

HOUSE BILL NO. 735

2/09 Introduced  
2/09 Referred to Taxation  
2/09 Fiscal Note Requested  
2/15 Fiscal Note Received  
3/12 Hearing  
3/30 Fiscal Note Requested  
3/30 Committee Report-No Recommendation  
4/03 Fiscal Note Received  
Died in Process

HOUSE BILL NO. 735

INTRODUCED BY Spaeth, Ally M. Williams  
 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT TO REALLOCATE FUNDS AMONG THE HIGHWAY PROGRAM, THE SCHOOL FOUNDATION PROGRAM, AND THE LOCAL GOVERNMENT BLOCK GRANT PROGRAM; TO RAISE THE MOTOR FUELS TAX RATE 3 CENTS PER GALLON EFFECTIVE JULY 1, 1985; TO PROVIDE AN APPROPRIATION TO THE LOCAL GOVERNMENT BLOCK GRANT PROGRAM; AMENDING SECTIONS 7-6-302, 15-70-204, 15-70-321, 20-9-343, AND 60-3-216, MCA; REPEALING SECTION 17-3-201, MCA; AND PROVIDING AN EFFECTIVE DATE."

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 15 18 cents 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.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

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

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

The department shall, under the provisions of rules issued by it, collect or cause to be collected from the owners or operators of motor vehicles a tax in an amount equal to 17 20 cents for each gallon of diesel fuel or other volatile liquid, except liquid petroleum gas, of less than 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used to produce motor power to propel motor vehicles upon the public highways or streets within the state or used in motor vehicles, motorized equipment, and the internal combustion of any and all engines, including stationary engines, used in connection with any and all work performed under any and all contracts pertaining to the construction, reconstruction, or improvement of any highway or street and their appurtenances awarded by any and all public agencies, including federal, state, county, municipal, or other political subdivisions."

1 Section 3. Section 20-9-343, MCA, is amended to read:

2 "20-9-343. Definition of and revenue for state  
3 equalization aid. (1) As used in this title, the term "state  
4 equalization aid" means those moneys deposited in the state  
5 special revenue fund as required in this section plus any  
6 legislative appropriation of moneys from other sources for  
7 distribution to the public schools for the purpose of  
8 equalization of the foundation program.

9 (2) The legislative appropriation for state  
10 equalization aid shall be made in a single sum for the  
11 biennium. The superintendent of public instruction has  
12 authority to spend such appropriation, together with the  
13 earmarked revenues provided in subsection (3), as required  
14 for foundation program purposes throughout the biennium.

15 (3) The following shall be paid into the state special  
16 revenue fund for state equalization aid to public schools of  
17 the state:

18 (a) 25% of all moneys received from the collection of  
19 income taxes under chapter 30 of Title 15;

20 (b) 25% of all moneys, except as provided in  
21 15-31-702, received from the collection of corporation  
22 license taxes under chapter 31 of Title 15, as provided by  
23 15-1-501;

24 (c) 10% of the moneys received from the collection of  
25 the severance tax on coal under chapter 35 of Title 15;

1 (d) ~~62-1/2%~~ 92.5% of the moneys received from the  
2 treasurer of the United States as the state's shares of oil,  
3 gas, and other mineral royalties under the federal Mineral  
4 Lands Leasing Act, as amended;

5 (e) interest and income moneys described in 20-9-341  
6 and 20-9-342;

7 (f) income from the local impact and education trust  
8 fund account; and

9 (g) in addition to these revenues, the surplus  
10 revenues collected by the counties for foundation program  
11 support according to 20-9-331 and 20-9-333 shall be paid  
12 into the same state special revenue fund.

13 (4) Any surplus revenue in the state equalization aid  
14 account in the second year of a biennium may be used to  
15 reduce the appropriation required for the next succeeding  
16 biennium [or may be transferred to the state permissive  
17 account if revenues in that fund are insufficient to meet  
18 the state's permissive amount obligation]."

19 Section 4. Section 7-6-302, MCA, is amended to read:

20 "7-6-302. Local government block grant account created  
21 -- source of funds. (1) There is a local government block  
22 grant account within the state special revenue fund.

23 (2) Funds in this account must be used to provide  
24 payments from the local government block grant program to  
25 eligible jurisdictions.

1        (3) Seven and one-half percent of the money received  
 2        from the treasurer of the United States as the state's share  
 3        of gas, oil, and other mineral royalties under the federal  
 4        Mineral Lands Leasing Act of 1920, as amended, must be  
 5        deposited by the state treasurer to the account.

6        ~~(3)~~(4) Thirty-three and one-third percent of the oil  
 7        severance tax collected under the provisions of 15-36-101  
 8        and all funds appropriated to the account must be deposited  
 9        in the account."

10       Section 5. Section 60-3-216, MCA, is amended to read:

11       "60-3-216. Highway reconstruction trust account. (1)  
 12       There is a highway reconstruction trust account created in  
 13       the state special revenue fund.

14       (2) The highway reconstruction trust fund account  
 15       consists of the following allocations:

16       (a) from the taxes collected pursuant to 15-35-103 for  
 17       each fiscal year beginning on or after July 1, 1986, and  
 18       ending on or before June 30, 1993, the amounts allocated to  
 19       the account pursuant to 15-35-108; and

20       ~~(b) for each fiscal year beginning on or after July 1,~~  
 21       ~~1983, and ending on or before June 30, 1993, all money~~  
 22       ~~received from the state treasurer pursuant to 17-3-201, and~~

23       ~~(c)~~(b) from the taxes collected pursuant to 15-70-204  
 24       and 15-70-321, for each fiscal year beginning on or after  
 25       July 1, 1983, and ending on or before June 30, 1993, an

1       amount that, when added to the amount received pursuant to  
 2       ~~subsections subsection~~ subsection (2)(a) ~~and (2)(b)~~, will equal  
 3       appropriated expenditures. (Terminates July 1, 1993--sec.  
 4       7, Ch. 541, L. 1983.)"

5       NEW SECTION. Section 6. Repealer. Section 17-3-201,  
 6       MCA, is repealed.

7       NEW SECTION. Section 7. Appropriation. There is  
 8       appropriated from the general fund to the local government  
 9       block grant account created in 7-6-302 \$3,000,000 for the  
 10       biennium ending June 30, 1987.

11       NEW SECTION. Section 8. Effective date. This act is  
 12       effective July 1, 1985.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 379-85

Form BD-15

In compliance with a written request received February 10, 19 85, there is hereby submitted a Fiscal Note for H.B. 735 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:

An act to reallocate funds among the highway program, the school foundation program, and the local government block grant program; to raise the motor fuels tax rate 3 cents per gallon effective July 1, 1985; to provide an appropriation to the local government block grant program; repealing section 17-3-201, MCA; and providing an effective date.

FISCAL IMPACT:

	FY 86			FY 87		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<b>Tax Source</b>						
Gasoline Tax	\$ 63,003,103	\$ 75,855,726	\$ 12,852,621	\$ 62,698,185	\$ 75,705,822	\$ 13,007,637
Diesel Tax	18,924,866	22,264,548	3,339,682	19,114,114	22,487,193	3,373,079
BLM Mineral Leasing Monies	20,170,965	20,170,965	-0-	20,261,787	20,261,787	-0-
	<u>\$102,098,936</u>	<u>\$118,291,239</u>	<u>\$ 16,192,303</u>	<u>\$102,074,086</u>	<u>\$118,454,802</u>	<u>\$ 16,380,716</u>
<b>Revenue Distribution of Above Tax Sources</b>						
Highway Gas Account	\$ 88,527,286	96,962,518	8,435,232	88,445,293	97,034,804	8,589,511
Fish/Game Motorboat Account	620,236	744,283	124,047	620,479	744,575	124,096
Fish/Game Snowmobile Account	344,561	413,473	68,912	344,697	413,636	68,939
State Foundation Program Account	12,606,853	18,658,143	6,051,290	12,663,617	18,742,153	6,078,536
Local Government Block Grant Account	-0-	1,512,822	1,512,822	-0-	1,519,634	1,519,634
	<u>\$102,098,936</u>	<u>\$118,291,239</u>	<u>\$16,192,303</u>	<u>\$102,074,086</u>	<u>\$118,454,802</u>	<u>\$16,380,716</u>
<b>Expenditures</b>						
Local Government Block Grant						
General Fund	\$ -0-	\$ 3,000,000	\$ 3,000,000	\$ -0-	\$ -0-	\$ -0-

*David L. Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 15, 1985  
HB 735

STATE OF MONTANA  
FISCAL NOTE

AMENDED  
REQUEST NO. FNN379-85

Form BD-15

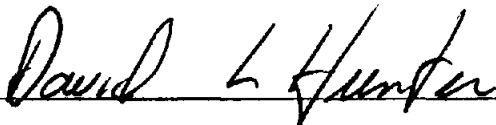
In compliance with a written request received March 31, 19 85, there is hereby submitted a Fiscal Note for H.B. 735 (Amended) pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to raise the motor fuels tax rate 3 cents per gallon effective July 1, 1985; and providing an effective date.

FISCAL IMPACT:

	<u>FY86</u>	<u>FY87</u>		<u>FY86</u>	<u>FY87</u>	
	<u>Under</u>	<u>Under</u>	<u>Estimated</u>	<u>Current Law</u>	<u>Under</u>	<u>Estimated</u>
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>
Effect on Revenue:						
Gasoline Tax	\$63,003,103	\$75,855,726	\$12,852,623	\$62,698,185	\$75,705,822	\$13,007,637
Diesel Tax	\$18,924,866	\$22,264,548	\$ 3,339,682	\$19,114,114	\$22,487,193	\$ 3,373,079
TOTAL REVENUE	\$81,927,969	\$98,120,274	\$16,192,305	\$81,812,299	\$98,193,015	\$16,380,716
Fund Information:						
Earmarked Special Revenue Fund						
Dept. of Highways	\$81,927,969	\$98,120,274	\$16,192,305	\$81,812,299	\$98,193,015	\$16,380,716

  
\_\_\_\_\_

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: April 3, 1985

COMMITTEE  
ON TAXATION  
REPORT WITHOUT RECOMMENDATION

HOUSE BILL NO. 735

INTRODUCED BY SPAETH, ADDY, M. WILLIAMS

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT ~~TO REALLOCATE FUNDS~~  
~~AMONG THE HIGHWAY PROGRAM, THE SCHOOL FOUNDATION PROGRAM,~~  
~~AND THE LOCAL GOVERNMENT BLOCK GRANT PROGRAM;~~ TO RAISE THE  
MOTOR FUELS TAX RATE 3 CENTS PER GALLON EFFECTIVE JULY 1,  
1985; ~~TO PROVIDE AN APPROPRIATION TO THE LOCAL GOVERNMENT~~  
~~BLOCK GRANT PROGRAM;~~ AMENDING SECTIONS ~~7-6-302,~~ 15-70-204,  
AND 15-70-321, ~~20-9-343,~~ AND ~~60-3-216,~~ MCA; REPEALING  
SECTION ~~17-3-201,~~ MCA; AND PROVIDING AN EFFECTIVE DATE."

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, EXCEPT AS PROVIDED IN SUBSECTION (4), 15 18 cents 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.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1).

(4) EFFECTIVE JULY 1, 1989, THE GASOLINE LICENSE TAX RATE SHALL BE REDUCED TO 15 CENTS 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."

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

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

(1) The department shall, under the provisions of rules issued by it, collect or cause to be collected from the owners or operators of motor vehicles a tax in an amount equal to ~~17~~ 20 cents for each gallon of diesel fuel or other volatile liquid, except liquid petroleum gas, of less than 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used to produce motor power to propel motor vehicles upon the public highways or streets within the state or used in motor vehicles, motorized equipment, and the internal combustion of any and all 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 (2) EFFECTIVE JULY 1, 1989, THE TAX ON DIESEL FUEL AND  
 7 VOLATILE LIQUIDS SHALL BE REDUCED TO 17 CENTS FOR EACH  
 8 GALLON OF DIESEL FUEL OR OTHER VOLATILE LIQUID, EXCEPT  
 9 LIQUID PETROLEUM GAS, OF LESS THAN 46 DEGREES A.P.I."

10 Section 3, Section 20-9-343, MCA, is amended to read:

11 "20-9-343--Definition--of--and--revenue--for--state  
 12 equalization--aid;--(1)--As--used--in--this--title,--the--term  
 13 "state--equalization--aid"--means--those--moneys--deposited--in--the  
 14 state--special--revenue--fund--as--required--in--this--section--plus  
 15 any--legislative--appropriation--of--moneys--from--other--sources  
 16 for--distribution--to--the--public--schools--for--the--purpose--of  
 17 equalization--of--the--foundation--program.

18 (2)--The--legislative--appropriation--for--state  
 19 equalization--aid--shall--be--made--in--a--single--sum--for--the  
 20 biennium.--The--superintendent--of--public--instruction--has  
 21 authority--to--spend--such--appropriation,--together--with--the  
 22 earmarked--revenues--provided--in--subsection--(3),--as--required  
 23 for--foundation--program--purposes--throughout--the--biennium.

24 (3)--The--following--shall--be--paid--into--the--state--special  
 25 revenue--fund--for--state--equalization--aid--to--public--schools--of

1 the--state:

2 (a)--25%--of--all--moneys--received--from--the--collection--of  
 3 income--taxes--under--chapter--30--of--Title--15;

4 (b)--25%--of--all--moneys,--except--as--provided--in  
 5 15-31-702,--received--from--the--collection--of--corporation  
 6 license--taxes--under--chapter--31--of--Title--15,--as--provided--by  
 7 15-1-501;

8 (c)--10%--of--the--moneys--received--from--the--collection--of  
 9 the--severance--tax--on--coal--under--chapter--35--of--Title--15;

10 (d)--62 1/2% 92.5% of--the--moneys--received--from--the  
 11 treasurer--of--the--United--States--as--the--state's--shares--of--oil,  
 12 gas,--and--other--mineral--royalties--under--the--federal--Mineral  
 13 Lands--Leasing--Act,--as--amended;

14 (e)--interest--and--income--moneys--described--in--20-9-341  
 15 and--20-9-342;

16 (f)--income--from--the--local--impact--and--education--trust  
 17 fund--account,--and

18 (g)--in--addition--to--these--revenues,--the--surplus  
 19 revenues--collected--by--the--counties--for--foundation--program  
 20 support--according--to--20-9-331--and--20-9-333--shall--be--paid  
 21 into--the--same--state--special--revenue--fund.

22 (4)--Any--surplus--revenue--in--the--state--equalization--aid  
 23 account--in--the--second--year--of--a--biennium--may--be--used--to  
 24 reduce--the--appropriation--required--for--the--next--succeeding  
 25 biennium--for--may--be--transferred--to--the--state--permissive



1 account-if-revenues-in-that-fund-are--insufficient--to--meet  
2 the-state's-permissive-amount-obligation}."

3 Section-4--Section--7-6-302,--MCA,--is-amended-to-read:

4 "7-6-302,--Local-government-block-grant-account-created  
5 --source-of-funds:--(1)--There-is-a-local--government--block  
6 grant-account-within-the-state-special-revenue-fund:

7 (2)--Funds--in--this--account--must--be-used-to-provide  
8 payments-from-the-local-government-block--grant--program--to  
9 eligible-jurisdictions:

10 (3)--Seven--and--one-half-percent-of-the-money-received  
11 from-the-treasurer-of-the-United-States-as-the-state's-share  
12 of-gas, oil, and other mineral royalties under--the--federal  
13 Mineral--lands--leasing--Act--of--1920,--as-amended,--must-be  
14 deposited-by-the-state-treasurer-to-the-account;

15 (3)(4)--Thirty-three-and-one-third-percent-of--the--oil  
16 severance--tax--collected--under-the-provisions-of-15-36-101  
17 and-all-funds-appropriated-to-the-account-must-be--deposited  
18 in-the-account."

19 Section-5--Section--60-3-216,--MCA,--is-amended-to-read:

20 "60-3-216,--Highway-reconstruction-trust-account;--(1)  
21 There--is--a-highway-reconstruction-trust-account-created-in  
22 the-state-special-revenue-fund:

23 (2)--The--highway--reconstruction--trust--fund--account  
24 consists-of-the-following-allocations:

25 (a)--from-the-taxes-collected-pursuant-to-15-35-103-for

1 each--fiscal--year--beginning--on-or-after-July-1,--1986,--and  
2 ending-on-or-before-June-30,--1993,--the-amounts-allocated--to  
3 the-account-pursuant-to-15-35-103,--and

4 (b)--for-each-fiscal-year-beginning-on-or-after-July-1,  
5 1983,--and--ending--on--or--before--June-30,--1993,--all-money  
6 received-from-the-state-treasurer-pursuant-to-17-3-201,--and

7 (c)(b)--from--the-taxes-collected-pursuant-to-15-70-204  
8 and-15-70-321,--for-each-fiscal-year-beginning--on--or--after  
9 July--1,--1983,--and--ending--on-or-before-June-30,--1993,--an  
10 amount-that,--when-added-to-the-amount-received--pursuant--to  
11 subsections subsection--(2)(a)--and--(2)(b),--will--equal  
12 appropriated-expenditures,--(terminates-July--1,--1993--sec-  
13 7,--Ch--541,--B,--1983,)--"

14 NEW SECTION:--Section-6,--Repealer;--Section-17-3-201,  
15 MCA,--is-repealed;

16 NEW SECTION:--Section-7,--Appropriation;--There--is  
17 appropriated--from--the-general-fund-to-the-local-government  
18 block-grant-account-created-in-7-6-302--\$3,000,000--for--the  
19 biennium-ending-June-30,--1987;

20 NEW SECTION. SECTION 3. ALL FUNDS DEPOSITED IN THE  
21 HIGHWAY SPECIAL REVENUE ACCOUNT IN THE STATE SPECIAL REVENUE  
22 FUND SHALL BE USED EXCLUSIVELY FOR HIGHWAY PROGRAM PURPOSES,  
23 EXCEPT THOSE FUNDS APPROPRIATED FOR NONHIGHWAY PROGRAM  
24 CURRENT LEVEL OPERATIONS ONLY.

25 NEW SECTION. Section 4. Effective date. This act is

HB 0735/02

1 effective July 1, 1985.

-End-