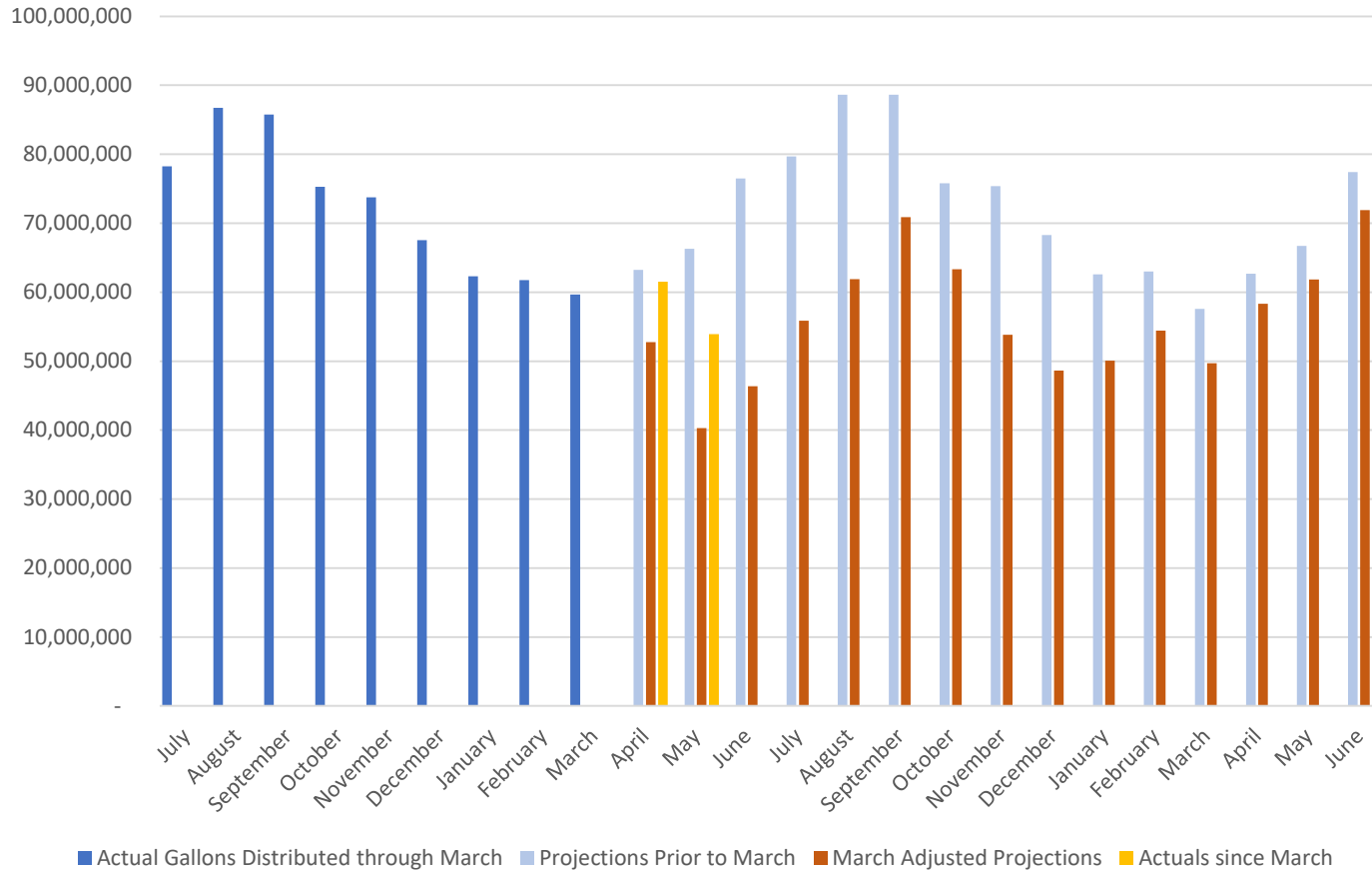


COVID-19 Impact on Total Taxable Gallons

2021 Biennium



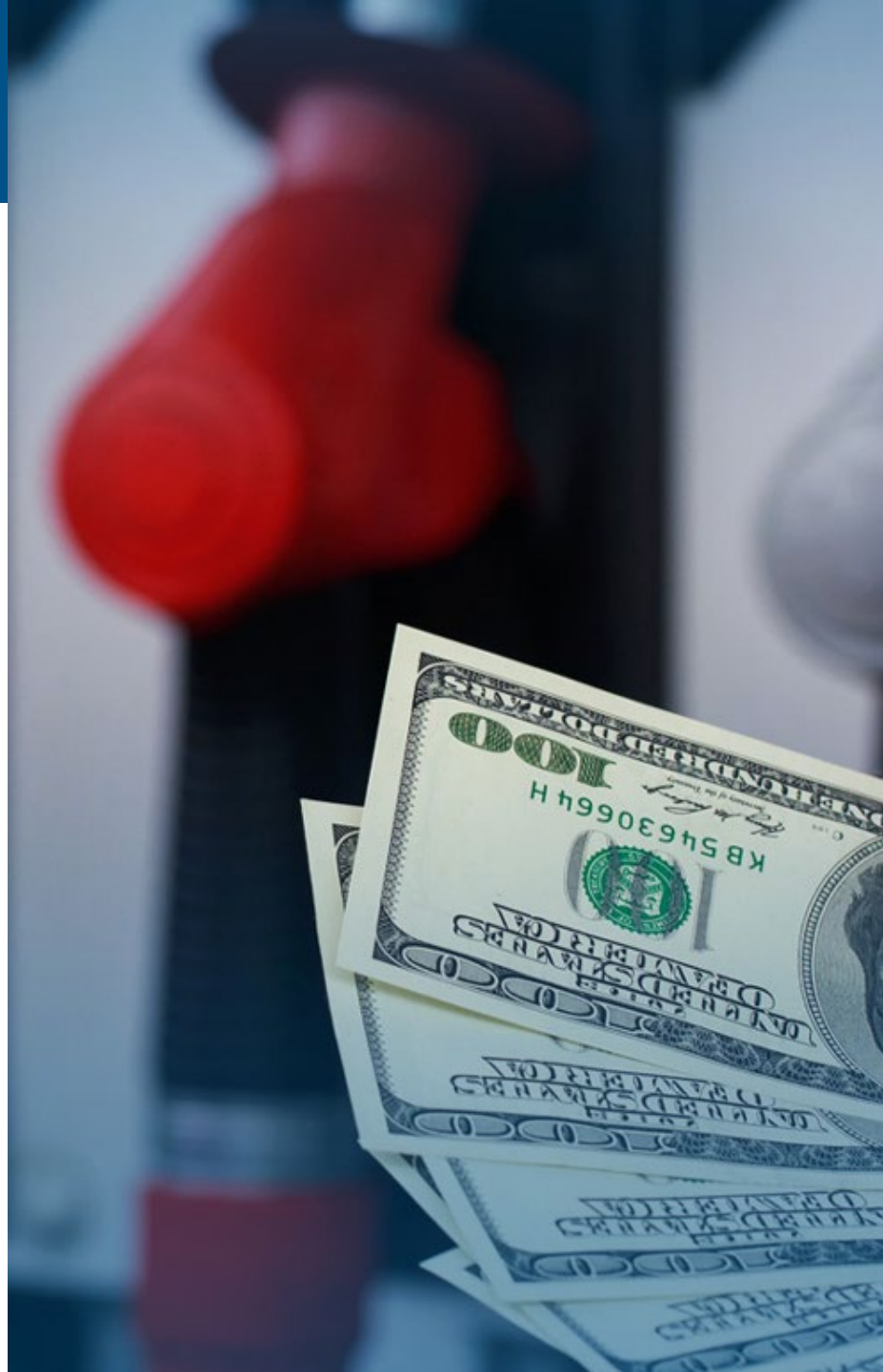


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Fuel Tax Modeling

-Larry Flynn, MDT



Overview of Motor Fuels Tax

Motor Fuels tax is a per gallon tax assessed on the 135 petroleum distributors in Montana *“for the privilege of engaging in and carrying on business in this state.”*
15-70-403 MCA

Gasoline and Diesel are taxed at different rates and will incrementally increase through FY 2023:

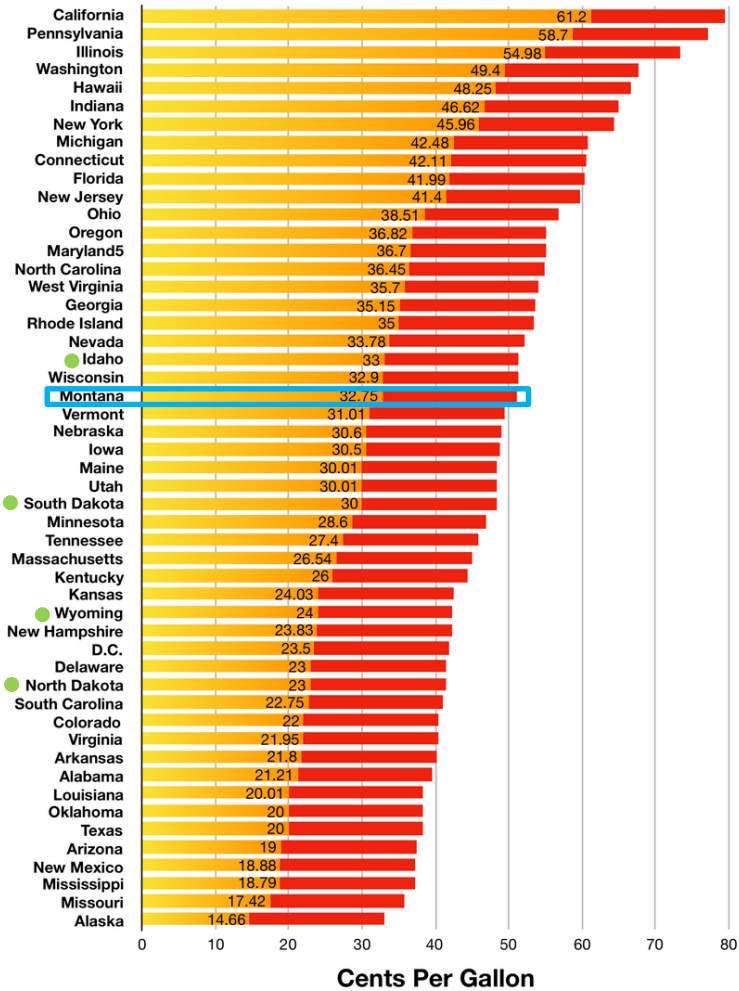
Fiscal Year	Gasoline	Special Fuel (Diesel)
2020/2021	\$0.32	\$0.2945
2022	\$0.325	\$0.2955
2023 and thereafter	\$0.33	\$0.2975

An additional \$.0075 per gallon Petroleum Storage Tank Cleanup Fee is also assessed and remitted to DEQ – 75-11-314 MCA

Overview of Motor Fuels Tax

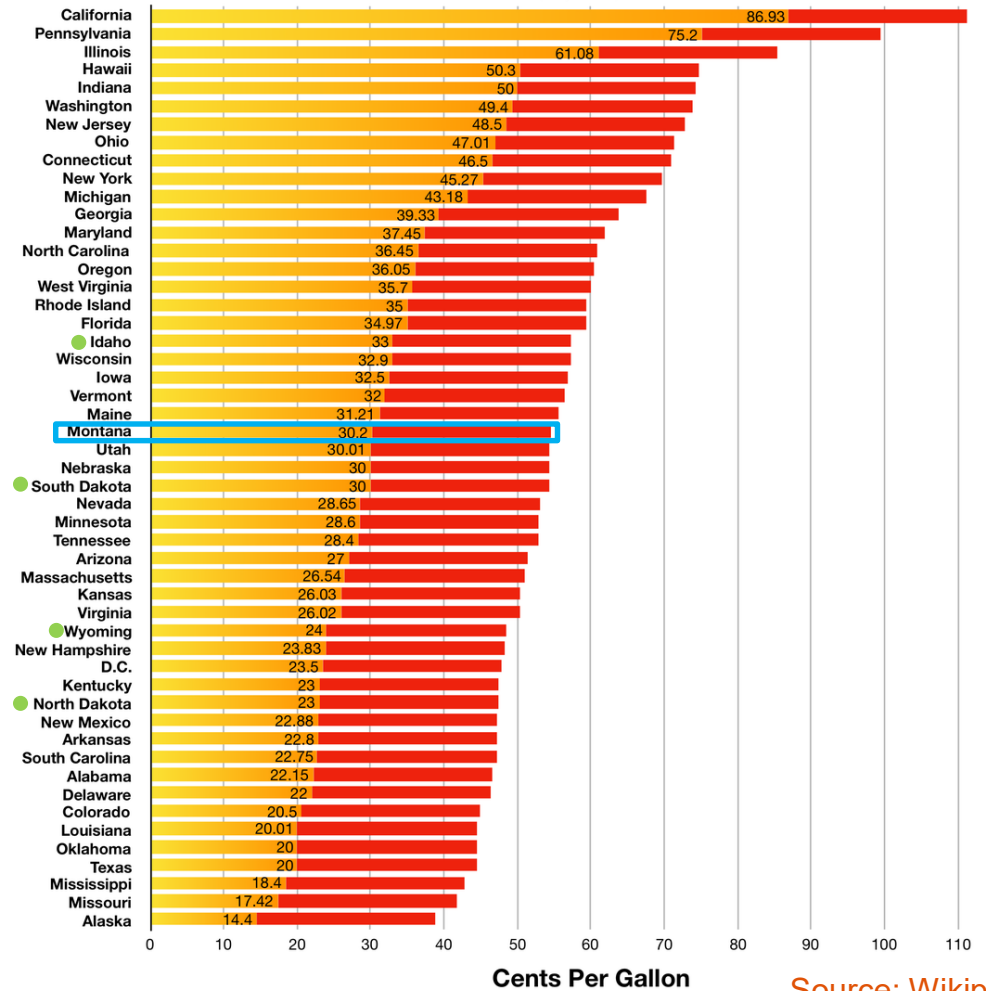
Gas Taxes in the United States

State Tax (July 2019) Federal Tax



Diesel Taxes in the United States

State Tax (July 2019) Federal Tax



Source: Wikipedia

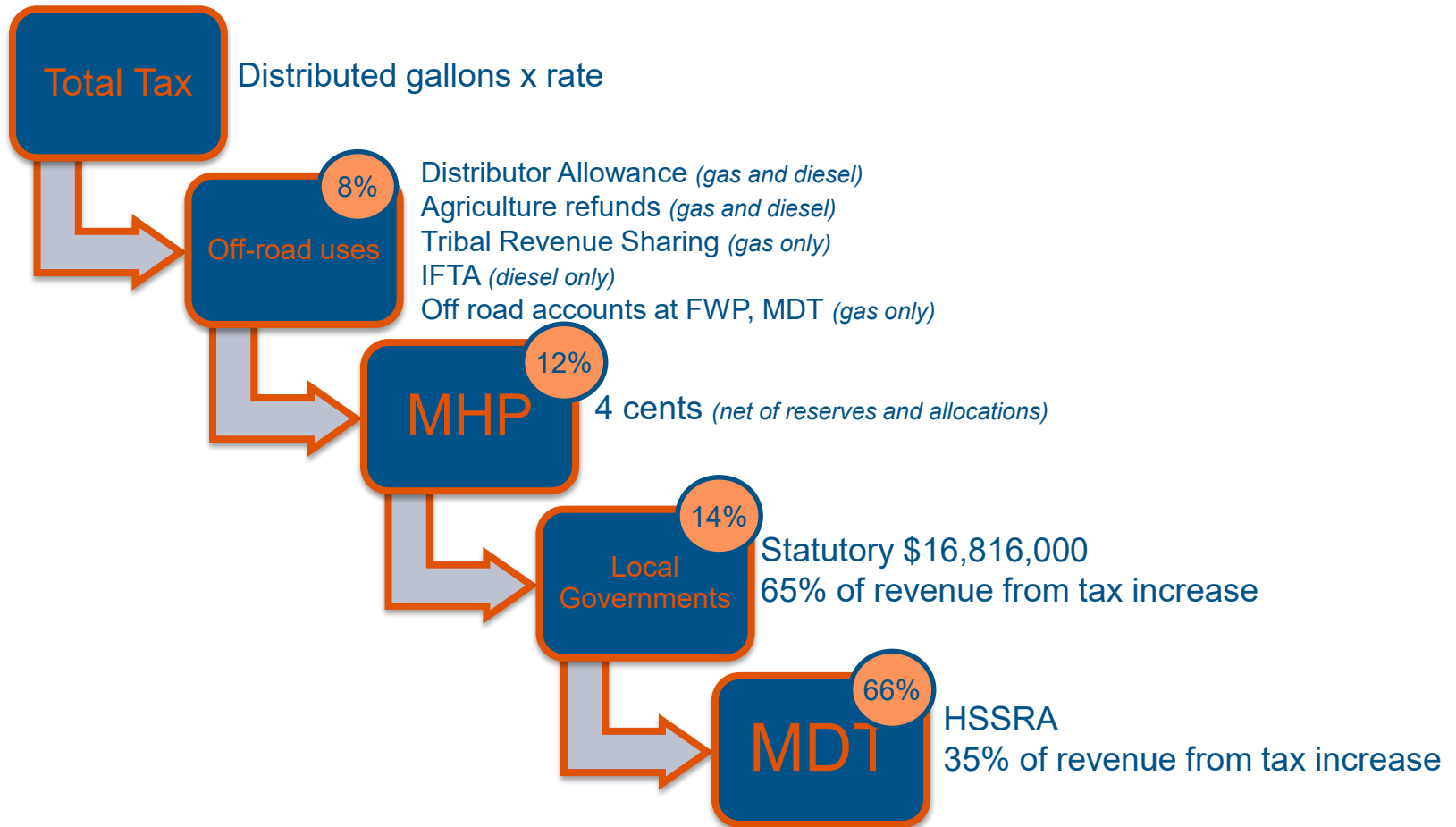


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Fuel Tax Distribution

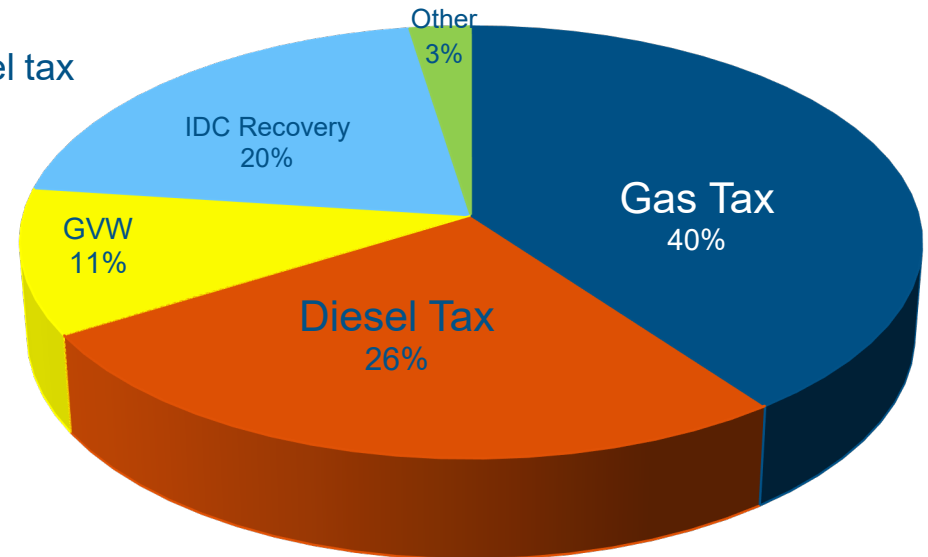
Gasoline and Special Fuel (diesel)



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HSSRA Funding Sources

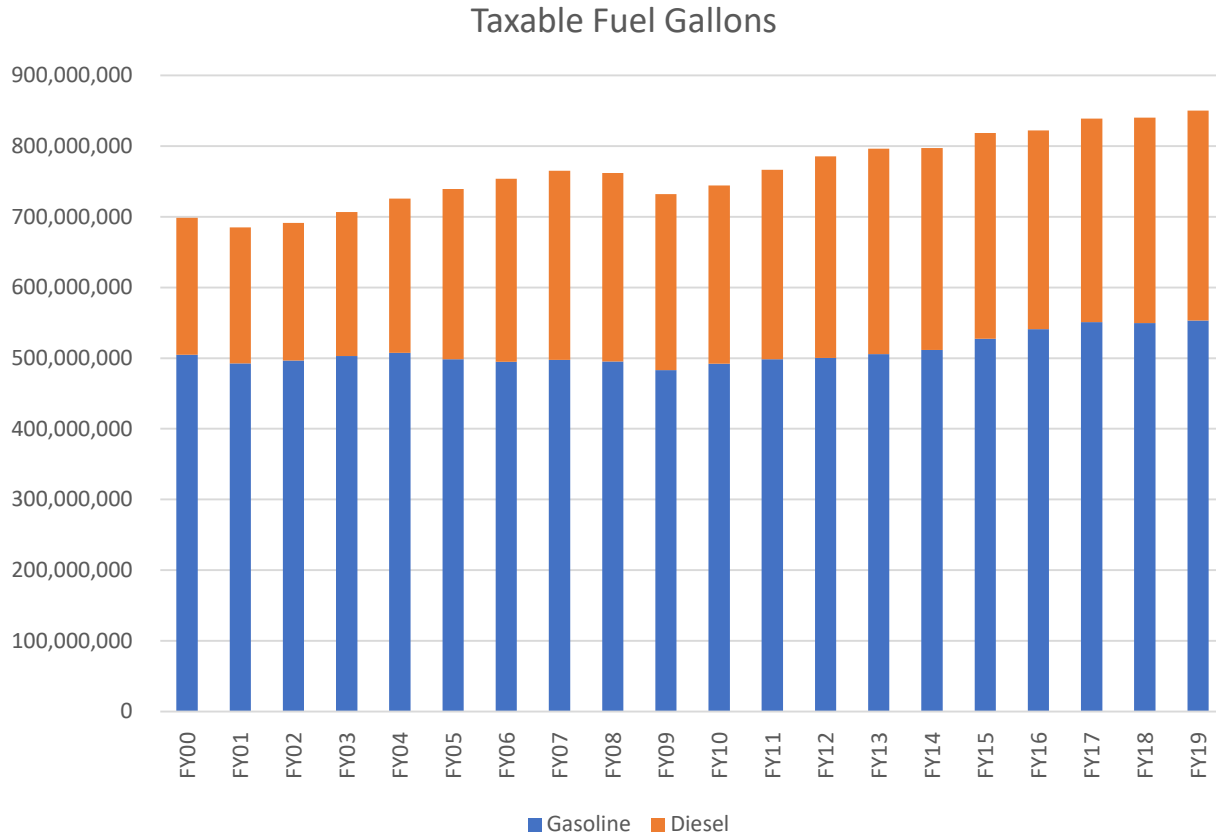
- Primary Revenue Sources
 - Motor Fuels Taxes
 - MDT receives about 2/3 of gas and diesel tax collected
 - GVW Permits and Fees
 - Indirect Cost Recoveries
 - Federal, Private, and Local Partners
 - Other Revenue
 - 3rd party Contributions
 - Interest
 - Recoveries from Damages
 - Sale of Property



Total Agency funding is about 35% HSSRA, 60% Federal, and 5% Other state sources

Factors Impacting HSSRA

-Revenue – Taxable Gallons



Total Gallon growth:
1.1% per year

Diesel growth:
2.8% per year
(includes oil boom)

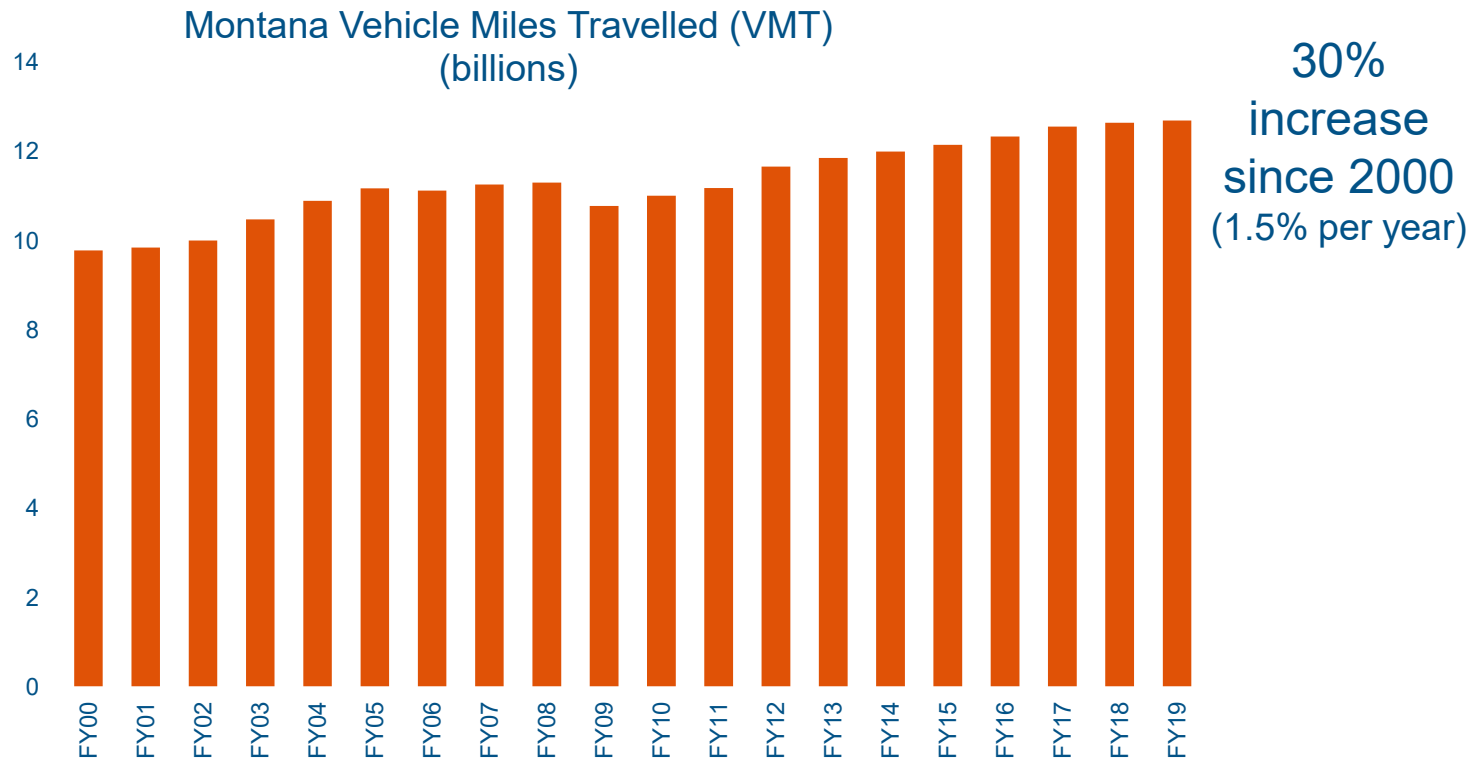
Gasoline growth:
0.5% per year



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Factors Impacting HSSRA

-Revenue – VMT vs MPG



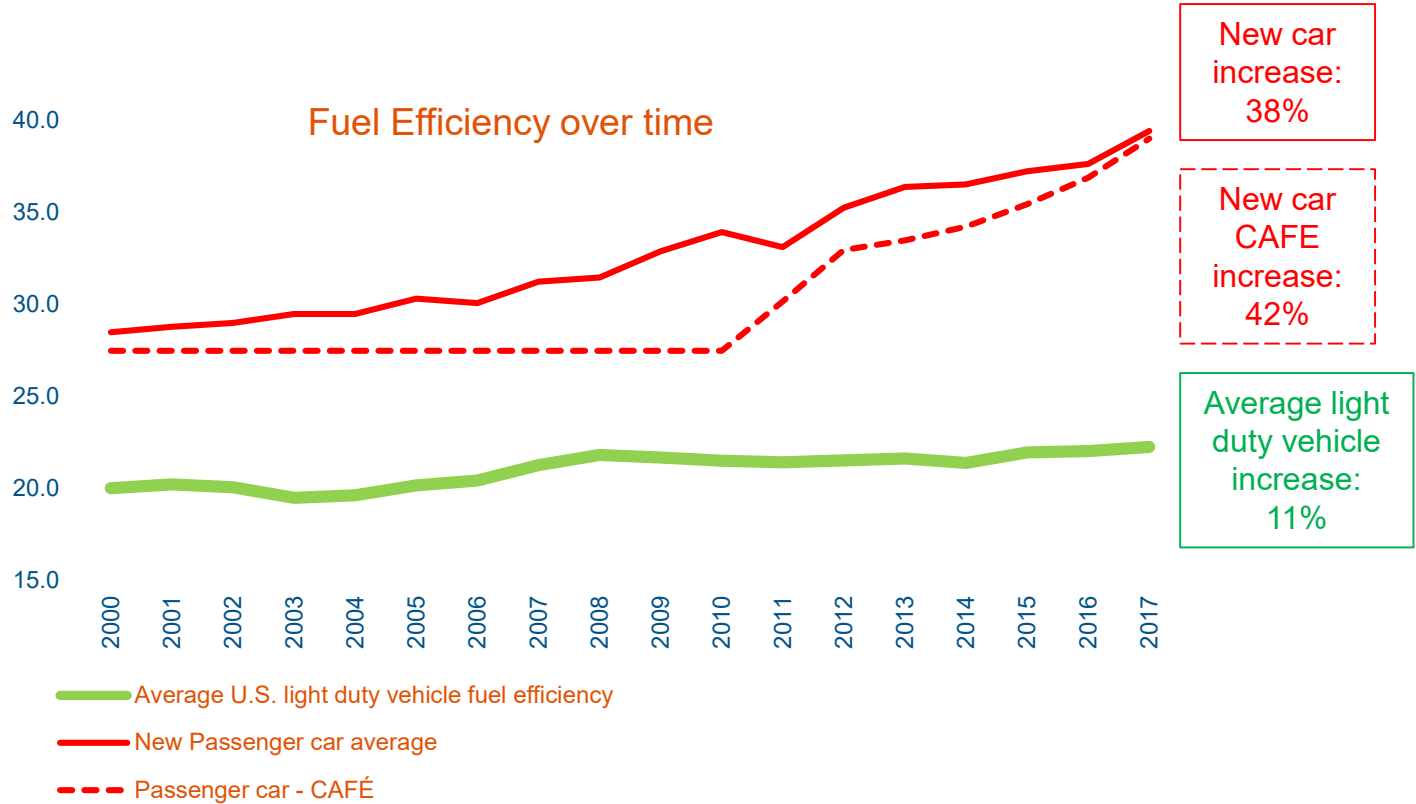
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Factors Impacting HSSRA

-Revenue – VMT vs MPG

Average Age of Montana Vehicle:
16.3 Years

national average:
11.6 years



Data Sources:
USDOT Bureau of Transportation Statistics
Autoalliance.org

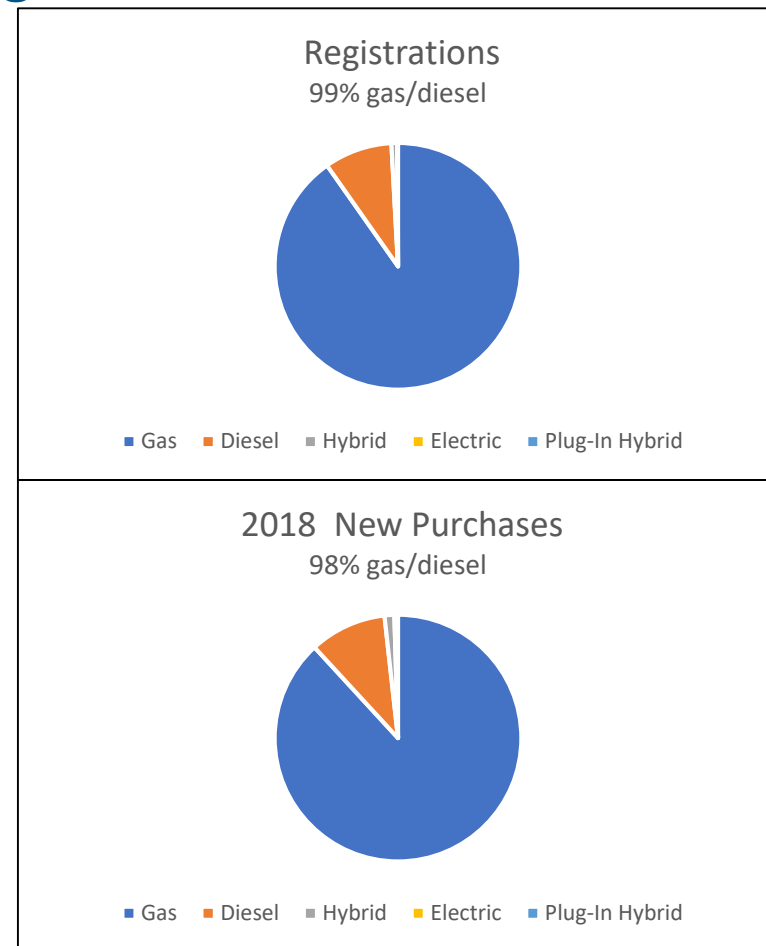


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Factors Impacting HSSRA

-Revenue – Hybrids and Electrics

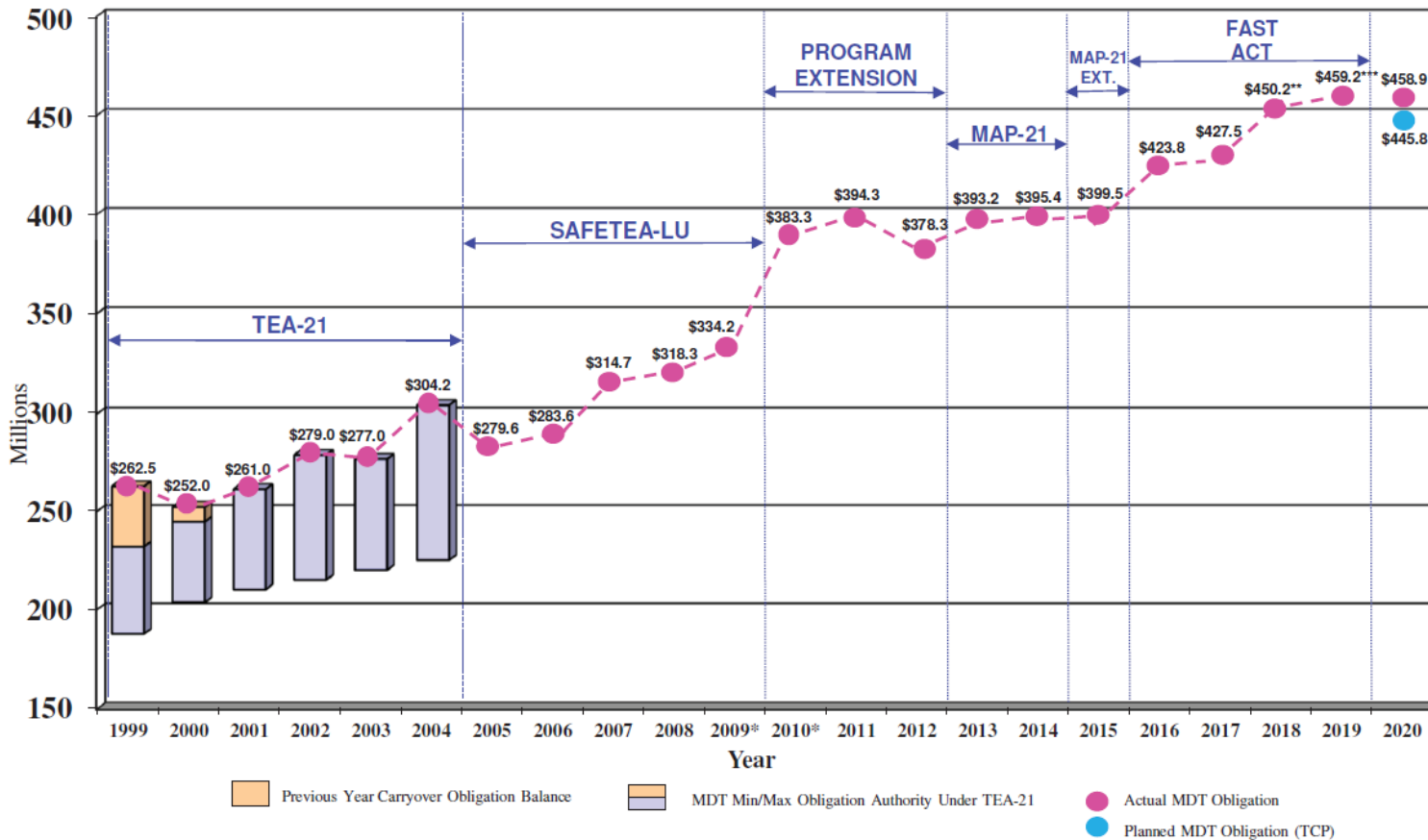
Powertrain	Registrations	2018 New Purchases
Gas	1,219,530	50,892
Diesel	120,293	5,819
Hybrid	10,636	739
Electric	504	181
Plug-In Hybrid	435	93
TOTAL	1,351,398	57,724



Data source: autoalliance.org

Factors Impacting HSSRA

-Expenditures – Federal Aid Highway Program



Average Annual Growth: 3.2% per year

State Match is about \$30 million more today than in 2000

MDT is responsible for maintaining 777 more miles than in 2000

* No ARRA funds included
 ** Includes \$57 Million in Redistribution
 *** Includes \$40.9 Million in Redistribution

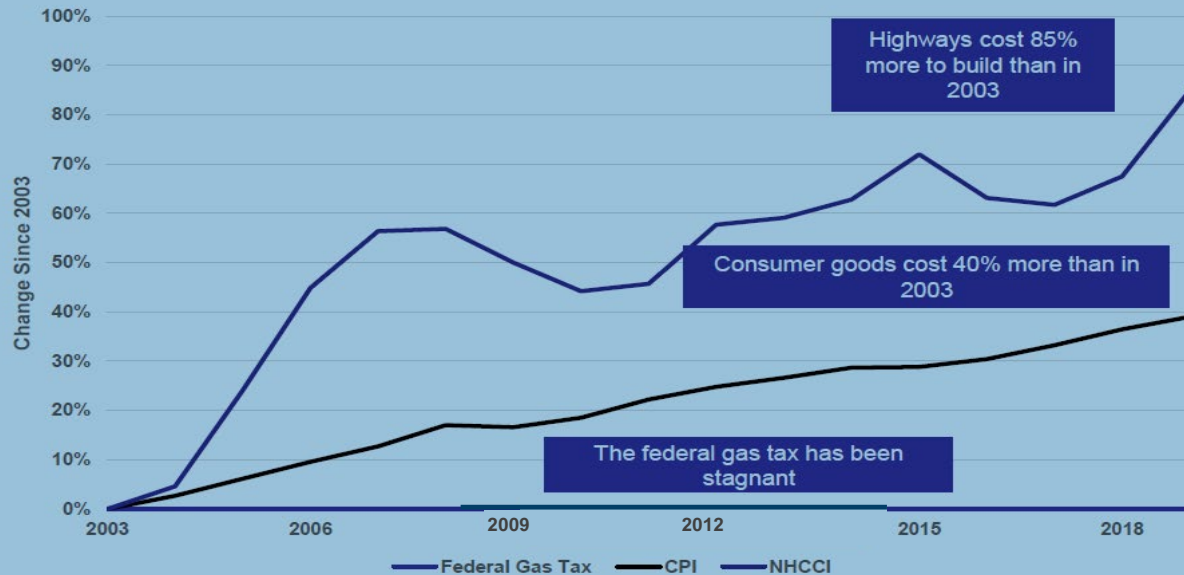


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Factors Impacting HSSRA

-Expenditures – Inflation

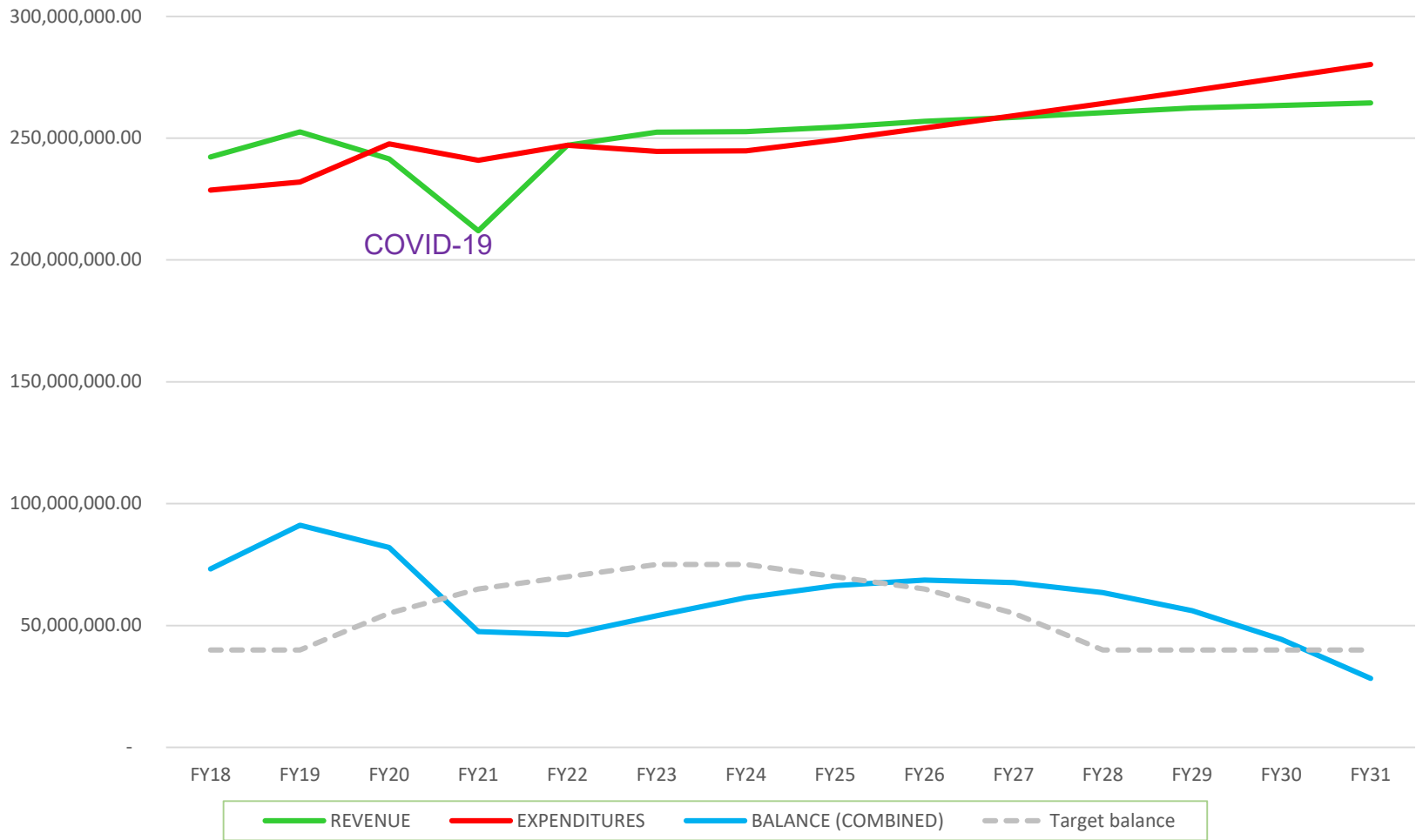
HIGHWAY CONSTRUCTION COSTS HAVE INCREASED SUBSTANTIALLY



MDT
Maintenance costs are up 35% since 2005, equivalent to \$32 million



HSSRA Outlook



Aligning Transportation Revenue Options

Road User Charge (mileage based)

- More equitable among various types of vehicles
- Not impacted by fuel economy

but...

- Administrative complications
- Substantial costs
- Privacy Issues
- Modeling is unknown

Hybrid/Electric Fees

- Supplement the cost of usage

but...

- Targets minor segment of fleet
- May impact in-state drivers only
- Disregards other advances in fuel economy
- Discourages environmentally friendly policies/behavior

Incremental Fuel Tax

- Administrative methods already established
- Historically have been predictable

but...

- Well... it's a tax...
- Fossil fuel dependent



Questions?



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