

HOUSE BILL NO. 136

INTRODUCED BY DRISCOLL, GRADY, SPAETH, DARKO, HARRINGTON,
BRADLEY, ADDY, WHALEN, KEENAN, HARP, J. BROWN, BRANDEWIE,
MENKE, DONALDSON, MENAHAN, RUSSELL, BISHOP, HAGER,
RASMUSSEN, BLAYLOCK, BARDANOUVE, CRIPPEN, C. SMITH, LORY,
LYBECK, HAFHEY, WEEDING, MAZUREK, MCCORMICK

IN THE HOUSE

JANUARY 10, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

JANUARY 27, 1987 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

JANUARY 28, 1987 PRINTING REPORT.

JANUARY 29, 1987 SECOND READING, DO PASS.

JANUARY 30, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.

 TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 2, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FEBRUARY 7, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

FEBRUARY 10, 1987 SECOND READING, CONCURRED IN.

FEBRUARY 12, 1987 THIRD READING, CONCURRED IN.
AYES, 32; NOES, 18.

 RETURNED TO HOUSE.

IN THE HOUSE

FEBRUARY 17, 1987 RECEIVED FROM SENATE.

 SENT TO ENROLLING.

1 H.B. BILL NO. 136
 2 INTRODUCED BY Donald D. Smith
 3 Marko Hamilton Bradley Kelly Whalen
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE GASOLINE
 5 LICENSE AND DIESEL FUEL TAXES FROM 17 TO 20 CENTS A GALLON;
 6 AMENDING SECTIONS 15-70-204, AND 15-70-321, MCA; AND
 7 PROVIDING AN EFFECTIVE DATE."
 8 Lybeck Staffing Welding Morgan McComick

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. Section 15-70-204, MCA, is amended to read:
 11 "15-70-204. Gasoline license tax -- rate. (1) Every
 12 distributor shall pay to the department of revenue a license
 13 tax for the privilege of engaging in and carrying on
 14 business in this state in an amount equal to 1 cent for each
 15 gallon of aviation gasoline, which shall be allocated to the
 16 department of commerce as provided by 67-1-301, as amended,
 17 and 17 20 cents for each gallon of all other gasoline
 18 distributed by him within the state and upon which the
 19 gasoline license tax has not been paid by any other
 20 distributor.
 21 (2) Gasoline exported or sold for export out of the
 22 state shall not be included in the measure of the
 23 distributor's license tax.
 24 (3) Alcohol that is blended or is to be blended with
 25 gasoline to be sold as gasohol is subject to a tax per

1 gallon equal to the license tax imposed on nonaviation
 2 gasoline distributors under subsection (1)."
 3 Section 2. Section 15-70-321, MCA, is amended to read:
 4 "15-70-321. Tax on diesel fuel and volatile liquids.
 5 The department shall, under the provisions of rules issued
 6 by it, collect or cause to be collected from the owners or
 7 operators of motor vehicles a tax in an amount equal to 17
 8 20 cents for each gallon of diesel fuel or other volatile
 9 liquid, except liquid petroleum gas, of less than 46 degrees
 10 A.P.I. (American petroleum institute) gravity test when
 11 actually sold or used to produce motor power to propel motor
 12 vehicles upon the public highways or streets within the
 13 state or used in motor vehicles, motorized equipment, and
 14 the internal combustion of any and all engines, including
 15 stationary engines, used in connection with any and all work
 16 performed under any and all contracts pertaining to the
 17 construction, reconstruction, or improvement of any highway
 18 or street and their appurtenances awarded by any and all
 19 public agencies, including federal, state, county,
 20 municipal, or other political subdivisions."
 21 NEW SECTION. Section 3. Effective date. This act is
 22 effective July 1, 1987.

-End-



-2- INTRODUCED BILL
 #B 136

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB136, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act to increase gasoline license and diesel fuels taxes from 17 to 20 cents a gallon; and providing an effective date.

ASSUMPTIONS:

1. The Revenue Estimating Advisory Council's estimates of gasoline and diesel fuel consumption provide the basis for comparison.
2. Gasoline sales will be 417,248,200 gallons in FY88 and 403,010,520 in FY89. Refunds will be made on approximately 22,371,000 gallons in FY88 and 21,612,000 in FY89.
3. Diesel fuel sales will be 118,961,555 gallons in FY88 and 121,559,692 in FY89. Refunded gallonage will be 3,109,500 gallons in FY88 and 3,177,450 in FY89.
4. It is assumed that 16.5% of diesel fuel tax collections and 9.5% of gasoline tax collection in FY88 will be at current law tax rates (July 1986 collection as a percent of the fiscal year total).
5. Alcohol tax incentive payments will be \$632,000 in FY88 and FY89 (REAC).

David L. Hunter DATE 1/19/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

Jerry Driscoll DATE 1-19-87
JERRY DRISCOLL, PRIMARY SPONSOR
Fiscal Note for HB136, as introduced.

HB-136

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Gross Gasoline License Tax Collections	\$ 70,431,000	\$ 81,759,790	\$ 11,328,790	\$ 68,028,000	\$ 80,118,000	\$ 12,090,000
Net Diesel Tax	19,694,000	22,596,460	2,902,460	20,125,000	23,677,000	3,552,000
Total	<u>\$ 90,125,000</u>	<u>\$104,356,250</u>	<u>\$ 14,231,250</u>	<u>\$ 88,153,000</u>	<u>\$103,795,000</u>	<u>\$ 15,642,000</u>
<u>Expenditure Impact:</u>						
Transfers to RTF	\$ 90,125,000	\$104,356,250	\$ 14,231,250	\$ 88,153,000	\$103,795,000	\$ 15,642,000
<u>Fund Information:</u>						
Gross DOH Receipts	\$ 89,134,000	\$103,205,808	\$ 14,071,808	\$ 87,196,000	\$102,667,000	\$ 15,471,000
Less: Refunds	3,803,000	4,158,630	355,630	3,674,000	4,322,000	648,000
Alcohol Sub.	632,000	632,000	0	632,000	632,000	0
Net DOH Receipts	<u>\$ 84,699,000</u>	<u>\$ 98,415,178</u>	<u>\$ 13,716,178</u>	<u>\$ 82,890,000</u>	<u>\$ 97,713,000</u>	<u>\$ 14,823,000</u>
F.W.& P Snowmobile	\$ 354,000	\$ 410,843	\$ 56,843	\$ 342,000	\$ 403,000	\$ 61,000
F.W.& P Boat	\$ 637,000	\$ 739,599	\$ 102,599	\$ 615,000	\$ 725,000	\$ 110,000

Increased revenues from the proposed fuel tax increases of 3 cents/gallon on gasoline and diesel tax are intended to restore the Reconstruction Trust Fund (RTF). The RTF program was created by the 48th Legislature to reconstruct and improve the State's primary highway system. The proposed funding would continue the RTF program through 1993.

The Department of Highways must also issue additional bonds yielding approximately \$100,000,000 to fund the RTF program through 1993 since the proposed fuel tax increase will not yield immediate cash to meet project expenditures. The department anticipates funding an approximate \$31,000,000 RTF program which results in actual expenditures occurring over several years. The proposal assumes the department will restructure existing debt service to also match the increased RTF expenditures and revenues over the period of RTF authorization. By statute the fuel increase is deposited in the Highway Earmarked Revenue Account in the State Special Revenue Fund and transferred as required to meet actual expenditures in the Reconstruction Trust Account in the State Special Revenue Fund. By issuing additional bonds and restructuring existing debt service, cash flow in the Highway Gas Tax Account will be substantially higher than under current law. This increased cash flow will increase general fund interest earnings by approximately \$830,000 and \$1,982,000 in fiscal years 88 and 89, respectfully.

Fiscal Note Request, HB136, as introduced.

Form BD-15

Page 3

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

N/A

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

N/A

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

N/A

HB-136

APPROVED BY COMMITTEE
ON TAXATION

1 H.B. BILL NO. 136
 2 INTRODUCED BY Quarrell, D. Smith
 3 Narke Hamilton, Bradley, Pelly, Whalen
 4 A BILL FOR AN ACT ENTITLED, "AN ACT TO INCREASE GASOLINE
 5 LICENSE AND DIESEL FUEL TAXES FROM 17 TO 20 CENTS A GALLON;
 6 AMENDING SECTIONS 15-70-204 AND 15-70-321, MCA; AND
 7 PROVIDING AN EFFECTIVE DATE."
 8 Keenan, H. Brown, Bishop, Hagler, Keesomus, Blaylock, D. Smith, L. J. Lytle, Jeffrey, Ullrich, Morgan, McCombs

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 12 distributor shall pay to the department of revenue a license
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 16 department of commerce as provided by 67-1-301, as amended,
 17 and 17 20 cents for each gallon of all other gasoline
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24 (3) Alcohol that is blended or is to be blended with
 25 gasoline to be sold as gasohol is subject to a tax per

1 gallon equal to the license tax imposed on nonaviation
 2 gasoline distributors under subsection (1)."

3 Section 2. Section 15-70-321, MCA, is amended to read:
 4 "15-70-321. Tax on diesel fuel and volatile liquids.

5 The department shall, under the provisions of rules issued
 6 by it, collect or cause to be collected from the owners or
 7 operators of motor vehicles a tax in an amount equal to 17
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21 NEW SECTION. Section 3. Effective date. This act is
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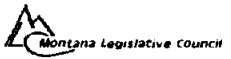
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-End-



-2- THIRD READING
 HB 136

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 5 RASMUSSEN, BLAYLOCK, BARDANOUVE, CRIPPEN, C. SMITH, LORY,
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 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 NEW SECTION. Section 3. Effective date. This act is

HB 0136/02

1 effective July 1, 1987.

-End-