

FISCAL NOTE

Bill #: SB0411

Title: Tax incentive for fuel retailer to install pumps to dispense gasohol

Primary

Sponsor: Sam Kitzenberg

Status: Second Reading

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY 2002</u> <u>Difference</u>	<u>FY 2003</u> <u>Difference</u>
Expenditures:	0	0
Revenue:		
State Special Revenue	(48,000)	(12,000)
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. There are approximately 800 retail stations in Montana.
2. The average cost of installing a tank and pump is \$30,000. The \$500 maximum would apply. A pump has to sell 10,000 gallons of ethanol-blended fuel to receive \$500.
3. Fifteen percent of the retail stations will install or convert pumps to ethanol-blended fuel (.15 x 800 = 120)
4. Total cost to the Department of Transportation would be \$60,000 (120 x \$500 = \$60,000) (Note: If a larger percentage of retail stations were to convert to ethanol-blended fuel, the impact would be: 20% = \$80,000, 25% = \$100,000, & 30% = \$120,000).

5. A pump would average 20,000 gallons of ethanol-blended fuel sold a month
6. About 80 percent of the ethanol-blended incentive would be paid in the last six months of FY 2002. The remaining 20 percent would be paid out in FY 2003. ($80\% \times \$60,000 = \$48,000$) ($20\% \times \$60,000 = \$12,000$)

FISCAL IMPACT:

	<u>FY 2002</u> <u>Difference</u>	<u>FY 2003</u> <u>Difference</u>
<u>Revenues:</u>		
State Special Revenue (02)	(\$48,000)	(\$12,000)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	(\$48,000)	(\$12,000)

TECHNICAL NOTES:

1. Under 15-70-522, the department must reserve up to \$3 million dollars of the alcohol incentive payments when a written plan is received from an alcohol producer. Total expenditures for alcohol incentive payments are limited by the statute to \$6 million per year. The bill sets no priority for incentive payments between gasohol retailers and alcohol producers. The bill probably should specify who, if both retailers and producers apply for incentive payments in the same year, would receive priority for the payments.