

SENATE BILL 376

Introduced by Eck

2/12	Introduced
2/12	Referred to Taxation
2/12	First Reading
2/12	Fiscal Note Requested
2/18	Fiscal Note Received
2/19	Hearing
2/19	Fiscal Note Printed
3/26	Tabled in Committee

1 Senate BILL NO. 376
2 INTRODUCED BY Eck
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE GASOLINE
5 TAX AND SPECIAL FUELS TAX TO 21 CENTS; PROVIDING AN
6 INCREASED ALLOCATION OF FUEL TAXES TO CITIES AND COUNTIES
7 AND THE MONTANA RURAL TECHNICAL ASSISTANCE TRANSPORTATION
8 PROGRAM; AMENDING SECTIONS 7-14-102, 15-70-101, 15-70-204,
9 15-70-321, AND 17-7-502, MCA; AND PROVIDING AN EFFECTIVE
10 DATE."

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

13 **Section 1.** Section 7-14-102, MCA, is amended to read:

14 "7-14-102. Allocation of state funds for public
15 transportation. (1) (a) The department of transportation
16 shall allocate each year one-half of the funds appropriated
17 for the purposes of this section among the cities and urban
18 transportation districts of the state which operate or
19 contract for the operation of general public transportation
20 systems.

21 (b) (i) A city or urban transportation district is
22 eligible for an allocation based upon the ratio of its local
23 financial support for public transportation to the total
24 local financial support for all general public
25 transportation systems in the state. Local financial support

1 shall--be is determined by dividing the city's or district's
2 expenditure of local revenues for public transportation
3 operations during the fiscal year by the mill value of the
4 city or urban transportation district. Each applicant city
5 and urban transportation district shall compute its
6 expenditure of local revenues for public transportation
7 operations for a fiscal year immediately following the end
8 of such the fiscal year and shall apply allocations received
9 against that deficit.

10 (ii) A city or urban transportation district may not
11 receive more than 50% of any year's expenditure of local
12 revenues for public transportation operations as an
13 allocation under this section.

14 (2) One-half of the funds appropriated for the purposes
15 of this section shall must be paid by the department of
16 transportation to the counties of the state in the manner
17 provided in 15-70-101~~(1)(a)~~ (1)(b). Money distributed to
18 counties under this section shall must be used by the
19 counties for highway or other transportation purposes.

20 (3) The department of transportation may make rules for
21 the keeping of accounts for and otherwise implementing this
22 section."

23 **Section 2.** Section 15-70-101, MCA, is amended to read:

24 "15-70-101. Disposition of funds. All taxes, interest,
25 and penalties collected under this chapter, except those

collected by a justice's court, must be turned over promptly to the state treasurer, who shall place the money in the state special revenue fund to the credit of the department of transportation. Those funds allocated to cities, towns, and counties in this section must be paid by the department of transportation from the state special revenue fund to the cities, towns, and counties.

(1) ~~\$14,000,000~~ \$18,700,000 of the funds collected under this chapter, except those collected by a justice's court, ~~is statutorily appropriated, as provided in 17-7-502,~~ ~~to the department of transportation and~~ must be allocated each fiscal year on a monthly basis to the counties and incorporated cities and towns in Montana for construction, reconstruction, maintenance, and repair of rural roads and city or town streets and alleys, as provided in subsections (1)(a) through (1)(c):

(a) ~~\$54,000~~ \$60,000 must be designated for the purposes and functions of the Montana rural technical assistance transportation program in Bozeman;

(b) ~~\$67,323,000~~ \$8,450,000 must be divided among the 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;

(c) ~~\$7,623,000~~ \$10,190,000 must 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 allocated by this section to counties, cities, and towns must be used for the construction, reconstruction, maintenance, and repair of rural roads or city or town streets and alleys or for the share that the city, town, or county might otherwise expend for

1 proportionate matching of federal funds allocated for the
 2 construction of roads or streets that are part of the
 3 federal-aid primary or secondary highway system or urban
 4 extensions to those systems, except that the governing body
 5 of a town or third-class city, as defined in 7-1-4111, may
 6 each year expend no more than 25% of the funds allocated to
 7 that town or third-class city for the purchase of capital
 8 equipment and supplies to be used for the maintenance and
 9 repair of town or third-class city streets and alleys.

10 (3) All funds allocated by this section to counties,
 11 cities, and towns must be disbursed to the lowest
 12 responsible bidder according to applicable bidding
 13 procedures followed in all cases in which the contract for
 14 construction, reconstruction, maintenance, or repair is in
 15 excess of \$4,000.

16 (4) For the purposes of this section in which
 17 distribution of funds is made on a basis related to
 18 population, the population must be determined by the last
 19 preceding official federal census.

20 (5) For the purposes of this section in which
 21 determination of mileage is necessary for distribution of
 22 funds, it is the responsibility of the cities, towns, and
 23 counties to furnish to the department of transportation a
 24 yearly certified statement indicating the total mileage
 25 within their respective areas applicable to this chapter.

1 All mileage submitted is subject to review and approval by
 2 the department of transportation.

3 (6) Except by a town or third-class city as provided in
 4 subsection (2), the funds authorized by this section may not
 5 be used for the purchase of capital equipment.

6 (7) Funds authorized by this section must be used for
 7 construction and maintenance programs only."

8 **Section 3.** Section 15-70-204, MCA, is amended to read:

9 "15-70-204. Gasoline license tax -- rate. (1) Every
 10 distributor shall pay to the department of transportation a
 11 license tax for the privilege of engaging in and carrying on
 12 business in this state in an amount equal to 1 cent for each
 13 gallon of aviation gasoline, which shall must be allocated
 14 to the department of transportation as provided by 67-1-301,
 15 ~~as--amended,~~ and 20 21 cents for each gallon of all other
 16 gasoline distributed by him the distributor within the state
 17 and upon which the gasoline license tax has not been paid by
 18 any other distributor.

19 (2) Gasoline exported shall may not be included in the
 20 measure of the distributor's license tax.

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

25 **Section 4.** Section 15-70-321, MCA, is amended to read:

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

18 **Section 5.** Section 17-7-502, MCA, is amended to read:

19 "17-7-502. Statutory appropriations -- definition --
 20 requisites for validity. (1) A statutory appropriation is an
 21 appropriation made by permanent law that authorizes spending
 22 by a state agency without the need for a biennial
 23 legislative appropriation or budget amendment.

24 (2) Except as provided in subsection (4), to be
 25 effective, a statutory appropriation must comply with both

1 of the following provisions:

2 (a) The law containing the statutory authority must be
 3 listed in subsection (3).

4 (b) The law or portion of the law making a statutory
 5 appropriation must specifically state that a statutory
 6 appropriation is made as provided in this section.

7 (3) The following laws are the only laws containing
 8 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
 9 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;
 10 15-23-706; 15-25-123; 15-31-702; 15-36-112; 15-37-117;
 11 15-65-121; ~~15-70-101~~; 16-1-404; 16-1-410; 16-1-411;
 12 17-3-212; 17-5-404; 17-5-424; 17-5-704; 17-5-804; 17-6-409;
 13 17-7-304; 19-5-404; 19-6-709; 19-8-504; 19-9-702; 19-9-1007;
 14 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;
 15 19-11-606; 19-12-301; 19-13-604; 19-15-101; 20-4-109;
 16 20-6-406; 20-8-111; 20-9-361; 20-26-1503; 22-3-811;
 17 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631;
 18 23-7-301; 23-7-402; 27-12-206; 37-43-204; 37-51-501;
 19 39-71-2504; 44-12-206; 44-13-102; 53-6-150; 53-24-206;
 20 61-5-121; 67-3-205; 75-1-1101; 75-5-507; 75-5-1108;
 21 75-11-313; 76-12-123; 77-1-808; 80-2-103; 80-11-310;
 22 82-11-136; 82-11-161; 85-1-220; 90-3-301; 90-4-215;
 23 90-6-331; 90-7-220; and 90-9-306.

24 (4) There is a statutory appropriation to pay the
 25 principal, interest, premiums, and costs of issuing, paying,

1 and securing all bonds, notes, or other obligations, as due,
2 that have been authorized and issued pursuant to the laws of
3 Montana. Agencies that have entered into agreements
4 authorized by the laws of Montana to pay the state
5 treasurer, for deposit in accordance with 17-2-101 through
6 17-2-107, as determined by the state treasurer, an amount
7 sufficient to pay the principal and interest as due on the
8 bonds or notes have statutory appropriation authority for
9 the payments. (In subsection (3): pursuant to sec. 7, Ch.
10 567, L. 1991, the inclusion of 19-6-709 terminates upon
11 death of last recipient eligible for supplemental benefit;
12 and pursuant to sec. 18, Ch. 748, L. 1991, the inclusion of
13 22-3-811 terminates June 30, 1993.)"

14 NEW SECTION. **Section 6.** Effective date. [This act] is
15 effective July 1, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0376, as introduced.DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the gasoline tax and special fuels tax to 21 cents; providing an increased allocation of fuel taxes to cities and counties and the Montana Rural Technical Assistance Transportation Program; and providing an effective date.

ASSUMPTIONS:

1. Fuels consumption is as assumed in HJR3. Revenues reflected below represent accrued revenue.
2. Any additional workload arising from changing allocations to cities, counties, and the Rural Transportation Assistance Program will be absorbed by the Department of Transportation.
3. The department will incur a one time operating cost of \$2,500 to inform taxpayers of the new tax rate. This information cannot be included at renewal, due to the effective date for the proposed tax increase.
4. The distribution of the additional revenues equivalent to \$0.01 would be made prior to the distributions established pursuant to 60-3-201, MCA.
5. Currently, \$14 million in distributions to local governments from fuels tax revenues is appropriated pursuant to 15-70-101, MCA. The proposed legislation would repeal the existing statutory appropriation. The fiscal impact reflected below presumes that the distribution would be appropriated by temporary appropriations insofar as the statutory appropriation is repealed.

FISCAL IMPACT:Expenditures:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
General Operations (Pg 01)						
FTE	190.08	190.08	0	190.08	190.08	0
Personal Services	\$ 6,164,720	\$ 6,164,720	\$ 0	\$ 6,184,495	\$ 6,184,495	\$ 0
Operating	4,912,089	4,914,589	2,500	4,650,929	4,650,929	0
Equipment	280,426	280,426	0	892,400	892,400	0
Debt Service	<u>12,641</u>	<u>12,641</u>	<u>0</u>	<u>12,641</u>	<u>12,641</u>	<u>0</u>
Total	11,369,876	11,372,376	2,500	11,740,465	11,740,465	0

Funding:

State Special Revenue	\$ 8,546,828	\$ 8,549,328	\$ 2,500	\$ 8,904,517	\$ 8,904,517	\$ 0
Federal Special Revenue	<u>2,823,048</u>	<u>2,823,048</u>	<u>0</u>	<u>2,835,948</u>	<u>2,835,948</u>	<u>0</u>
Total	11,369,876	11,372,376	2,500	11,740,465	11,740,465	0

(continued)

David Lewis 2-18-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Dorothy Eck 2/19/93
 DOROTHY ECK, PRIMARY SPONSOR DATE

Fiscal Note for SB0376, as introduced**SB 376**

FISCAL IMPACT:

Local Assistance:

State Special Revenue	14,000,000	18,700,000	4,700,000	14,000,000	18,700,000	4,700,000
-----------------------	------------	------------	-----------	------------	------------	-----------

Revenues:

	FY '94			FY '95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Gasoline Fuel Lic. Tax (02)	\$84,021,870	\$ 88,254,616	\$4,232,746	\$82,591,582	\$ 86,827,576	\$4,235,994
Diesel Fuel Lic. Tax (02)	<u>25,997,847</u>	<u>27,297,739</u>	<u>1,299,892</u>	<u>26,484,608</u>	<u>27,808,838</u>	<u>1,324,230</u>
Total	\$110,019,717	\$115,552,355	\$5,532,638	\$109,076,190	\$114,636,414	\$5,560,224

Distribution of Revenues by Account:

Highways State Special	\$ 108,760,595	\$114,230,277	\$5,469,682	\$107,816,055	\$113,313,272	\$5,497,217
Snowmobile State Special	403,598	423,778	20,180	403,922	424,118	20,196
Motorboat State Special	726,440	762,762	36,322	727,025	763,376	36,351
Off Road State Special	96,835	101,677	4,842	96,913	101,759	4,846
Aeronautics State Special	<u>32,249</u>	<u>33,861</u>	<u>1,612</u>	<u>32,275</u>	<u>33,889</u>	<u>1,614</u>
Total	\$110,019,717	\$115,552,355	\$5,532,638	\$109,076,190	\$114,636,414	\$5,560,224

Net Impact:

Highways State Special	767,182	797,217
------------------------	---------	---------

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill would provide for an increased distribution to cities and counties (see above).

TECHNICAL NOTE:

Currently, \$14 million in distributions to local governments from fuels tax revenues is appropriated pursuant to 15-70-101, MCA. The proposed legislation would repeal the existing statutory appropriation. The fiscal impact would therefore be to reduce distributions to local governments by \$14 million per year. The fiscal impact reflected above presumes that the distribution would be appropriated by temporary appropriations insofar as the statutory appropriation is repealed.