

House BILL NO. 297

Emerson

INTRODUCED BY

*Barnett Pappardell Josh Whoman Hargrove
B. Barndollar Wells Eck Rose W. Ryan Swanson
DeF*

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING UP TO \$20 MILLION OF EXCESS FUEL TAX COLLECTIONS TO COUNTIES AND INCORPORATED CITIES AND TOWNS; PROVIDING FOR THE CALCULATION OF EXCESS COLLECTIONS; STATUTORILY APPROPRIATING THE EXCESS COLLECTIONS; ELIMINATING THE LOCAL OPTION MOTOR FUEL TAX; AMENDING SECTION 15-70-101, MCA; REPEALING SECTIONS 7-14-301, 7-14-302, 7-14-303, AND 7-14-304, MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

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

Section 1. Section 15-70-101, MCA, is amended to read:

"15-70-101. Disposition of funds. All taxes, interest, and penalties collected under this chapter, except those collected by a justice's court, must, in accordance with the provisions of 15-1-501(6), be placed 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, in accordance with the provisions of 15-1-501(6), be paid by the department of transportation from the state special revenue fund to the cities, towns, and counties.

(1) The amount of \$16,766,000 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 must be designated for the purposes and functions of the Montana rural technical assistance transportation program in Bozeman;

(b) \$6,323,000 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;

1 (ii) 40% in the ratio that the rural population in each county outside incorporated cities and towns
2 bears to the total rural population in the state outside incorporated cities and towns;

3 (iii) 20% in the ratio that the land area of each county bears to the total land area of the state;

4 (c) \$10,389,000 must be divided among the incorporated cities and towns in the following manner:

5 (i) 50% of the sum in the ratio that the population within the corporate limits of the city or town
6 bears to the total population within corporate limits of all the cities and towns in Montana;

7 (ii) 50% in the ratio that the city or town street and alley mileage, exclusive of the federal-aid
8 interstate system and the federal-aid primary system, within corporate limits bears to the total street and
9 alley mileage, exclusive of the federal-aid interstate system and federal-aid primary system, within the
10 corporate limits of all cities and towns in Montana.

11 (2) (a) In addition to the amount allocated under subsection (1), there is allocated to the counties
12 and incorporated cities and towns in Montana the amount by which taxes, interest, and penalties collected
13 under this chapter, except those collected by a justice's court, exceed \$165 million in each fiscal year.

14 (b) The amount determined under subsection (2)(a) may not exceed \$20 million per fiscal year.
15 The amount determined is statutorily appropriated, as provided in 17-7-502, to the department of
16 transportation and must be allocated each fiscal year on a monthly basis to the counties and incorporated
17 cities and towns in Montana for construction, reconstruction, maintenance, and repair of rural roads and
18 city or town streets and alleys. The money must be allocated 50% to counties and 50% to incorporated
19 cities and towns. The county portion must be allocated pursuant to subsection (1)(b), and the city and
20 town portion must be allocated pursuant to subsection (1)(c). The money must be distributed in
21 conjunction with the payments made pursuant to subsection (1).

22 ~~(2)(3)~~ All funds allocated by this section to counties, cities, and towns must be used for the
23 construction, reconstruction, maintenance, and repair of rural roads or city or town streets and alleys or
24 for the share that the city, town, or county might otherwise expend for proportionate matching of federal
25 funds allocated for the construction of roads or streets that are part of the federal-aid primary or secondary
26 highway system or urban extensions to those systems, except that the governing body of a town or
27 third-class city, as defined in 7-1-4111, may each year expend no more than 25% of the funds allocated
28 to that town or third-class city for the purchase of capital equipment and supplies to be used for the
29 maintenance and repair of town or third-class city streets and alleys.

30 ~~(3)(4)~~ All funds allocated by this section to counties, cities, and towns must be disbursed to the

1 lowest responsible bidder according to applicable bidding procedures followed in all cases in which the
2 contract for construction, reconstruction, maintenance, or repair is in excess of \$4,000.

3 ~~(4)~~(5) For the purposes of this section in which distribution of funds is made on a basis related to
4 population, the population must be determined by the last preceding official federal census.

5 ~~(5)~~(6) For the purposes of this section in which determination of mileage is necessary for
6 distribution of funds, it is the responsibility of the cities, towns, and counties to furnish to the department
7 of transportation a yearly certified statement indicating the total mileage within their respective areas
8 applicable to this chapter. All mileage submitted is subject to review and approval by the department of
9 transportation.

10 ~~(6)~~(7) Except by a town or third-class city as provided in subsection ~~(2)~~ (3), the funds authorized
11 by this section may not be used for the purchase of capital equipment.

12 ~~(7)~~(8) Funds authorized by this section must be used for construction and maintenance programs
13 only."
14

15 **NEW SECTION. Section 2. Repealer.** Sections 7-14-301, 7-14-302, 7-14-303, and 7-14-304,
16 MCA, are repealed.
17

18 **NEW SECTION. Section 3. Effective date -- termination.** [This act] is effective July 1, 1995, and
19 [section 1] terminates June 30, 2007.
20

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0297, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act allocating up to \$20 million of excess fuel tax collections to counties and incorporated cities and towns; providing for the calculation of excess collections; statutorily appropriating the excess collections; eliminating the local option motor fuel tax.

ASSUMPTIONS:

1. Fiscal impact is based on current tax rates (gas \$0.27; diesel \$0.2775)
2. Fiscal impact is based on Revenue Oversight Committee estimated gas and diesel taxable gallons for FY96 and FY97
3. Fiscal impact is based on all taxes, interest and penalties collected prior to distributions and refunds.
4. Proposed distributions to local governments would be based on gross revenues in excess of \$165 million; refunds and distributions to FWP accounts would be made prior to deposit of remaining funds to the highway special revenue account.
5. The additional distributions to local governments would be statutorily appropriated.

FISCAL IMPACT:

<u>Expenditures:</u>	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Local Assistance	\$11,512,265	\$14,015,810
<u>Revenues:</u>		
Highway Special Revenues (02)	(\$11,512,265)	(\$14,015,810)

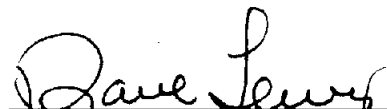
EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local and county revenues will increase by the amounts shown above.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

HB297 would cause the highway special revenue account to become negative by the end of FY97 under Executive Budget proposals, and by FY 2004 under the present law base. To be sustainable in the long term, major reductions to state transportation programs would be required.

Under present law base assumptions, the required reductions would be about \$7 million per year beginning in FY96, equivalent to approximately 20% of the federal-aid construction program, 12% of statewide highway maintenance, or 35% of the current reconstruction trust fund (RTF) program. Under Executive Budget recommendations, the required reductions would be about \$12 million, and would further require elimination of the proposed \$40 million defeasance of highway bonds.

 1-30-95
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

JOE BARNETT, PRIMARY SPONSOR DATE

Fiscal Note for HB0297, as introduced

HB 297

1 HOUSE BILL NO. 297

2 INTRODUCED BY BARNETT, MARSHALL, TASH, WISEMAN, HARGROVE, EMERSON, BARNHART,
3 WELLS, ECK, ROSE, RYAN, SWANSON, GAGE

4
5 A BILL FOR AN ACT ENTITLED: "~~AN ACT ALLOCATING UP TO \$20 MILLION OF EXCESS FUEL TAX~~
6 ~~COLLECTIONS TO COUNTIES AND INCORPORATED CITIES AND TOWNS; PROVIDING FOR THE~~
7 ~~CALCULATION OF EXCESS COLLECTIONS; STATUTORILY APPROPRIATING THE EXCESS COLLECTIONS~~
8 INCREASING THE STATUTORY APPROPRIATION OF FUEL TAX REVENUE TO COUNTIES AND CITIES BY
9 \$7,500,000; ELIMINATING THE LOCAL OPTION MOTOR FUEL TAX; AMENDING SECTION 15-70-101,
10 MCA; REPEALING SECTIONS 7-14-301, 7-14-302, 7-14-303, AND 7-14-304, MCA; AND PROVIDING AN
11 EFFECTIVE DATE AND A TERMINATION DATE."

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

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15 **Section 1.** Section 15-70-101, MCA, is amended to read:

16 **"15-70-101. Disposition of funds.** All taxes, interest, and penalties collected under this chapter,
17 except those collected by a justice's court, must, in accordance with the provisions of 15-1-501(6), be
18 placed in the state special revenue fund to the credit of the department of transportation. Those funds
19 allocated to cities, towns, and counties in this section must, in accordance with the provisions of
20 15-1-501(6), be paid by the department of transportation from the state special revenue fund to the cities,
21 towns, and counties.

22 (1) The amount of \$16,766,000 \$24,266,000 of the funds collected under this chapter, except
23 those collected by a justice's court, is statutorily appropriated, as provided in 17-7-502, to the department
24 of transportation and must be allocated each fiscal year on a monthly basis to the counties and incorporated
25 cities and towns in Montana for construction, reconstruction, maintenance, and repair of rural roads and
26 city or town streets and alleys, as provided in subsections (1)(a) through (1)(c):

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

29 (b) ~~\$6,323,000~~ \$10,823,000 must be divided among the various counties in the following manner:

30 (i) 40% in the ratio that the rural road mileage in each county, exclusive of the federal-aid interstate

1 system and the federal-aid primary system, bears to the total rural road mileage in the state, exclusive of
2 the federal-aid interstate system and the federal-aid primary system;

3 (ii) 40% in the ratio that the rural population in each county outside incorporated cities and towns
4 bears to the total rural population in the state outside incorporated cities and towns;

5 (iii) 20% in the ratio that the land area of each county bears to the total land area of the state;

6 (c) ~~\$10,389,000~~ \$13,389,000 must be divided among the incorporated cities and towns in the
7 following manner:

8 (i) 50% of the sum in the ratio that the population within the corporate limits of the city or town
9 bears to the total population within corporate limits of all the cities and towns in Montana;

10 (ii) 50% in the ratio that the city or town street and alley mileage, exclusive of the federal-aid
11 interstate system and the federal-aid primary system, within corporate limits bears to the total street and
12 alley mileage, exclusive of the federal-aid interstate system and federal-aid primary system, within the
13 corporate limits of all cities and towns in Montana.

14 ~~(2) (a) In addition to the amount allocated under subsection (1), there is allocated to the counties~~
15 ~~and incorporated cities and towns in Montana the amount by which taxes, interest, and penalties collected~~
16 ~~under this chapter, except those collected by a justice's court, exceed \$165 million in each fiscal year.~~

17 ~~(b) The amount determined under subsection (2)(a) may not exceed \$20 million per fiscal year.~~
18 ~~The amount determined is statutorily appropriated, as provided in 17-7-502, to the department of~~
19 ~~transportation and must be allocated each fiscal year on a monthly basis to the counties and incorporated~~
20 ~~cities and towns in Montana for construction, reconstruction, maintenance, and repair of rural roads and~~
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23 ~~town portion must be allocated pursuant to subsection (1)(c). The money must be distributed in~~
24 ~~conjunction with the payments made pursuant to subsection (1).~~

25 ~~(2)(3)(2)~~ All funds allocated by this section to counties, cities, and towns must be used for the
26 construction, reconstruction, maintenance, and repair of rural roads or city or town streets and alleys or
27 for the share that the city, town, or county might otherwise expend for proportionate matching of federal
28 funds allocated for the construction of roads or streets that are part of the federal-aid primary or secondary
29 highway system or urban extensions to those systems, except that the governing body of a town or
30 third-class city, as defined in 7-1-4111, may each year expend no more than 25% of the funds allocated

1 to that town or third-class city for the purchase of capital equipment and supplies to be used for the
 2 maintenance and repair of town or third-class city streets and alleys.

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

6 ~~(4)(5)(4)~~ For the purposes of this section in which distribution of funds is made on a basis related
 7 to population, the population must be determined by the last preceding official federal census.

8 ~~(5)(6)(5)~~ For the purposes of this section in which determination of mileage is necessary for
 9 distribution of funds, it is the responsibility of the cities, towns, and counties to furnish to the department
 10 of transportation a yearly certified statement indicating the total mileage within their respective areas
 11 applicable to this chapter. All mileage submitted is subject to review and approval by the department of
 12 transportation.

13 ~~(6)(7)(6)~~ Except by a town or third-class city as provided in subsection ~~(2)~~ ~~(3)~~ (2), the funds
 14 authorized by this section may not be used for the purchase of capital equipment.

15 ~~(7)(8)~~ Funds authorized by this section must be used for construction and maintenance programs
 16 only.

17 (7) FUNDS ALLOCATED IN THIS SECTION MUST BE LET TO PRIVATE CONTRACT, IN
 18 ACCORDANCE WITH STATE BIDDING STATUTES, FOR THE CONSTRUCTION AND MAINTENANCE OF
 19 ROADS AND BRIDGES. THE FUNDS MAY NOT BE USED TO PURCHASE EQUIPMENT."

21 NEW SECTION. Section 2. Repealer. Sections 7-14-301, 7-14-302, 7-14-303, and 7-14-304,
 22 MCA, are repealed.

24 NEW SECTION. Section 3. Effective date -- termination. [This act] is effective July 1, 1995, and
 25 [section 1] terminates June 30, ~~2007~~ 1997.

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25 ~~(2)(3)(2)~~ All funds allocated by this section to counties, cities, and towns must be used for the
26 construction, reconstruction, maintenance, and repair of rural roads or city or town streets and alleys or
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28 funds allocated for the construction of roads or streets that are part of the federal-aid primary or secondary
29 highway system or urban extensions to those systems, except that the governing body of a town or
30 third-class city, as defined in 7-1-4111, may each year expend no more than 25% of the funds allocated

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15 ~~(7)(8)~~ ~~Funds authorized by this section must be used for construction and maintenance programs~~
16 ~~only.~~

17 (7) FUNDS ALLOCATED IN THIS SECTION MUST MAY BE LET TO PRIVATE CONTRACT, IN
18 ACCORDANCE WITH STATE BIDDING STATUTES, FOR THE CONSTRUCTION AND MAINTENANCE OF
19 ROADS AND BRIDGES. THE FUNDS MAY NOT BE USED TO PURCHASE EQUIPMENT."

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21 NEW SECTION. Section 2. Repealer. Sections 7-14-301, 7-14-302, 7-14-303, and 7-14-304,
22 MCA, are repealed.

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24 NEW SECTION. Section 3. Effective date -- termination. [This act] is effective July 1, 1995, and
25 [section 1] terminates June 30, ~~2007~~ 1997.

26

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0297, third reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the statutory appropriation of fuel tax revenue to counties and cities by \$7,500,000; and eliminating the local option motor fuel tax.

ASSUMPTIONS:

1. Distributions to local governments would be made in accordance with the formula contained in 15-70-101, MCA.
2. Distributions pursuant to 15-70-101, MCA, would be restored to current law beginning July 1, 1997.

FISCAL IMPACT:

<u>Expenditures:</u>	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Local Assistance	\$7,500,000	\$7,500,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local and county revenues will increase by the amounts shown above.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The increased distributions to local governments would be discontinued after FY97.

Following actions of the Senate Finance & Claims Committee on HB2, HB297 would cause the highway special revenue account balance to fall below the department's \$20 million minimum working cash balance by the end of FY97.

Dave Lewis 3.23.95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Joe Barnett
JOE BARNETT, PRIMARY SPONSOR DATE
Fiscal Note for HB0297, third reading

HB 297-#2