

## SENATE BILL NO. 481

## INTRODUCED BY BLACK

BY REQUEST OF THE SENATE AGRICULTURE, LIVESTOCK, AND IRRIGATION STANDING

## COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE PROVISIONS TAXING GASOHOL AND BIODIESEL AT 85 PERCENT OF THE GASOLINE LICENSE TAX AND SPECIAL FUEL TAX RATES; REMOVING THE REQUIREMENTS THAT TAX LABELS BE PLACED ON ETHANOL AND BIODIESEL PUMPS; AMENDING SECTIONS 15-70-204 AND 15-70-321, MCA; REPEALING SECTIONS 15-70-245 AND 15-70-370, MCA, AND SECTIONS 3 AND 7, CHAPTER 568, LAWS OF 2001; 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) Each distributor shall pay to the department a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to:

(a) 4 cents for each gallon of aviation fuel, other than fuel sold to the federal defense fuel supply center, which is allocated to the department as provided by 67-1-301; and

(b) 27 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.

(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 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) Each distributor shall pay to the department a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to:

~~—— (a) 4 cents for each gallon of aviation fuel, other than fuel sold to the federal defense fuel supply center, which is allocated to the department as provided by 67-1-301; and~~

~~—— (b) 27 cents for each gallon of all other gasoline distributed by the distributor within the state and upon~~

1 ~~which the gasoline license tax has not been paid by any other distributor.~~

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

4 ~~——— (3) Gasohol, as defined in 15-70-201, is subject to 85% of the tax imposed in subsection (1)(b).~~  
5 ~~(Terminates June 30 of fourth year following date of occurrence of contingency--sec. 13, Ch. 568, L. 2001.)~~

6 **15-70-204. (Effective July 1 of fourth year following date of occurrence of contingency) Gasoline**  
7 **license tax -- rate.** (1) Each distributor shall pay to the department a license tax for the privilege of engaging  
8 in and carrying on business in this state in an amount equal to:

9 ~~——— (a) 4 cents for each gallon of aviation fuel, other than fuel sold to the federal defense fuel supply center,~~  
10 ~~which is allocated to the department as provided by 67-1-301; and~~

11 ~~——— (b) 27 cents for each gallon of all other gasoline distributed by the distributor within the state and upon~~  
12 ~~which the gasoline license tax has not been paid by any other distributor.~~

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

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

17  
18 **Section 2.** Section 15-70-321, MCA, is amended to read:

19 **"15-70-321. (Temporary) Tax on special fuel and volatile liquids.** (1) The department shall, under  
20 the provisions of rules issued by it, collect or cause to be collected from the owners or operators of motor  
21 vehicles a tax, as provided in subsection (2):

22 (a) for each gallon of undyed special fuel or other volatile liquid, except liquid petroleum gas, of less  
23 than 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used to produce motor  
24 power to operate motor vehicles upon the public roads and highways of this state;

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

(c) for each gallon of dyed special fuel delivered into the fuel supply tank of a diesel-powered highway vehicle, regardless of weight, operating upon the public roads and highways of this state.

(2) The tax imposed in subsection (1) is 27 3/4 cents per gallon.

**~~15-70-321. (Effective on occurrence of contingency) Tax on special fuel and volatile liquids. (1)~~**

~~The department shall, under the provisions of rules issued by it, collect or cause to be collected from the owners or operators of motor vehicles a tax, as provided in subsection (2):~~

~~——— (a) for each gallon of undyed special fuel or other volatile liquid, except liquid petroleum gas and biodiesel, of less than 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used to produce motor power to operate motor vehicles upon the public roads and highways of this state;~~

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

~~——— (c) for each gallon of dyed special fuel delivered into the fuel supply tank of a diesel-powered highway vehicle, regardless of weight, operating upon the public roads and highways of this state; and~~

~~——— (d) for each gallon of biodiesel delivered into the fuel supply tank of a highway vehicle, regardless of weight, operating upon the public roads and highways of this state.~~

~~——— (2) (a) The tax imposed in subsections (1)(a) through (1)(c) is 27 3/4 cents per gallon.~~

~~——— (b) The tax imposed in subsection (1)(d) is 85% of the amount provided for in subsection (2)(a). (Terminates June 30 of fourth year following date of occurrence of contingency—sec. 13, Ch. 568, L. 2001.)~~

**~~15-70-321. (Effective July 1 of fourth year following date of occurrence of contingency) Tax on special fuel and volatile liquids. (1)~~** The department shall, under the provisions of rules issued by it, collect or cause to be collected from the owners or operators of motor vehicles a tax, as provided in subsection (2):

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

~~——— (b) for each gallon of special fuel or other volatile liquid, except liquid petroleum gas, of less than 46 degrees A.P.I. (American petroleum institute) gravity test when actually sold or used in motor vehicles, motorized~~

~~equipment, and the internal combustion of any engines, including stationary engines, used in connection with any work performed under any contracts pertaining to the construction, reconstruction, or improvement of any highway or street and their appurtenances awarded by any public agencies, including federal, state, county, municipal, or other political subdivisions; and~~

~~—— (c) for each gallon of dyed special fuel delivered into the fuel supply tank of a diesel-powered highway vehicle, regardless of weight, operating upon the public roads and highways of this state.~~

~~—— (2) The tax imposed in subsection (1) is 27 3/4 cents per gallon."~~

**NEW SECTION. Section 3. Repealer.** Sections 15-70-245 and 15-70-370, MCA, and sections 3 and 7, Chapter 568, Laws of 2001, are repealed.

**NEW SECTION. Section 4. COORDINATION INSTRUCTION.** IF SENATE BILL NO. 422 IS NOT PASSED AND APPROVED, THEN [THIS ACT] IS VOID.

**NEW SECTION. Section 5. Effective date.** [This act] is effective July 1, 2003.

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