



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** SB0285

**Title:** Provide gas and fuel tax refund for agriculture

**Primary Sponsor:** Hinebauch, Steve

**Status:** As Introduced-Revised

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$34,866	\$64,141	\$63,953	\$64,156
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$95,948)	(\$95,948)	(\$95,948)	(\$95,948)
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** SB 285 would include all retail purchases of gasoline as those eligible for refund of tax allowed as estimated for agricultural use per 15-70-430, MCA.

### FISCAL ANALYSIS

#### Assumptions:

#### **Montana Department of Transportation (MDT)**

1. It is estimated that the number of refund applicants will increase by 3%.
2. It is estimated that the amount of refunds paid to current applicants will increase by 3%.
3. Thus, it is estimated that agricultural gasoline tax refunds will increase by 6%.
4. In the previous three-year average, MDT paid \$1,599,133 in gasoline tax refunds to qualified agricultural users.
5. Gasoline purchased in CY 2021 is generally claimed for refund at the beginning of the next calendar year (FY 2022).

- With an effective date of July 1, 2021, the total increase in gasoline tax refunds will be \$95,948 (\$1,599,133 x .06) starting in FY 2022 and each fiscal year thereafter.
- The department would need 1.00 FTE beginning in January 2022 to address the increased workload.
- The costs of 1.00 FTE would be \$34,866 in FY 2022 (half a year), \$64,141 in FY 2023, \$63,953 in FY 2024 and \$64,156 in FY 2025.

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.50	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$31,816	\$63,633	\$63,438	\$63,633
Operating Expenses	\$3,050	\$508	\$515	\$523
<b>TOTAL Expenditures</b>	<b>\$34,866</b>	<b>\$64,141</b>	<b>\$63,953</b>	<b>\$64,156</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$34,866	\$64,141	\$63,953	\$64,156
<b>TOTAL Funding of Exp.</b>	<b>\$34,866</b>	<b>\$64,141</b>	<b>\$63,953</b>	<b>\$64,156</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$95,948)	(\$95,948)	(\$95,948)	(\$95,948)
<b>TOTAL Revenues</b>	<b>(\$95,948)</b>	<b>(\$95,948)</b>	<b>(\$95,948)</b>	<b>(\$95,948)</b>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$130,814)	(\$160,089)	(\$159,901)	(\$160,104)

**Effect on County or Other Local Revenues or Expenditures:**

- The impact to Tribal Revenue Sharing Agreements is estimated to be \$3,139 per year.
- Impacts to funds such as the restricted Highway State Special Revenue Account (HSSRA), MDT’s Bridge and Road Safety Accountability Act (BaRSAA), the Department of Justice (DOJ), the Department of Fish, Wildlife and Parks (FWP), etc. that are allocated a share of the gasoline tax will depend on current gasoline tax rates and annual fund allocation percentages.

**Technical Notes:**

- The word “fuel” in the title indicates that diesel (aka “fuel”) is included in this bill. This bill addresses gasoline tax only.

**NO SPONSOR SIGNATURE** 3.30

Sponsor's Initials

Date

KA

Budget Director's Initials

3-29-21

Date