

Resolution #2018-6

GASOLINE AND SPECIAL FUEL TAX AND LOCAL OPTION MOTOR FUEL EXCISE TAX

BACKGROUND

The gasoline and special fuel tax is a state tax of 27 cents per gallon of gasoline distributed within the state and 27 ³/₄ cents per gallon of special fuel. (Section 15-70-403, MCA.) Of the total amount collected from these and other gas taxes, \$16,766,000 is statutorily appropriated to counties, incorporated municipalities and consolidated city-county governments for construction, maintenance and reconstruction of roads and streets in each entity. (Section 15-70-101, MCA) The amount of these taxes that are retained by the State can be used for the State's match for federal highway funding. The vast majority of highways, streets and roads in Montana are suffering from decay and in need of major maintenance, reconstruction or replacement. Increasing the Gasoline and Special Fuel Tax would generate additional money for the State to use as match for federal highway funding and provide additional money to municipalities, consolidated city-county governments and counties.

In addition to the allocation of gasoline and special fuel tax money to counties, municipalities and consolidated city-county governments, a county through the vote of electorate may imposed a local option motor fuel excise tax. (Section 7-14-301, MCA.) This additional tax may not exceed 2 cents per gallon. The revenue from this local option motor fuel tax is allocated between the county and all municipalities within the county according to a distribution formula. This local option fuel tax can only be initiated by the county. Municipalities cannot independently impose any local option motor fuel excise tax. The revenue from the local option motor fuel tax can only be used construction, reconstruction, maintenance, and repair of public streets and roads. (Section 7-14-302, MCA)

ACTION

MLCT will protect

the gasoline and special fuel tax increase to provide additional revenue for match with the federal highway funding and for additional revenue for municipalities, consolidated city-county entities and counties.