

GASOLINE AND SPECIAL FUEL TAXES

LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting (5-4-105, MCA; [Chapter 309, Laws of 2017](#)). The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.

Background Materials and Research

Topic Summary:

Tax Rates: Fuel taxes are levied on the distributor for fuel sold within the state. Gasoline and special fuel tax rates are provided for in [15-70-403](#), MCA. The 2017 Legislature increased gasoline and special fuel tax rates. The gasoline tax rate per gallon is:

- 31.5 cents in fiscal years 2018 and 2019;
- 32 cents in fiscal years 2020 and 2021;
- 32.5 cents in fiscal year 2022;
- 33 cents in fiscal year 2023 and thereafter.

Special fuel is commonly referred to as diesel and includes biodiesel. The special fuel tax rate per gallon is:

- 29.25 cents in fiscal years 2018 and 2019;
- 29.45 cents in fiscal years 2020 and 2021;
- 29.55 cents in fiscal year 2022;
- 29.75 cents in fiscal year 2023 and thereafter.

Section [7-14-301](#) allows a county to levy a 1-cent or 2-cent local option motor fuel excise tax at the point of sale. No counties levy this tax. Compressed natural gas and liquefied petroleum gas are also subject to a tax provided for in [15-70-711](#), MCA. Neither fuel is commonly used.

Distribution: [Article VIII, Section 6](#) of the Montana Constitution provides that gasoline and fuel taxes be used only for construction, repair, and operation of highways, streets, roads, and bridges; county, city, and town obligations on streets,

roads, and bridges; enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. The Legislature may appropriate fuel tax revenue for other purposes with a three-fifths vote of the members of each house.

A portion of the gasoline tax is distributed for the following purposes:

- 9/10 of 1% to the State Park account;
- 15/28 of 1% to the Snowmobile Account;
- 1/8 of 1% to the Off-highway Vehicle account; and
- 1/25 of 1% to the Department of Transportation for aeronautics.

The remainder of the revenue from the gasoline tax and the revenue from the specials fuel tax is distributed as follows:

- revenue from 23 cents of the gasoline tax and from 23 ³/₄ of the special fuel tax to the Highway Restricted Account provided for in [15-70-126](#), MCA;
- revenue from 4 cents of the gasoline tax and from 4 cents of the special fuel tax to the Highway Patrol Administration State Special Revenue Account provided for in [44-1-110](#); and
- the remaining revenue from the gasoline tax and the special fuel tax to the Bridge and Road Safety and Accountability Restricted Account provided for in [15-70-127](#).

Legislative Services Division Materials:

[HJ 35: Gasoline Tax](#) -- Megan Moore, September 2019

[HJ 35: Diesel Tax](#) -- Megan Moore, September 2019

[Highway State Special Revenue Account study](#), 2015-2016 Revenue and Transportation Interim Committee

Other Materials: [Performance Audit: Funding Montana's Highway Infrastructure](#), Legislative Audit Division, June 2018

[Performance Audit: An Examination of the Montana Department of Transportation's Maintenance Division](#), Legislative Audit Division, June 2018

[Fuel Tax Information](#), Montana Department of Transportation

["Recent Legislative Actions Likely to Change Gas Taxes."](#) National Conference of State Legislatures

Introduced Legislation

2019

[House Bill No. 39](#) -- Chapter Number Assigned -- AN ACT REVISING LAWS RELATED TO THE TAXATION OF FUEL USED FOR PUBLIC CONTRACTS; CLARIFYING THAT FUEL USED FOR PUBLIC CONTRACTS MUST BE FUEL ON WHICH THE FUEL TAX HAS BEEN PAID; PROVIDING PENALTIES FOR USING UNTAXED FUEL FOR PUBLIC CONTRACTS; AMENDING SECTIONS 15-70-403 AND 15-70-441, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 81](#) -- (H) Died in Standing Committee -- AN ACT REVISING GASOLINE TAX LAWS RELATED TO AVIATION FUEL; ELIMINATING REFUNDS BASED ON PURCHASE OF AVIATION FUEL; REVISING ALLOCATIONS FROM THE AIRCRAFT REGISTRATION ACCOUNT; AMENDING SECTIONS 15-70-425, 15-70-432, 67-1-301, AND 67-3-205, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Bill No. 661](#) -- Chapter Number Assigned -- AN ACT REVISING AERONAUTICS FUNDING LAWS; INCREASING THE AVIATION FUEL TAX; REPEALING THE AVIATION FUEL TAX REFUND FOR SCHEDULED AIRLINES; REVISING THE DISTRIBUTION OF AVIATION FUEL TAXES; REVISING THE DISTRIBUTION OF AIRCRAFT REGISTRATION FEES; INCREASING AIRCRAFT REGISTRATION FEES; PROVIDING STATUTORY APPROPRIATIONS; AMENDING SECTIONS 15-70-403, 15-70-410, 15-70-425, 15-70-432, 17-7-502, 60-3-201, 67-1-301, 67-1-303, 67-3-205, AND 67-3-206, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Bill No. 674](#) -- (H) Died in Standing Committee -- AN ACT INCREASING THE ALLOCATION OF GAS TAX REVENUE FOR CERTAIN RECREATION PROGRAMS AT THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS; REVISING PROVISIONS OF USE; AMENDING SECTION 60-3-201, MCA; AND PROVIDING AN EFFECTIVE DATE.

[Senate Bill No. 137](#) -- Chapter Number Assigned -- AN ACT ALLOWING ANY TYPE OF RETAIL TRANSACTION AS EVIDENCE FOR ESTIMATING AGRICULTURAL USAGE OF SPECIAL FUEL; AMENDING SECTION 15-70-430, MCA; AND PROVIDING AN EFFECTIVE DATE.

2017

[House Bill 205](#) – Vetoed by Governor - AN ACT REVISING LAWS RELATED TO REVENUE SOURCES FOR HIGHWAY FUNDING; PROVIDING FOR AN ANNUAL ELECTRIC VEHICLE FEE TO BE DEPOSITED IN THE HIGHWAY STATE SPECIAL REVENUE ACCOUNT; PROVIDING FOR A TAX ON LIQUEFIED NATURAL GAS PLACED INTO THE SUPPLY TANK OF A MOTOR VEHICLE; REVISING THE TAX ON COMPRESSED NATURAL GAS AND LIQUEFIED PETROLEUM GAS PLACED INTO THE SUPPLY TANK OF A MOTOR VEHICLE; AMENDING SECTIONS 15-30-2131, 15-50-207, 15-70-401, 15-70-701, 15-70-702, 15-70-703, 15-70-704, 15-70-705, 15-70-706, 15-70-707, 15-70-711, 15-70-712, 15-70-713, 15-70-714, 15-70-715, 15-70-716, 15-70-717, 15-70-718, 61-1-101, 61-3-321, 61-3-456, 61-3-537, AND 61-3-562, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE.

[House Bill 466](#) – Chapter Number Assigned - AN ACT ALLOWING USE OF CERTAIN CREDIT OR DEBIT CARD PURCHASES TO ESTIMATE AGRICULTURAL USAGE OF SPECIAL FUEL; REQUIRING A RECEIPT THAT IDENTIFIES THE PURCHASER AND ADDRESS OF PURCHASE AS EVIDENCE OF A CREDIT OR DEBIT CARD PURCHASE; AMENDING SECTION 15-70-430, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE.

[House Bill 473](#) – Chapter Number Assigned - AN ACT REVISING HIGHWAY FUNDING LAWS; REVISING LAWS CONCERNING THE DEPOSIT AND EXPENDITURE OF HIGHWAY REVENUE; ESTABLISHING A HIGHWAY RESTRICTED ACCOUNT AND A BRIDGE AND ROAD SAFETY AND ACCOUNTABILITY RESTRICTED ACCOUNT; INCREASING THE FUEL TAX AND SPECIAL FUEL TAX; PROVIDING THAT THE NEW REVENUE MUST FUND HIGHWAY PROJECTS AND LOCAL ROAD PROJECTS; PROVIDING FOR A LOCAL GOVERNMENT ROAD MATCH PROGRAM; REQUIRING A PERFORMANCE AUDIT OF THE

DEPARTMENT OF TRANSPORTATION; REQUIRING THE DEPARTMENT OF TRANSPORTATION TO PUBLISH A WEBSITE SHOWING PROJECTS FUNDED WITH THE INCREASED REVENUE; PROVIDING A STATUTORY APPROPRIATION AND AN APPROPRIATION; AMENDING SECTIONS 15-70-101, 15-70-102, 15-70-403, 15-70-404, 15-70-419, 15-70-456, 17-5-903, 17-7-502, 44-1-501, 60-3-201, 60-5-110, 61-3-738, 61-8-204, 61-8-907, 61-10-126, 61-10-225, 61-10-226, AND 75-11-301, MCA; REPEALING SECTION 60-3-202, MCA; AND PROVIDING AN EFFECTIVE DATE.

[House Bill 627](#) – (H) 2nd Reading Not Passed - A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING THE LOCAL OPTION MOTOR FUEL EXCISE TAX; REPEALING SECTIONS 7-14-301, 7-14-302, 7-14-303, AND 7-14-304, MCA; AND PROVIDING AN EFFECTIVE DATE.

[Senate Bill 35](#) – (S) Died in Standing Committee - A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS CONCERNING THE DEPOSIT AND EXPENDITURE OF HIGHWAY REVENUE; ESTABLISHING A HIGHWAY RESTRICTED ACCOUNT; PROVIDING FOR DEPOSITS TO THE HIGHWAY RESTRICTED ACCOUNT AND THE HIGHWAY NONRESTRICTED ACCOUNT; PROVIDING FOR PERMISSIBLE EXPENDITURES FROM THE HIGHWAY RESTRICTED ACCOUNT AND THE HIGHWAY NONRESTRICTED ACCOUNT; AMENDING SECTIONS 15-70-101, 15-70-102, 15-70-419, 15-70-456, 17-5-903, 44-1-501, 60-3-201, 60-5-110, 61-3-738, 61-8-204, 61-8-907, 61-10-126, 61-10-225, 61-10-226, AND 75-11-301, MCA; AND PROVIDING AN EFFECTIVE DATE.

2015

[House Bill 60](#) – Chapter Number Assigned - AN ACT REVISING PENALTY AND INTEREST PROVISIONS FOR GASOLINE AND SPECIAL FUEL TAXES; AMENDING PROVISIONS RELATED TO THE WAIVER OF PENALTIES; AND AMENDING SECTIONS 15-70-210 AND 15-70-352, MCA.

[House Bill 99](#) – Chapter Number Assigned - AN ACT GENERALLY REVISING THE ADMINISTRATION OF GASOLINE AND SPECIAL FUEL TAXES; COMBINING THE GASOLINE TAX AND SPECIAL FUEL TAX INTO ONE PART OF LAW; ALLOWING FOR THE ISSUANCE OF A PROBATIONARY DISTRIBUTOR'S LICENSE; ELIMINATING THE REISSUANCE FEE FOR A SUSPENDED OR REVOKED DISTRIBUTOR'S LICENSE; REVISING THE TIME PERIOD FOR WHICH DISTRIBUTORS MUST KEEP RECORDS; AMENDING SECTIONS 7-14-301, 7-14-304, 15-30-2618, 15-70-104, 15-70-113, 15-70-121, 15-70-231, 15-70-235, 15-70-236, 15-70-301, 15-70-320, 15-70-326, 15-70-330, 15-70-341, 15-70-343, 15-70-344, 15-70-345, 15-70-348, 15-70-349, 15-70-351, 15-70-352, 15-70-353, 15-70-354, 15-70-356, 15-70-357, 15-70-361, 15-70-362, 15-70-364, 15-70-366, 15-70-503, 15-70-521, 15-70-522, 15-70-719, 60-3-201, 60-3-202, 61-12-206, 67-1-301, 75-11-302, AND 75-11-314, MCA; AND REPEALING SECTIONS 15-70-201, 15-70-202, 15-70-204, 15-70-205, 15-70-206, 15-70-207, 15-70-208, 15-70-209, 15-70-210, 15-70-211, 15-70-212, 15-70-221, 15-70-222, 15-70-223, 15-70-224, 15-70-225, 15-70-226, 15-70-232, 15-70-233, 15-70-242, 15-70-321, 15-70-324, AND 15-70-372, MCA.

[House Bill 275](#) – (H) Tabled in Committee - AN ACT INCREASING THE GASOLINE LICENSE TAX TO IMPROVE THE OPERATION OF PUBLIC HIGHWAYS, STREETS, AND ROADS BY FUNDING IMPROVEMENTS TO COUNTY ROADS, CITY STREETS, AND PUBLIC TRANSPORTATION; ALLOCATING GASOLINE LICENSE TAX REVENUE FOR MAINTENANCE AND REPAIR OF COUNTY ROADS AND CITY STREETS AND FOR PUBLIC TRANSPORTATION; PROVIDING RULEMAKING AUTHORITY; AND AMENDING SECTIONS 15-70-204 AND 60-3-202, MCA.

2013

[House Bill 194](#) – Chapter Number Assigned - AN ACT INCREASING THE CONTRACT AMOUNT FOR WHICH A LOCAL GOVERNMENT PROJECT MUST BE PUT TO A BID IF THE PROJECT IS FUNDED WITH GASOLINE TAXES; AMENDING 15-70-101, MCA; AND PROVIDING AN EFFECTIVE DATE.

[House Bill 316](#) – (H) Died in Standing Committee - AN ACT INCREASING THE GASOLINE LICENSE TAX; ALLOCATING GASOLINE LICENSE TAX REVENUE FOR MAINTENANCE AND REPAIR OF STATE ROADS AND PUBLIC TRANSPORTATION; GRANTING RULEMAKING AUTHORITY; AND AMENDING SECTIONS 15-70-204 AND 60-3-202, MCA.

[House Bill 346](#) – (H) Died in Standing Committee - AN ACT ALLOWING THE USE OF DYED SPECIAL FUEL IN A MOTOR VEHICLE THAT IS DESIGNED OR SPECIALLY MODIFIED FOR PRIMARY USE AS A FARM OR RANCH VEHICLE AND USED PRIMARILY IN OFF-HIGHWAY FARMING OR RANCHING OPERATIONS; AND AMENDING SECTIONS 15-70-302, 15-70-311, 15-70-317, AND 15-70-330, MCA.

[Senate Bill 116](#) – Chapter Number Assigned - AN ACT REVISING SPECIAL FUEL USER PERMIT LAWS; REPEALING THE SPECIAL FUEL USER'S PERMIT; PROVIDING THAT CERTAIN NONRESIDENTS OBTAIN CERTAIN SPECIAL FUEL USER'S TEMPORARY PERMITS; CLARIFYING THE APPLICABILITY OF THE TAX ON SPECIAL FUEL AND VOLATILE LIQUIDS; AMENDING SECTIONS 15-70-301, 15-70-311, 15-70-314, 15-70-321, 15-70-330, 15-70-356, AND 15-70-372, MCA; REPEALING SECTIONS 7-5-2316, 7-5-4316, 15-70-302, 15-70-303, 15-70-304, 15-70-305, 15-70-306, 15-70-307, 15-70-317, 15-70-323, 15-70-325, 15-70-327, 15-70-328, 15-70-329, 15-70-331, 15-70-332, 15-70-333, 15-70-334, 15-70-335, 15-70-336, 20-6-630, AND 60-2-118, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Bill 226](#) – Chapter Number Assigned - AN ACT EXEMPTING CERTAIN AGRICULTURAL FEED TRUCKS FROM CERTAIN REQUIREMENTS AND TAXATION RELATED TO THE USE OF SPECIAL FUELS; AMENDING SECTIONS 15-70-321 AND 15-70-330, MCA.

2011

[House Bill 509](#) – (H) Died in Standing Committee - AN ACT AUTHORIZING THE REFUND OF SPECIAL FUEL LICENSE TAX AND THE USE OF DYED TAX-EXEMPT SPECIAL FUEL BY INDEPENDENT CONTRACTORS TRANSPORTING SCHOOL DISTRICT PUPILS FOR SCHOOL-RELATED PURPOSES; AND AMENDING SECTION 15-70-356, MCA.

2009

[House Bill 416](#) – Chapter Number Assigned - AN ACT EXEMPTING CERTAIN BIODIESEL PRODUCED FROM WASTE VEGETABLE OIL FEEDSTOCK FROM THE SPECIAL FUEL TAX; PROVIDING DEFINITIONS; PROVIDING REGISTRATION AND REPORTING REQUIREMENTS; AMENDING SECTION 15-70-301, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Bill 514](#) – (H) Died in Standing Committee - AN ACT AUTHORIZING THE USE OF TAX-EXEMPT SPECIAL FUEL BY INDEPENDENT CONTRACTORS TRANSPORTING SCHOOL DISTRICT PUPILS; AND AMENDING SECTION 15-70-356, MCA.

[Senate Bill 265](#) – (S) Died in Process - AN ACT AUTHORIZING AN URBAN TRANSPORTATION DISTRICT BOARD TO IMPOSE A MOTOR FUEL EXCISE TAX IF APPROVED BY THE RESIDENTS OF THE DISTRICT; PROVIDING ALLOWED USES OF THE TAX REVENUE; PROVIDING FOR COLLECTION OF THE TAX BY THE COUNTY TREASURER; ALLOWING FOR RETENTION OF CERTAIN PERCENTAGES OF TAX REVENUE FOR ADMINISTRATION AND COLLECTION OF THE TAX; AMENDING SECTIONS 7-14-219, 7-14-233, 7-14-301, AND 7-14-304, MCA; AND PROVIDING AN EFFECTIVE DATE.

Prepared By:

Megan Moore, Research Analyst
Office of Research and Policy Analysis
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