in as amended. Report adopted.
March 22, 1985	Second reading, concurred in.

March 25, 1985

Third reading, concurred in.
Ayes, 48; Noes, 1.

Returned to House with
amendments.

IN THE HOUSE

March 26, 1985

Received from Senate.

April 4, 1985

Second reading, amendments
concurred in.

April 5, 1985

Third reading, amendments
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 346
 2 INTRODUCTION BY Bob Gilbert
 3 BY REQUEST OF THE DEPARTMENT OF COMMERCE

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A REFUND OF
 6 TAX PAID ON AUTOMOTIVE FUEL USED IN AIRCRAFT; RESERVING AN
 7 UNREFUNDED PORTION OF SUCH TAX ON AUTOMOTIVE FUEL FOR USE BY
 8 THE DEPARTMENT OF COMMERCE; AMENDING SECTION 15-70-221, MCA;
 9 AND PROVIDING AN EFFECTIVE DATE."

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

12 Section 1. Section 15-70-221, MCA, is amended to read:
 13 "15-70-221. Refund authorized. (1) Any person who
 14 shall purchase and use any gasoline on which the Montana
 15 gasoline license tax has been paid for denaturing alcohol to
 16 be used in gasohol or operating or propelling stationary
 17 gasoline engines, tractors used off the public highways and
 18 streets, or for any commercial use other than propelling
 19 vehicles upon any of the public highways or streets of this
 20 state shall be allowed a refund of the amount of tax paid
 21 directly or indirectly on the gasoline so used. Such refund
 22 or drawback should in no instance exceed the tax paid or to
 23 be paid to the state and no refund shall be allowed of that
 24 portion of the tax per gallon upon aviation gasoline
 25 allocated to the department of commerce by 67-1-301.

1 (2) Any distributor paying the gasoline license tax to
 2 this state erroneously shall be allowed a credit or refund
 3 of the amount of tax so paid.

4 (3) Refund may be allowed of the total amount of tax
 5 paid as required under 15-70-204 at the rate of 15 cents for
 6 each gallon of gasoline as defined in 15-70-201 if that
 7 gasoline is legally used in aircraft as approved by the U.S.
 8 government, except that no refund may be allowed for the
 9 portion of the tax on aviation gasoline deposited under
 10 67-1-301(4)."

11 NEW SECTION. Section 2. Effective date. This act is
 12 effective July 1, 1985.

-End-



-2- INTRODUCED BILL
 HB 346

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 185-85

Form BD-15

In compliance with a written request received January 25, 19 85, there is hereby submitted a Fiscal Note for House Bill 346 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 346 will provide a refund of tax paid on automotive fuel used in aircraft with the unrefunded portion of tax for use by the Department of Commerce.

ASSUMPTIONS:

1. The FAA is approving the use of auto fuel for more and more aircraft.
2. This bill will streamline the mechanics of rebate allowed for agricultural and commercial users and expand it to private aircraft owners.
3. Auto fuel as legally used in aircraft becomes aviation fuel as defined by Montana law and, therefore, the taxes should be properly distributed to the Aeronautics Division Earmarked Revenue Account with the balance of the highway taxes being rebated to the consumer.

FISCAL IMPACT:

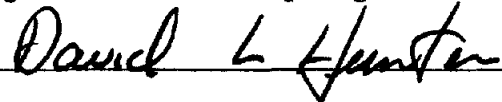
Revenue to Earmarked Account - \$1,600 per year

There are approximately 2,000 registered aircraft in Montana, approximately 1/5 of these can legally burn auto fuel.

These aircraft fly an average of 50 hours per year @ 8 gallons of fuel per hour.

1/5 of 2,000 = 400 aircraft

50 hours X 8 gallons per hour = 400 gallons X 400 aircraft = 160,000 gallons @ 1 cent per gallon = \$1,600.


BUDGET DIRECTOR
Office of Budget and Program Planning

Date: JAN 29, 1985

Revenue:

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Net Impact</u>
FY 1986	\$321,000	\$322,600	\$1,600
FY 1987	321,000	322,600	1,600
Biennium Impact			\$3,200

NO IMPACT ON STATE GENERAL FUND.

APPROVED BY COMMITTEE
ON TAXATION

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7 UNREFUNDED PORTION OF SUCH TAX ON AUTOMOTIVE FUEL FOR USE BY
8 THE DEPARTMENT OF COMMERCE; AMENDING SECTION 15-70-221, MCA;
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15 gasoline license tax has been paid for denaturing alcohol to
16 be used in gasohol or operating or propelling stationary
17 gasoline engines, tractors used off the public highways and
18 streets, or for any commercial use other than propelling
19 vehicles upon any of the public highways or streets of this
20 state shall be allowed a refund of the amount of tax paid
21 directly or indirectly on the gasoline so used. Such refund
22 or drawback should in no instance exceed the tax paid or to
23 be paid to the state and no refund shall be allowed of that
24 portion of the tax per gallon upon aviation gasoline
25 allocated to the department of commerce by 67-1-301.

1 (2) Any distributor paying the gasoline license tax to
2 this state erroneously shall be allowed a credit or refund
3 of the amount of tax so paid.

4 (3) Refund may be allowed of the total amount of tax
5 paid as required under 15-70-204 at-the-rate-of-15-cents for
6 each gallon of gasoline as defined in 15-70-201 if that
7 gasoline is legally used in aircraft as approved by the U.S.
8 government, except that no refund may be allowed for the
9 portion of the tax on aviation gasoline deposited under
10 67-1-301(4)."

11 NEW SECTION. Section 2. Effective date. This act is
12 effective July 1, 1985.

-End-

SECOND READING

1 HOUSE BILL NO. 346

2 INTRODUCED BY GILBERT, SCHYE

3 BY REQUEST OF THE DEPARTMENT OF COMMERCE

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 5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A REFUND OF
 6 TAX PAID ON AUTOMOTIVE FUEL USED IN AIRCRAFT; RESERVING AN
 7 UNREFUNDED PORTION OF SUCH TAX ON AUTOMOTIVE FUEL FOR USE BY
 8 THE DEPARTMENT OF COMMERCE; AND PROVIDING THAT A PERCENTAGE
 9 OF TAXES PAID ON AUTOMOTIVE FUEL BEING LEGALLY CONSUMED IN
 10 AIRCRAFT BE PLACED IN THE AERONAUTICS REVENUE FUND OF THE
 11 DEPARTMENT OF COMMERCE; AMENDING SECTION SECTIONS 15-70-221
 12 AND 60-3-201, MCA; AND PROVIDING AN EFFECTIVE DATE."
 13

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

15 Section 1. Section 15-70-221, MCA, is amended to read:

16 "15-70-221. Refund authorized. (1) Any person who
 17 shall purchase and use any gasoline on which the Montana
 18 gasoline license tax has been paid for denaturing alcohol to
 19 be used in gasohol or operating or propelling stationary
 20 gasoline engines, tractors used off the public highways and
 21 streets, or for any commercial use other than propelling
 22 vehicles upon any of the public highways or streets of this
 23 state shall be allowed a refund of the amount of tax paid
 24 directly or indirectly on the gasoline so used. Such refund
 25 or drawback should in no instance exceed the tax paid or to

1 be paid to the state and no refund shall be allowed of that
 2 portion of the tax per gallon upon aviation gasoline
 3 allocated to the department of commerce by 67-1-301.

4 (2) Any distributor paying the gasoline license tax to
 5 this state erroneously shall be allowed a credit or refund
 6 of the amount of tax so paid.

7 (3) Refund may be allowed of the total amount of tax
 8 paid as required under 15-70-204 at-the-rate-of-15-cents for
 9 each gallon of gasoline as defined in 15-70-201 if that
 10 gasoline is legally used in aircraft as approved by the U.S.
 11 government, except that no refund may be allowed for the
 12 portion of the tax on aviation gasoline deposited under
 13 67-1-301(4)."

14 SECTION 2. SECTION 60-3-201, MCA, IS AMENDED TO READ:

15 "60-3-201. Distribution and use of proceeds of
 16 gasoline dealers' license tax. (1) All money received in
 17 payment of license taxes under the Distributor's Gasoline
 18 License Tax Act, except those amounts paid out of the
 19 department of revenue's suspense account for gasoline tax
 20 refund, shall be used and expended as provided in this
 21 section. So much of that money on hand at any time as may be
 22 needed to pay highway bonds and interest thereon when due
 23 and to accumulate and maintain a reserve therefor, as
 24 provided in laws and in resolutions of the state board of
 25 examiners authorizing such bonds, shall be deposited in the

1 highway bond account in the debt service fund established by
 2 17-2-102. Subject to that provision, 9/10 of 1% of all money
 3 shall be deposited in the state park account, and 1/2 of 1%
 4 of all money shall be deposited in a snowmobile account in
 5 the state special revenue fund, and 1/25 of 1% of all money
 6 shall be deposited in the aeronautics revenue fund of the
 7 department of commerce under the provisions of 67-1-301. The
 8 remainder of the money shall be used by the department of
 9 highways on the federal-aid highways in this state selected
 10 and designated under Title 23, U.S.C., and on highways
 11 leading from each county seat in the state to the federal
 12 highway system of federal-aid roads where the county seat is
 13 not on the system and on the other roads which have been or
 14 may be authorized by the laws of Montana and for collection
 15 of the license taxes and the enforcement of the Montana
 16 highway code under Article VIII, section 6, of the
 17 constitution of this state.

18 (2) The department shall, in expending this money,
 19 carry forward construction from year to year, using the
 20 money expended through the matching up of federal-aid
 21 allotments to Montana upon the federal highway system in the
 22 various parts of the state in accordance with 60-3-204
 23 through 60-3-206. Nothing in this title conflicts with Title
 24 23, U.S.C., and the rules by which it is administered.

25 (3) The department may enter into cooperative

1 agreements with the national park service and the federal
 2 highway administration for the purpose of maintaining
 3 national park approach roads in Montana.

4 (4) Money credited to the state park account in the
 5 state special revenue fund shall be used only for the
 6 creation, improvement, and maintenance of state parks where
 7 motorboating is allowed, except for the payment of refunds
 8 under 15-70-221 through 15-70-226. The legislature finds
 9 that of all the fuel sold in the state for consumption in
 10 internal combustion engines, not less than 9/10 of 1% is
 11 used for propelling boats on waterways of this state.

12 (5) Money credited to the snowmobile account may be
 13 used only to develop and maintain facilities open to the
 14 general public at no admission cost and to promote
 15 snowmobile safety. For the 2 years following July 1, 1977,
 16 15% of the amount deposited in the snowmobile account each
 17 year shall be used to promote snowmobile safety. Thereafter,
 18 10% of the amount deposited in the snowmobile account shall
 19 be used to promote snowmobile safety. The legislature finds
 20 that of all fuels sold in this state for consumption in
 21 internal combustion engines, not less than 1/2 of 1% is used
 22 for propelling snowmobiles on public lands of this state.

23 (6) Money credited to the aeronautics account of the
 24 department of commerce shall be used only to develop,
 25 improve, and maintain facilities open to the public at no

1 admission cost and to promote aviation safety. The
2 legislature finds that of all the fuel sold in this state
3 for consumption in internal combustion engines, not less
4 than 1/25 of 1¢ is used for propelling aircraft in this
5 state."

6° NEW SECTION. Section 3. Effective date. This act is
7 effective July 1, 1985.

-End-

SENATE

STANDING COMMITTEE REPORT

March 20, 19 85

MR. PRESIDENT

We, your committee on Taxation

having had under consideration House Bill 346 No. 346

third reading copy (blue) (Senator Hirsch) color

ALLOWING REFUND OF TAX ON AUTOMOTIVE FUEL USED IN AIRCRAFT.

Respectfully report as follows: That House Bill 346

be amended as follows:

- 1. Title, lines 5 through 8. Following: "PROVIDING" on line 5 Strike: remainder of line 5 through "PROVIDING" on line 8
2. Title, lines 11 and 12. Following: "SECTION" on line 11 Strike: "SECTIONS 15-70-221 AND" Insert: "SECTION"
3. Page 1, line 15 through line 13, page 2. Strike: section 1 in its entirety Renumber: subsequent sections

AND AS AMENDED BE CONCURRED IN

XXXXXX

XXXXXX

Handwritten signature of Thomas E. Towe, Senator Thomas E. Towe, Chairman.

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be paid to the state and no refund shall be allowed of that portion of the tax per gallon upon aviation gasoline allocated to the department of commerce by 67-1-301.

(2) Any distributor paying the gasoline license tax to this state erroneously shall be allowed a credit or refund of the amount of tax so paid.

(3) Refund may be allowed of the total amount of tax paid as required under 15-70-204 at the rate of 15 cents for each gallon of gasoline as defined in 15-70-201 if that gasoline is legally used in aircraft as approved by the U.S. government, except that no refund may be allowed for the portion of the tax on aviation gasoline deposited under 67-1-301(4)."

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2 legislature finds that of all the fuel sold in this state
3 for consumption in internal combustion engines, not less
4 than 1/25 of 1% is used for propelling aircraft in this
5 state."

6 NEW SECTION. Section 2. Effective date. This act is
7 effective July 1, 1985.

-End-