



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

<b>Bill #</b>	SB0226
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<b>Title:</b>	Revise laws relating to dyed diesel and vehicles dedicated to animal husbandry
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<b>Primary Sponsor:</b>	Moore, Frederick (Eric)
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<b>Status:</b>	As Introduced
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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$12,388)	(\$13,007)	(\$13,657)	(\$14,340)
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact:

SB 226 allows the use of dyed (non-taxed) fuel to be used in a motor vehicle that has been equipped with a permanently affixed feed-delivery box, used exclusively for the feeding of livestock.

### FISCAL ANALYSIS

#### Assumptions:

1. According to Montana Department of Labor Employment and Earnings, in 2011 there were 372 Animal Production Establishments in the state.
2. It is assumed that each of these establishments has at least one truck used exclusively for the feeding of livestock, resulting in a total of 372 vehicles eligible to use dyed fuel.
3. The fuel economy of these vehicles is estimated at 10 MPG.
4. Each eligible vehicle will travel an estimated 100 miles per month on public roads using dyed fuel.
5. Dyed fuel consumption per user will increase by 120 gallons per year (100 miles/10 MPG x 12 months).

6. Tax revenue lost is \$12,388 (372 vehicles X 120 gallons X .2775)
7. MDT has experienced a 5% annual increase in distributor diesel gallons and have applied the increase to FY15,16 & 17

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Special Revenue (02)	<u>(\$12,388)</u>	<u>(\$13,007)</u>	<u>(\$13,657)</u>	<u>(\$14,340)</u>
TOTAL Revenues	<u>(\$12,388)</u>	<u>(\$13,007)</u>	<u>(\$13,657)</u>	<u>(\$14,340)</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Special Revenue (02)	<u>(\$12,388)</u>	<u>(\$13,007)</u>	<u>(\$13,657)</u>	<u>(\$14,340)</u>

**Technical Notes:**

1. Internal Revenue Service’s Publication 510, page 18 defines a highway vehicle as any self-propelled vehicle designed to carry a load over public highways, whether or not it is also designed to perform other functions. Page 9 of Publication 510 states that any dyed fuel used by the person for other than a nontaxable use, and the person knew, or had reason to know that the fuel was dyed subjects that person to a federal penalty of the greater of \$1,000 or \$10 per gallon of the dyed diesel fuel involved.
2. None of Montana’s surrounding states or provinces allow an exemption for use of dyed fuel in a highway vehicle. For example, a farmer traveling to North Dakota for repair of a specially modified vehicle is subject to North Dakota’s dyed fuel penalty.
3. Establishing intent or purpose of using dyed fuel on public roads will be difficult, causing confusion and inconsistency in enforcement

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Sponsor’s Initials

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Date

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Budget Director’s Initials

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Date