

SENATE BILL NO. 176

INTRODUCED BY

Safe Ferguson Peak Lynch *Cobb*

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING GASOLINE AND SPECIAL FUELS TAXES 5 CENTS PER GALLON; AMENDING SECTIONS 15-70-204 AND 15-70-321, 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. (Temporary) Gasoline license tax -- rate. (1) ~~Every~~ Each distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to:

(a) 3 cents for each gallon of aviation fuel, which is allocated to the department of transportation as provided by 67-1-301; and

(b) 22 cents for each gallon of all other gasoline distributed by the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor:

~~(i) 24 cents per gallon beginning July 1, 1993; and~~

~~(ii) 27 cents per gallon beginning July 1, 1994.~~

(2) Gasoline exported may not be included in the measure of the distributor's license tax unless the distributor is not licensed and is not paying the tax to the state that the fuel is destined for.

(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).

15-70-204. (Effective on occurrence of contingency) Gasoline license tax -- rate. (1) ~~Every~~ Each distributor shall pay to the department of transportation a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to:

(a) 2 cents for each gallon of aviation fuel, which is allocated to the department of transportation as provided by 67-1-301; and

(b) 22 cents for each gallon of all other gasoline distributed by the distributor within the state and

1 upon which the gasoline license tax has not been paid by any other distributor:

2 ~~(i) 24 cents per gallon beginning July 1, 1993; and~~

3 ~~(ii) 27 cents per gallon beginning July 1, 1994.~~

4 (2) Gasoline exported may not be included in the measure of the distributor's license tax unless
5 the distributor is not licensed and is not paying the tax to the state that the fuel is destined for.

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

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

10 **"15-70-321. Tax on diesel fuel and volatile liquids.** (1) The department shall, under the provisions
11 of rules issued by it, collect or cause to be collected from the owners or operators of motor vehicles a tax,
12 as provided in subsection (2):

13 (a) for each gallon of undyed diesel fuel or other volatile liquid, except liquid petroleum gas, of less
14 than 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used to produce
15 motor power to operate motor vehicles upon the public highways or streets within the state; and

16 (b) for each gallon of diesel fuel or other volatile liquid, except liquid petroleum gas, of less than
17 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used in motor vehicles,
18 motorized equipment, and the internal combustion of any engines, including stationary engines, used in
19 connection with ~~any~~ work performed under any contracts pertaining to the construction, reconstruction,
20 or improvement of ~~any~~ a highway or street and their appurtenances awarded by any public agencies,
21 including federal, state, county, municipal, or other political subdivisions.

22 (2) The tax imposed in subsection (1) is:

23 ~~(a) 24 22 3/4 cents per gallon beginning July 1, 1993;~~

24 ~~(b) 24 3/4 cents per gallon beginning January 1, 1994; and~~

25 ~~(c) 27 3/4 cents per gallon beginning July 1, 1994."~~

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27 **NEW SECTION. Section 3. Effective date.** [This act] is effective July 1, 1995.

28

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0176, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act reducing gasoline and special fuels taxes 5 cents per gallon.

ASSUMPTIONS:

1. Gas & diesel net tax impacts are based on Revenue Oversight Committee projected taxable gallons sold for FY96-FY97.
2. Alcohol incentive payments projected at \$600,000 per fiscal year.
3. Tribal rebates projected at \$3,667,600 per fiscal year. These are subject to change with new agreements.
4. No change in the distribution laws to snowmobile, motorboat, off-highway and aeronautics accounts.

FISCAL IMPACT:

<u>Revenues:</u>	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Gas Tax (AE 02422)	(\$22,613,049)	(\$22,790,127)
Diesel Tax (AE 02422)	(\$8,177,757)	(\$8,437,086)
Snowmobile (AE 02407)	(\$86,225)	(\$86,900)
Motorboat (AE 02412)	(\$215,936)	(\$217,627)
Off-Hwy (AE 02213)	(\$29,991)	(\$30,226)
Aeronautics (AE 02827)	(\$9,597)	(\$9,673)
Total	(\$31,132,555)	(\$31,571,639)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

SB0176 would cause the projected balance in the highway special revenue account balance to be negative beginning in FY97 under executive budget recommendations or in FY99 under present law base assumptions unless major reductions are made in state transportation programs. The required reductions would be approximately equivalent to eliminating all federal-aid construction or reducing statewide highway maintenance by 50%.

David Lewis 1-21-95

 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 GREG JERGESON, PRIMARY SPONSOR DATE

Fiscal Note for SB0176, as introduced

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