
Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

Revenue Description: The constitution of the state (Article VIII, Section 6) 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.

There are two sources of revenue associated with the taxation of gasoline: the primary source of revenue is a gasoline license tax of \$0.27 per gallon paid to the Department of Transportation (DOT) by every distributor for the privilege of selling gasoline; and a tax of \$.0075 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, DOT 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.

Statutory Reference:

Tax Rate (MCA) – 15-70-204(1), 75-11-314 (storage tank cleanup)

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

Date Due – 25th of the following month (15-70-205(1))

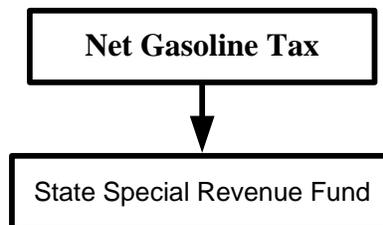
Applicable Tax Rate(s):

1. Gasoline License Tax - \$0.27 per gallon
2. Petroleum Storage Tank Cleanup Tax - \$0.0075

Distribution: After reductions for: 1) the 1.0% withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account and statutorily appropriated; 3) gasoline tax refunds; and 4) amounts refunded through the international fuel tax agreement, the remainder of 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 in the state special revenue fund. This amount 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 in the state special revenue fund. This amount is further allocated 90% for general use (including repair of damaged areas) and 10% for safety.
- 1/25 of 1.0% to the aeronautics revenue fund of the Department of Transportation
- 98.3993% to DOT to be used for highway-related purposes, primarily construction projects and administrative costs. One-fourth of \$.01 per gallon is allocated specifically to the funding of highway system maintenance.

Distribution Chart:



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Collection Frequency: Monthly

% of Total General Fund Revenue: N/A

Revenue Estimate Methodology:

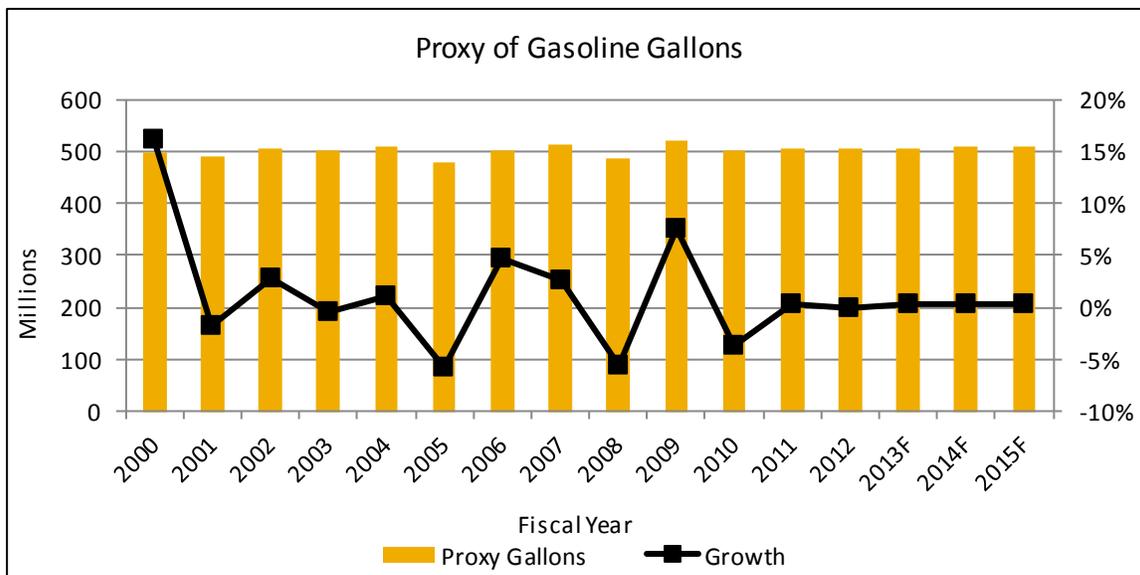
Data

The data used in the gasoline tax estimate are obtained from the state accounting system (SABHRS). The SABHRS data includes a historic series of gasoline tax revenues and is used to produce a proxy amount for taxable gallons of gasoline sold in Montana.

Total gasoline taxes are made up of two distinct taxes, the gasoline tax and the gasoline petroleum storage tank cleanup tax (imposed to cover the cost of storage tank cleanup). Each rate is applied to a proxy for taxable gasoline gallons. To create the proxy, the actual tax revenues are increased by refunds and then divided by the effective tax rate. The effective tax rate is created to adjust for the statutory credit provided to gasoline distributors for collection and payment of the tax. Under current law, gasoline distributors are allowed to keep 1% of the tax on all gasoline receipts and must pay 99% of the tax receipts to the state. The effective rate for the forecast period is \$0.2673.

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. 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 assumed to be at the same rate of growth as in FY 2012. The storage tank tax is expected to follow the same patterns as the gasoline tax. The effective gasoline tax rates are applied to the estimates to produce the estimate for gross tax revenues.



The figure above shows the actual gallons of gasoline sold in Montana between FY 2000 and FY 2012 and the expected sales of gasoline for FY 2013 through FY 2015, along with the expected change between the years.

Adjustments

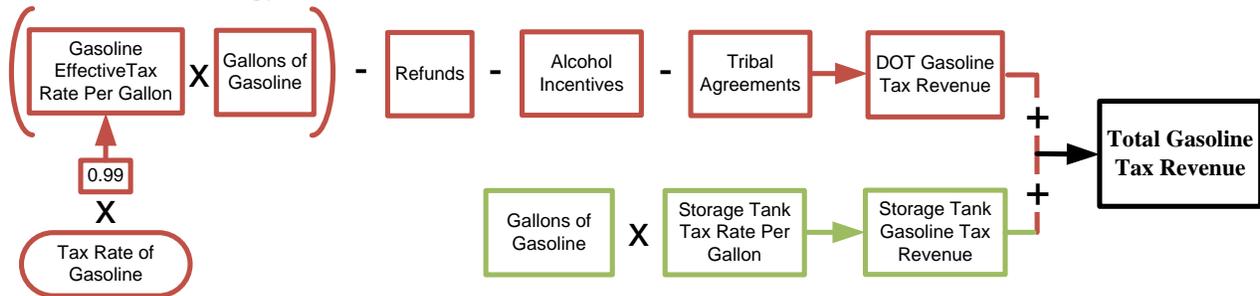
Several adjustments are made to the expected gross gasoline tax revenues. Gross tax revenues are reduced by refunds, incentives, DOT administrative costs, and tribal agreements, resulting in the estimate for net gasoline tax revenue. No adjustments are required for the storage tank tax. Next, the net tax revenues of the two taxes are combined to determine the estimate for total gasoline tax revenue. Finally, the tax revenues are distributed to the various state special revenue accounts as described above.

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Forecast Methodology:



Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Gross Tax	Gas Tax	Tank Tax
	Fiscal	Millions	Millions	Millions	Millions	Millions
Actual	2002	131.731	0.000	138.613	128.001	3.729
Actual	2003	131.269	0.000	137.967	127.490	3.779
Actual	2004	132.962	0.000	139.553	129.154	3.808
Actual	2005	125.076	0.000	131.616	121.343	3.734
Actual	2006	135.192	0.000	137.652	131.465	3.727
Actual	2007	138.762	0.000	141.013	135.042	3.720
Actual	2008	131.147	0.000	133.429	127.433	3.714
Actual	2009	141.120	0.000	143.215	137.510	3.610
Actual	2010	136.036	0.000	138.041	132.351	3.685
Actual	2011	136.514	0.000	138.635	132.774	3.740
Actual	2012	136.661	0.000	138.497	132.911	3.750
Forecast	2013	137.161	0.000	139.004	133.397	3.764
Forecast	2014	137.663	0.000	139.512	133.885	3.778
Forecast	2015	138.166	0.000	140.023	134.375	3.791

	t	Refunds	Alcohol Incentives	Tribal	Gas Effective	Tank Effective	Gas Gallons	Tank Gallons
	Fiscal	Millions	Millions	Millions	Rate	Rate	Millions	Millions
Actual	2002	-3.153	0.000	-3.729	26.7%	0.8%	504.614	497.261
Actual	2003	-2.985	0.000	-3.713	26.7%	0.8%	502.014	503.874
Actual	2004	-2.830	0.000	-3.761	26.7%	0.8%	507.837	507.767
Actual	2005	-2.787	0.000	-3.753	26.7%	0.8%	478.424	497.805
Actual	2006	-2.460	0.000	-3.785	26.7%	0.8%	501.029	496.919
Actual	2007	-2.252	0.000	-0.046	26.7%	0.8%	513.631	495.958
Actual	2008	-2.282	0.000	0.000	26.7%	0.8%	485.278	495.246
Actual	2009	-2.095	0.000	0.000	26.7%	0.8%	522.279	481.336
Actual	2010	-2.006	0.000	0.000	26.7%	0.8%	502.644	491.267
Actual	2011	-2.121	0.000	0.000	26.7%	0.8%	504.656	498.668
Actual	2012	-1.836	0.000	0.000	26.7%	0.8%	504.105	500.016
Forecast	2013	-1.843	0.000	0.000	26.7%	0.8%	505.949	501.845
Forecast	2014	-1.850	0.000	0.000	26.7%	0.8%	507.799	503.680
Forecast	2015	-1.856	0.000	0.000	26.7%	0.8%	509.656	505.522

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	t	GF	DOT	FWP Snow	FWP Boat	Aeronautics	Off Highway
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2002	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2003	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2004	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2005	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2006	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2007	0.0%	98.3%	0.5%	0.9%	0.04%	0.0%
Actual	2008	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2009	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2010	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2011	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Actual	2012	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Forecast	2013	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Forecast	2014	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%
Forecast	2015	0.0%	98.4%	0.5%	0.9%	0.04%	0.0%

	t	DOT	FWP Snow	FWP Boat	Aeronautics
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2002	0.01%	0.02%	0.05%	0.01%
Actual	2003	0.01%	0.02%	0.05%	0.01%
Actual	2004	0.01%	0.02%	0.05%	0.01%
Actual	2005	0.01%	0.02%	0.05%	0.01%
Actual	2006	0.01%	0.02%	0.05%	0.01%
Actual	2007	0.01%	0.02%	0.05%	0.01%
Actual	2008	0.01%	0.02%	0.05%	0.01%
Actual	2009	0.01%	0.02%	0.05%	0.01%
Actual	2010	0.01%	0.02%	0.05%	0.01%
Actual	2011	0.01%	0.02%	0.05%	0.01%
Actual	2012	0.01%	0.02%	0.05%	0.01%
Forecast	2013	0.01%	0.02%	0.05%	0.01%
Forecast	2014	0.01%	0.02%	0.05%	0.01%
Forecast	2015	0.01%	0.02%	0.05%	0.01%

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	t	GF	DOT	FWP Snow	FWP Boat	Aeronautics	Off Highway
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	0.000	125.907	0.603	1.181	0.053	0.143
Actual	2003	0.000	125.391	0.604	1.181	0.052	0.144
Actual	2004	0.000	127.028	0.611	1.196	0.053	0.146
Actual	2005	0.000	119.338	0.576	1.126	0.050	0.138
Actual	2006	0.000	129.396	0.595	1.163	0.052	0.142
Actual	2007	0.000	132.884	0.621	1.215	0.054	0.148
Actual	2008	0.000	125.352	0.587	1.147	0.051	0.141
Actual	2009	0.000	135.295	0.631	1.237	0.055	0.150
Actual	2010	0.000	130.226	0.617	1.191	0.053	0.149
Actual	2011	0.000	130.642	0.619	1.195	0.053	0.149
Actual	2012	0.000	130.784	0.612	1.196	0.053	0.150
Forecast	2013	0.000	131.237	0.621	1.215	0.054	0.149
Forecast	2014	0.000	131.715	0.624	1.220	0.054	0.149
Forecast	2015	0.000	132.198	0.626	1.224	0.054	0.150

	t	Weed	Snow Enforce.	Snow Con-Ed.	OHV Con-Ed.
	<u>Fiscal</u>	<u>Gasoline</u>	<u>Gasoline</u>	<u>Gasoline</u>	<u>Gasoline</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	0.013	0.025	0.063	0.013
Actual	2003	0.013	0.026	0.066	0.013
Actual	2004	0.013	0.027	0.066	0.013
Actual	2005	0.013	0.026	0.064	0.013
Actual	2006	0.013	0.026	0.065	0.013
Actual	2007	0.014	0.027	0.067	0.014
Actual	2008	0.013	0.026	0.064	0.013
Actual	2009	0.014	0.027	0.067	0.014
Actual	2010	0.007	0.031	0.061	0.017
Actual	2011	0.007	0.031	0.062	0.017
Actual	2012	0.007	0.031	0.062	0.017
Forecast	2013	0.013	0.027	0.068	0.013
Forecast	2014	0.014	0.027	0.068	0.014
Forecast	2015	0.014	0.027	0.068	0.014

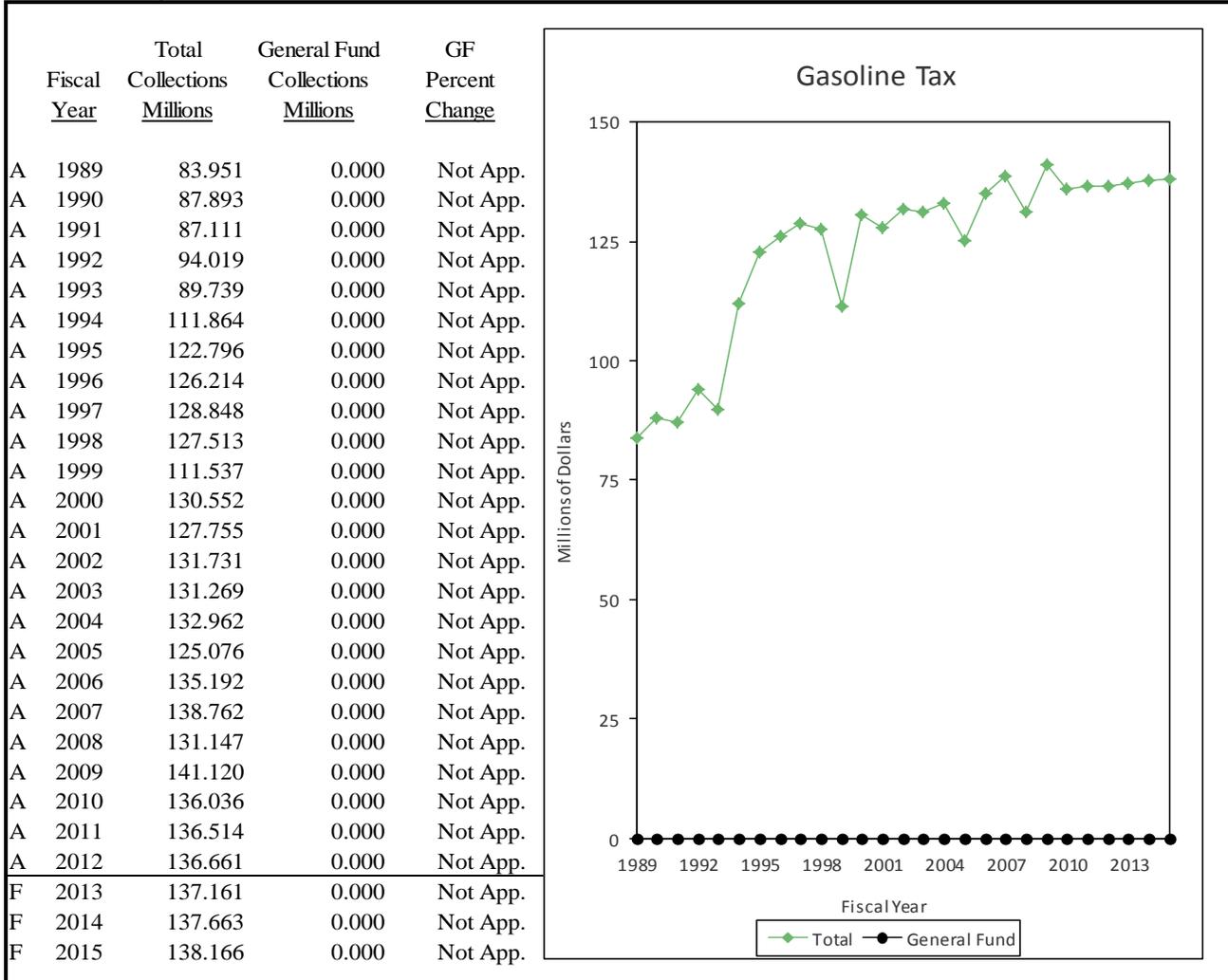
Total Tax = Gas Effective × Gas Gallons + Tank Effective × Tank Gallons + Refunds

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Revenue Projection:



Data Source(s): SABHRS, Department of Transportation

Contacts: Department of Transportation