

Gasoline Tax

Revenue Description

There are two sources of revenue associated with the taxation of gasoline: a gasoline license tax paid to the Montana Department of Transportation (MDT) by every distributor for the privilege of selling gasoline; and a tax assessed on each gallon of gasoline for the purpose of funding petroleum storage tank cleanup.

Distributors are allowed to withhold 1.0% of the gasoline tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, MDT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for denaturing alcohol used in gasohol, stationary gasoline engines used off public highways and streets, and commercial vehicle use other than for use on public highways and streets.

[Article VIII, Section 6](#) of the Montana Constitution provides that money from taxes on vehicle fuel be used solely for: payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; payment of county, city, and town obligations on streets roads, and bridges; and enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

Statutory Reference

Tax Rate – [15-70-204\(1\), MCA](#); [75-11-314, MCA](#) (storage tank cleanup)

Distribution – [15-70-101\(1\), MCA](#); [60-3-201\(1\), MCA](#); [75-11-313, MCA](#) (storage tank cleanup)

Date Due – 25th of the following month ([15-70-205\(1\), MCA](#))

Applicable Tax Rates

Gasoline License Tax: \$0.27 per gallon

Petroleum Storage Tank Cleanup Tax: \$0.0075 per gallon

Distribution

After four reductions—the 1.0% withheld by distributors, administrative expenses and refunds under tribal agreements, refunds, and refunds through the international fuel tax agreement—the gasoline tax is allocated as follows:

- 9/10 of 1.0% to the state park account;
- 15/28 of 1.0% to a snowmobile account, which is further allocated 86.0% for general use, 4.33% for enforcement, 8.67% for safety and education, and 1.0% to the noxious weed trust;
- 1/8 of 1.0% to an off-highway vehicle account, which is further allocated 90% for general use and 10% for safety;
- 1/25 of 1.0% to the aeronautics revenue fund of the Department of Transportation; and
- 98.3993% to MDT to be used for highway-related purposes, primarily construction projects and administrative costs. One-fourth of \$0.01 per gallon is allocated specifically to the funding of highway system maintenance.

Summary of Legislative Action: No impacting legislation was enacted in the 2015 session.

Collection Frequency: Monthly

Revenue Estimate Methodology

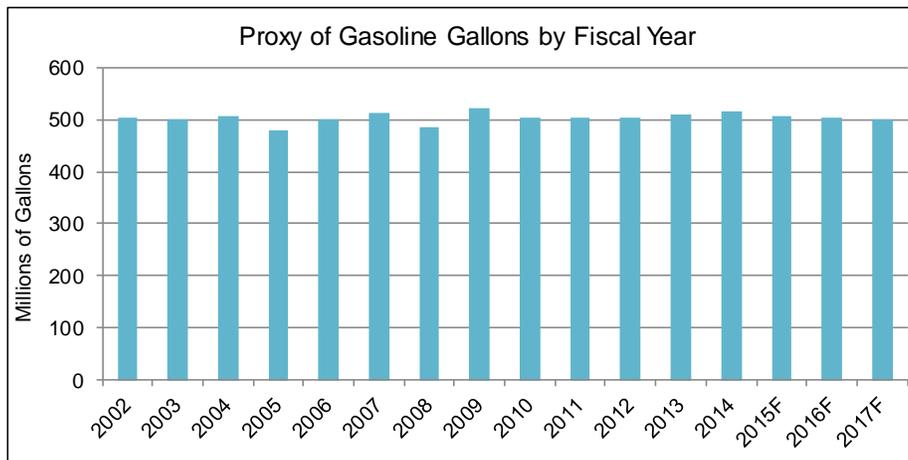
Data

Gasoline tax collections data from SABHRS is used to produce a proxy amount for taxable gallons of gasoline sold in Montana.

Analysis

The gasoline tax and the gasoline petroleum storage tank cleanup tax are estimated separately. First, the gasoline tax is imposed on each gallon of gasoline sold in the state. A second tax is imposed on all gasoline distributed in the state for the purpose of gasoline storage tank clean-up costs (storage tank tax). The two taxes are applied to different bases, because the gasoline tax provides credits against the cost of the tax to consumers who use the gasoline “off highway.”

Future growth in gasoline consumption is calculated using an autoregressive moving average time series. The storage tank tax is expected to follow the same patterns as the gasoline tax. The effective gasoline tax rates—created to adjust for the statutory credit provided to gasoline distributors—are applied to the estimates to produce the estimate for gross tax revenues.



Adjustments

Several adjustments are made to the expected gross gasoline tax revenues. Gross tax revenues are reduced by refunds, incentives, MDT administrative costs, and tribal agreements, resulting in the estimate for net gasoline tax revenue. No adjustments are required for the storage tank tax. Next, the net tax revenues of the two taxes are combined to determine the estimate for total gasoline tax revenue.

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2015 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Gross Tax \$ Millions	Gas Tax \$ Millions	Tank Tax \$ Millions	Refunds \$ Millions	Tribal \$ Millions
A 2002	\$131.731	-	\$138.613	\$128.001	\$3.729	(\$3.153)	(\$3.729)
A 2003	131.269	-	137.967	127.490	3.779	(2.985)	(3.713)
A 2004	132.962	-	139.553	129.154	3.808	(2.830)	(3.761)
A 2005	125.076	-	131.616	121.343	3.734	(2.787)	(3.753)
A 2006	135.192	-	137.652	131.465	3.727	(2.460)	(3.785)
A 2007	138.762	-	141.013	135.042	3.720	(2.252)	(0.046)
A 2008	131.147	-	133.429	127.433	3.714	(2.282)	-
A 2009	141.120	-	143.215	137.510	3.610	(2.095)	-
A 2010	136.036	-	138.041	132.351	3.685	(2.006)	-
A 2011	136.514	-	138.635	132.774	3.740	(2.121)	-
A 2012	136.661	-	138.497	132.911	3.750	(1.836)	-
A 2013	138.443	-	140.179	134.647	3.797	(1.736)	-
A 2014	139.653	-	141.447	135.817	3.836	(1.794)	-
F 2015	142.689	-	144.704	138.917	3.771	(2.015)	-
F 2016	141.197	-	143.183	137.455	3.742	(1.986)	-
F 2017	142.915	-	144.863	139.183	3.732	(1.948)	-

Consumption Taxes

Gasoline Tax

FY	Gas Effective Rate	Tank Effective Rate	Gas Gallons Millions	Tank Gallons Millions	DOT \$ Millions	FWP Snow \$ Millions	FWP Boat \$ Millions
A 2002	26.7%	0.8%	504.614	497.261	\$125.907	\$0.603	\$1.181
A 2003	26.7%	0.8%	502.014	503.874	125.391	0.604	1.181
A 2004	26.7%	0.8%	507.837	507.767	127.028	0.611	1.196
A 2005	26.7%	0.8%	478.424	497.805	119.338	0.576	1.126
A 2006	26.7%	0.8%	501.029	496.919	129.396	0.595	1.163
A 2007	26.7%	0.8%	513.631	495.958	132.884	0.621	1.215
A 2008	26.7%	0.8%	485.278	495.246	125.352	0.587	1.147
A 2009	26.7%	0.8%	522.279	481.336	135.295	0.631	1.237
A 2010	26.7%	0.8%	502.644	491.267	130.226	0.617	1.191
A 2011	26.7%	0.8%	504.656	498.668	130.642	0.619	1.195
A 2012	26.7%	0.8%	504.105	500.016	130.784	0.612	1.196
A 2013	26.7%	0.8%	510.222	506.247	132.491	0.620	1.212
A 2014	26.7%	0.8%	514.820	511.419	133.642	0.634	1.222
F 2015	26.7%	0.8%	506.183	502.839	136.707	0.634	1.250
F 2016	26.7%	0.8%	502.302	498.983	135.253	0.642	1.237
F 2017	26.7%	0.8%	500.862	497.553	136.954	0.650	1.253

FY	Aeronautics \$ Millions	Off Highway \$ Millions	Weed Gasoline \$ Millions	Snow Enforce. Gasoline \$ Millions	Snow Con-Ed. Gasoline \$ Millions	OHV Con-Ed. Gasoline \$ Millions
A 2002	\$0.053	\$0.143	\$0.013	\$0.025	\$0.063	\$0.013
A 2003	0.052	0.144	0.013	0.026	0.066	0.013
A 2004	0.053	0.146	0.013	0.027	0.066	0.013
A 2005	0.050	0.138	0.013	0.026	0.064	0.013
A 2006	0.052	0.142	0.013	0.026	0.065	0.013
A 2007	0.054	0.148	0.014	0.027	0.067	0.014
A 2008	0.051	0.141	0.013	0.026	0.064	0.013
A 2009	0.055	0.150	0.014	0.027	0.067	0.014
A 2010	0.053	0.149	0.007	0.031	0.061	0.017
A 2011	0.053	0.149	0.007	0.031	0.062	0.017
A 2012	0.053	0.150	0.007	0.031	0.062	0.017
A 2013	0.054	0.151	0.007	0.031	0.063	0.017
A 2014	0.054	0.153	-	0.032	0.063	0.017
F 2015	0.056	0.156	-	0.033	0.064	0.017
F 2016	0.055	0.155	-	0.032	0.064	0.017
F 2017	0.056	0.157	-	0.033	0.065	0.017

Revenue Projection

