

HOUSE BILL NO. 661

INTRODUCED BY G. CUSTER

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A BILL FOR AN ACT ENTITLED: "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; 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, AND 67-3-205, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Aeronautics operations account.** (1) There is an aeronautics operations account in the state special revenue fund. Revenue from the aviation fuel tax must be deposited in the account to the credit of the department pursuant to 67-1-301(3)(a).

(2) Money in the account must be used for the purpose of administering department functions pertaining to aeronautical powers and duties as provided in 67-2-101.

NEW SECTION. **Section 2. Airport grant account.** (1) There is an airport grant account in the state special revenue fund. Revenue from the aviation fuel tax must be deposited in the account to the credit of the department pursuant to 67-1-301(3)(b).

(2) With the approval of the board, money in the account is statutorily appropriated, as provided in 17-7-502, and may be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways.

(3) The board shall establish procedures for the awarding of grants. The grant procedures must include a provision allowing a grant for the entire local match required for a project funded with federal funds.

NEW SECTION. **Section 3. Aeronautics education account.** (1) There is an aeronautics education account in the state special revenue fund. Revenue from the aviation fuel tax must be deposited in the account

1 to the credit of the department pursuant to 67-1-301(3)(c).

2 (2) With the approval of the board, money in the account is statutorily appropriated, as provided in  
3 17-7-502, and may be used only to provide grants for aviation education and aviation mechanics education  
4 including for educational programming, scholarships, equipment, and instructors.

5 (3) The board shall establish procedures for awarding the grants.  
6

7 **Section 4.** Section 15-70-403, MCA, is amended to read:

8 **"15-70-403. Gasoline and special fuel tax -- incidence -- rates.** (1) The incidence of the fuel tax is on  
9 the distributor for the privilege of engaging in and carrying on business in this state. Each distributor shall pay to  
10 the department of transportation a tax in an amount equal to:

11 (a) for each gallon of gasoline distributed by the distributor within the state and upon which the gasoline  
12 tax has not been paid by any other distributor:

13 (i) 31.5 cents in fiscal years 2018 and 2019;

14 (ii) 32 cents in fiscal years 2020 and 2021;

15 (iii) 32.5 cents in fiscal year 2022; and

16 (iv) 33 cents in fiscal year 2023 and thereafter;

17 (b) for each gallon of special fuel distributed by the distributor within the state and on which the special  
18 fuel tax has not been paid by any other distributor:

19 (i) 29.25 cents in fiscal years 2018 and 2019;

20 (ii) 29.45 cents in fiscal years 2020 and 2021;

21 (iii) 29.55 cents in fiscal year 2022; and

22 (iv) 29.75 cents in fiscal year 2023 and thereafter; and

23 (c) ~~4~~ 14 cents for each gallon of aviation fuel, other than fuel sold to the federal defense fuel supply  
24 center, which is allocated to the department as provided by 67-1-301.

25 (2) The gasoline tax provided for in subsection (1)(a) must be deposited as follows:

26 (a) the revenue from 23 cents of the tax less the allocations provided for in 60-3-201(1)(a) through (1)(d)  
27 to the highway restricted account provided for in 15-70-126;

28 (b) the revenue from 4 cents of the tax less the allocations provided for in 60-3-201(1)(a) through (1)(d)  
29 to the highway patrol administration state special revenue account established in 44-1-110; and

30 (c) the remaining revenue from the tax less the allocations provided for in 60-3-201(1)(a) through (1)(d)

1 to the bridge and road safety and accountability restricted account provided for in 15-70-127.

2 (3) The special fuel tax provided for in subsection (1)(b) must be deposited as follows:

3 (a) the revenue from 23 3/4 cents of the tax to the highway restricted account provided for in 15-70-126;

4 (b) the revenue from 4 cents of the tax to the highway patrol administration state special revenue account  
5 established in 44-1-110; and

6 (c) the remaining revenue from the tax to the bridge and road safety and accountability restricted account  
7 provided for in 15-70-127.

8 (4) Gasoline or special fuel may not be included in the measure of the distributor's tax if it is sold for  
9 export unless the distributor is not licensed and is not paying the tax to the state where the fuel is destined.

10 (5) Special fuel may not be included in the measure of the distributor's tax if it is dyed by injector at a  
11 refinery or terminal for off-highway use.

12 (6) When no Montana fuel tax has been paid by a distributor or any other person, the department shall  
13 collect or cause to be collected from the owners or operators of motor vehicles operating on the public roads and  
14 highways of this state a tax equal to the tax rate provided for in subsection (1)(a) for gasoline and subsection  
15 (1)(b) for dyed or undyed special fuel. The tax must be paid for each gallon of gasoline or special fuel as defined  
16 in this part, or other volatile liquid, except liquid petroleum gas, of less than 46 degrees A.P.I. (American  
17 petroleum institute) gravity test sold or used to produce motor power to operate motor vehicles on the public  
18 roads and highways of this state.

19 (7) The tax may not be imposed on dyed special fuel delivered into the fuel supply tank of a vehicle that  
20 is equipped with a feed delivery box if:

21 (a) the feed delivery box is permanently affixed to the vehicle;

22 (b) the vehicle is used exclusively for the feeding of livestock; and

23 (c) the gross vehicle weight of the vehicle, exclusive of any towed units, is greater than 12,000 pounds.

24 (8) All special fuel or other volatile liquid, except liquid petroleum gas, of less than 46 degrees A.P.I.  
25 (American petroleum institute) gravity test sold or used in motor vehicles, motorized equipment, and the internal  
26 combustion of any engines, including stationary engines, and used in connection with any work performed under  
27 any contracts pertaining to the construction, reconstruction, or improvement of a highway or street and its  
28 appurtenances awarded by any public agencies, including federal, state, county, municipal, or other political  
29 subdivisions, must be undyed fuel on which Montana fuel tax has been paid.

30 (9) Material used for construction, reconstruction, or improvement in connection with work performed

1 under a contract as provided in subsection (8) must be produced using fuel on which Montana fuel tax has been  
2 paid."

3

4 **Section 5.** Section 15-70-410, MCA, is amended to read:

5 **"15-70-410. Distributor's statement and payment -- confidentiality.** (1) Each distributor shall, not later  
6 than the 25th day of each calendar month, except as provided in 15-70-113(3), render to the department of  
7 transportation a signed statement that specifies all gasoline or special fuel distributed and received by the  
8 distributor in this state during the preceding calendar month and that contains other information the department  
9 may reasonably require in order to administer the fuel tax law. The statement must be accompanied by a payment  
10 in an amount equal to the tax imposed by 15-70-403, less any refund credit issued under 15-70-425 and less 1%  
11 of the total tax that may be deducted by the distributor as an allowance for collection. An allowance may not be  
12 deducted from the ~~4-cent~~ tax on aviation fuel.

13 (2) A distributor engaged in or carrying on a business at more than one location in this state may include  
14 all places of business in one statement.

15 (3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not  
16 publish or otherwise disseminate information contained in a statement required under this section in a form that  
17 allows identification of a distributor or a purchaser of fuel. This section does not prohibit:

18 (a) the delivery to a distributor or a distributor's authorized representative of a certified copy of any return  
19 or report filed in connection with the distributor's tax;

20 (b) the inspection by the attorney general or by another legal representative of the state of the report or  
21 return of a distributor who brings an action to set aside or review the tax based on the report or return or against  
22 whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

23 (c) the publication of statistics classified to prevent the identification of particular reports or returns and  
24 the items in the reports or returns;

25 (d) the inspection by the commissioner of internal revenue of the United States or by the proper officer  
26 of any state imposing a tax on gasoline or special fuel or by any representative of either officer of the report or  
27 return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report  
28 or return, but permission must be granted or information must be furnished to the officer or the officer's  
29 representative only if the statutes of the United States or the other state grant substantially similar privileges to  
30 the proper officer of this state charged with the administration of this chapter or in compliance with 15-70-121 and

1 15-70-122; or

2 (e) the compliance of the department with any order of a court of competent jurisdiction."

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4 **Section 6.** Section 15-70-425, MCA, is amended to read:

5 **"15-70-425. Refund or credit authorized.** (1) A person who purchases and uses any gasoline or special  
6 fuel on which the Montana gasoline or special fuel tax has been paid for denaturing ethanol to be used in  
7 ethanol-blended gasoline, operating stationary gasoline or special fuel engines used off the public roads and  
8 highways of this state, or for any commercial use other than operating vehicles on any of the public roads and  
9 highways of this state is allowed a refund of the amount of tax paid directly or indirectly on the gasoline or special  
10 fuel used if the person has records, as provided in 15-70-426, to prove nontaxable use. The refund may not  
11 exceed the tax paid or to be paid to the state. ~~Except as provided in subsection (6), a~~ A refund is not allowed for  
12 the tax per gallon on aviation fuel allocated to the department of transportation as provided in 67-1-301.

13 (2) (a) The United States government, the state of Montana, any other state, or any county, incorporated  
14 city, town, or school district of this state is entitled to a refund of the taxes paid on special fuel regardless of the  
15 use of the special fuel.

16 (b) (i) A nonpublic school may use dyed special fuel in buses that are owned by the nonpublic school  
17 if the buses are used for the transportation of pupils solely for nonsectarian school-related purposes.

18 (ii) For the purposes of this subsection (2)(b), nonpublic schools are those schools that have been  
19 accredited pursuant to 20-7-102.

20 (3) A distributor who pays the gasoline or special fuel tax to this state erroneously is allowed a credit or  
21 refund of the amount of tax paid.

22 (4) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of gasoline or  
23 special fuel with a tax liability of \$200 or greater for which the distributor has not received consideration from or  
24 on behalf of the purchaser and for which the distributor has not forgiven any liability. The distributor shall have  
25 declared the accounts of the purchaser worthless not more than once during a 3-year period and claimed those  
26 accounts as bad debts for federal or state income tax purposes.

27 (b) If a credit has been granted under subsection (4)(a), any amount collected on the accounts declared  
28 worthless must be reported to the department and the tax due must be prorated on the collected amount and  
29 must be paid to the department.

30 (c) The department may require a distributor to submit periodic reports listing accounts that are

1 delinquent for 90 days or more.

2 (5) A person who purchases and exports for sale, use, or consumption outside Montana any gasoline  
3 or special fuel on which the Montana gasoline or special fuel tax has been paid is entitled to a credit or refund  
4 of the amount of tax paid unless the person is not licensed and is not paying the tax to the state where fuel is  
5 destined. Upon completion of the reports required under 15-70-416, the department shall authorize the credit or  
6 refund.

7 ~~(6) A scheduled passenger air carrier certified under 14 CFR, part 121 or 135, may claim a refund of 2~~  
8 ~~cents on each gallon of aviation fuel purchased by the carrier on which the Montana gasoline tax has been paid.~~  
9 ~~The refund must be paid from the account established in 67-1-301(3)(a)(ii)."~~

10

11 **Section 7.** Section 15-70-432, MCA, is amended to read:

12 **"15-70-432. Application for refund or credit -- filing -- correction by department.** (1) (a) Except as  
13 provided in subsection (1)(b), the application for a refund must be a signed statement on a form furnished by the  
14 department. Except for a claim for a credit for taxes paid on unpaid accounts or special fuel taxes paid by the  
15 United States government, the state of Montana, any other state, or any county, incorporated city, town, or school  
16 district of this state or except for a claim for a refund filed electronically, the form must be accompanied by the  
17 original bulk delivery invoice or invoices issued to the claimant at the time of each purchase and delivery and  
18 must show the total amount of gasoline or special fuel purchased ~~or aviation fuel purchased by a certified~~  
19 ~~scheduled passenger air carrier~~, the total amount of gasoline or special fuel on which a refund is claimed, and  
20 the amount of the tax claimed for refund. A claim for a credit for taxes paid on accounts for which the distributor  
21 did not receive compensation must be accompanied by documents or copies of documents showing that the  
22 accounts were worthless and claimed as bad debts on the distributor's federal income tax return. Any further  
23 information pertaining to a claim must be furnished as required by the department.

24 (b) A claim for a refund that is filed electronically in the manner specified by the department does not  
25 require a signature or the original invoices.

26 (c) A claim for a refund that is filed electronically does not relieve the taxpayer of maintaining records  
27 on which the claim for a refund is based.

28 (2) A bulk delivery invoice issued by a dealer for a sale that does not qualify as a bulk delivery, as  
29 defined in 15-70-401, is not valid for refund purposes.

30 (3) All applications for refunds must be filed with the department within 36 months after the date on which

1 the gasoline or special fuel was purchased as shown by invoices or after the date on which the tax was  
 2 erroneously paid. A distributor may file a claim for refund of taxes erroneously paid or for a credit for taxes paid  
 3 by the distributor on unpaid accounts within 3 years after the date of payment.

4 (4) If the department finds that the statement contains errors that are not fraudulently inserted, it may  
 5 correct the statement and approve it as corrected or the department may require the claimant to file an amended  
 6 statement."

7

8 **Section 8.** Section 17-7-502, MCA, is amended to read:

9 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
 10 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the  
 11 need for a biennial legislative appropriation or budget amendment.

12 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both  
 13 of the following provisions:

14 (a) The law containing the statutory authority must be listed in subsection (3).

15 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory  
 16 appropriation is made as provided in this section.

17 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;  
 18 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-807; 10-3-203; 10-3-310;  
 19 10-3-312; 10-3-314; 10-3-1304; 10-4-304; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110;  
 20 15-65-121; 15-70-101; 15-70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222;  
 21 17-3-241; 17-6-101; 17-7-215; 18-11-112; 19-3-319; 19-3-320; 19-6-404; 19-6-410; 19-9-702; 19-13-604;  
 22 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622;  
 23 20-9-905; 20-26-617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; 22-3-1004; 23-4-105; 23-5-306; 23-5-409;  
 24 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-51-501; 37-54-113; 39-71-503; 41-5-2011;  
 25 42-2-105; 44-4-1101; 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-148; 53-6-1304; 53-9-113; 53-24-108;  
 26 53-24-206; 60-11-115; 61-3-321; 61-3-415; [section 2]; [section 3]; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108;  
 27 75-6-214; 75-11-313; 75-26-308; 76-13-150; 76-13-416; 76-17-103; 76-22-109; 77-1-108; 77-2-362; 80-2-222;  
 28 80-4-416; 80-11-518; 80-11-1006; 81-1-112; 81-1-113; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505;  
 29 [85-25-102]; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

30 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,

1 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
2 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana  
3 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state  
4 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory  
5 appropriation authority for the payments.(In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion  
6 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded  
7 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and  
8 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.  
9 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under  
10 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion  
11 of 76-13-416 terminates June 30, 2019; pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112  
12 terminates on occurrence of contingency; pursuant to sec. 27, Ch. 285, L. 2015, and sec. 1, Ch. 292, L. 2015,  
13 the inclusion of 53-9-113 terminates June 30, 2021; pursuant to sec. 6, Ch. 291, L. 2015, the inclusion of  
14 50-1-115 terminates June 30, 2021; pursuant to sec. 28, Ch. 368, L. 2015, the inclusion of 53-6-1304 terminates  
15 June 30, 2019; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on occurrence of  
16 contingency; pursuant to sec. 5, Ch. 422, L. 2015, the inclusion of 17-7-215 terminates June 30, 2021; pursuant  
17 to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117 terminates June 30, 2025; pursuant to sec.  
18 10, Ch. 427, L. 2015, the inclusion of 37-50-209 terminates September 30, 2019; pursuant to sec. 33, Ch. 457,  
19 L. 2015, the inclusion of 20-9-905 terminates December 31, 2023; pursuant to sec. 12, Ch. 55, L. 2017, the  
20 inclusion of 37-54-113 terminates June 30, 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304  
21 terminates September 30, 2025; pursuant to sec. 55, Ch. 151, L. 2017, the inclusion of 30-10-1004 terminates  
22 June 30, 2021; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant  
23 to secs. 5, 8, Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023;  
24 pursuant to sec. 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023, and pursuant to sec. 2,  
25 Ch. 340, L. 2017, and sec. 32, Ch. 429, L. 2017, is void for fiscal years 2018 and 2019; and pursuant to sec. 10,  
26 Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027.)"

27

28 **Section 9.** Section 60-3-201, MCA, is amended to read:

29 **"60-3-201. Distribution and use of proceeds of gasoline tax.** (1) Money received in payment of the  
30 gasoline tax under 15-70-403, except those amounts paid out of the department's suspense account for gasoline



1 tax refund, must be deposited as provided in 15-70-403(2) and (3) and used and expended as provided in  
2 15-70-126 and 15-70-127 and this section. After deductions for amounts paid out of the suspense account for  
3 gasoline tax refunds, the remainder of the gasoline tax collected under 15-70-403 is allocated as follows:

4 (a) 9/10 of 1% to the state park account;

5 (b) 15/28 of 1% to a snowmobile account in the state special revenue fund;

6 (c) 1/8 of 1% to an off-highway vehicle account in the state special revenue fund;

7 (d) 1/25 of 1% to the aeronautics revenue fund of the department under the provisions of 67-1-301; and

8 (e) the remaining amount as provided for in 15-70-126 and 15-70-127.

9 (2) The department shall, in expending this money, carry forward construction from year to year, using  
10 the money expended in accordance with this title. Nothing in this title conflicts with Title 23 of the United States  
11 Code and the rules by which it is administered.

12 (3) The department may enter into cooperative agreements with the national park service and the federal  
13 highway administration for the purpose of maintaining national park approach roads in Montana.

14 (4) Money credited to the state park account in the state special revenue fund may be used only for the  
15 creation, improvement, and maintenance of state parks where motorboating is allowed. The legislature finds that  
16 of all the fuel sold in the state for consumption in internal combustion engines, except fuel for which refunds have  
17 been made, not less than 9/10 of 1% is used for propelling boats on waterways of this state.

18 (5) (a) Money credited to the snowmobile account may be used only to develop and maintain facilities  
19 open to the general public at no admission cost, to promote snowmobile safety, for enforcement purposes, and  
20 for the control of noxious weeds.

21 (b) Of the amounts deposited in the snowmobile account:

22 (i) 13% of the amount deposited must be used by the department of fish, wildlife, and parks to promote  
23 snowmobile safety and education and to enforce snowmobile laws. Two-thirds of the 13% deposited must be  
24 used to promote snowmobile safety and education and one-third of the 13% deposited must be used for the  
25 enforcement of snowmobile laws.

26 (ii) 1% of the amount deposited must be credited to the noxious weed management special revenue fund  
27 provided for in 80-7-816.

28 (c) The legislature finds that of all fuels sold in this state for consumption in internal combustion engines,  
29 except fuel for which refunds have been made, not less than 15/28 of 1% is used for propelling registered  
30 snowmobiles in this state.

1 (6) (a) Money credited to the off-highway vehicle account under subsection (1)(c) may be used only to  
 2 develop and maintain facilities open to the general public at no admission cost, to repair areas that are damaged  
 3 by off-highway vehicles, and to promote off-highway vehicle safety. Ten percent of the money deposited in the  
 4 off-highway vehicle account must be used to promote off-highway vehicle safety. Up to 10% of the money  
 5 deposited in the off-highway vehicle account may be used to repair areas that are damaged by off-highway  
 6 vehicles.

7 (b) The legislature finds that of all fuel sold in this state for consumption in internal combustion engines,  
 8 except fuel for which refunds have been made, not less than 1/8 of 1% is used for propelling off-highway vehicles  
 9 in this state.

10 (7) Money credited to the aeronautics operations account of the ~~department of transportation~~ provided  
 11 for in [section 1] may be used only to develop, improve, and maintain facilities open to the public at no admission  
 12 cost and to promote aviation safety. The legislature finds that of all the fuel sold in this state for consumption in  
 13 internal combustion engines, ~~except fuel for which refunds have been made~~, not less than 1/25 of 1% is used for  
 14 propelling aircraft in this state."

15  
 16 **Section 10.** Section 67-1-301, MCA, is amended to read:

17 **"67-1-301. Money -- receipt and disbursement.** (1) All costs and expenses of administering this title,  
 18 including the salaries of employees of the department engaged in functions pertaining to aeronautics, the  
 19 expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title,  
 20 must be paid out of the following revenue:

21 (a) all gifts and all legislative appropriations to the department for aeronautics; and

22 (b) all money received from any branch or department of the federal government or from other sources  
 23 for the purposes of this title or for the furtherance of aeronautics generally in this state.

24 (2) All money collected under subsection (1) must be deposited in the state treasury to the credit of the  
 25 department.

26 (3) ~~(a) Except as provided in subsection (5), the~~ The following amounts must be deposited from the  
 27 proceeds of the ~~4-cent-a-gallon~~ tax imposed on aviation fuel by 15-70-403(1)(c):

28 ~~(i)(a) in the state special revenue fund to the credit of the department~~ in the aeronautics operations  
 29 account provided for in [section 1], an amount equal to the proceeds of 2 cents a gallon collected under  
 30 15-70-403(1)(c) for the sole purpose of carrying out its department functions pertaining to aeronautics; ~~and~~

1           ~~(ii)(b) in a separate in the airport grant account in the state special revenue fund to the credit of the~~  
 2 ~~department provided for in [section 2], an amount equal to the proceeds of 2 8 cents a gallon to provide refunds~~  
 3 ~~pursuant to 15-70-425(6), to provide grants to municipalities for airport development or improvement programs;~~  
 4 ~~and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical~~  
 5 ~~services for airports and landing fields and for the state's airways;~~

6           ~~(c) in the aeronautics education account provided for in [section 3], an amount equal to the proceeds~~  
 7 ~~of 4 cents a gallon for aeronautics education grants.~~

8           ~~(b)(4) Money deposited in the account created in 67-1-306 may, with the approval of the board, be used~~  
 9 ~~only to provide loans to local governments and state agencies for aeronautical purposes, including airport~~  
 10 ~~improvement. The board shall establish procedures, including the interest rate charged, for providing loans.~~  
 11 ~~Proceeds of all repayments of loans, including interest, made under this subsection (3)(b) 67-1-307 must be~~  
 12 ~~deposited in the account created provided for in 67-1-306.~~

13           ~~(c) Money deposited in the separate account established in subsection (3)(a)(ii) may, after refunds are~~  
 14 ~~provided pursuant to 15-70-425(6) and with the approval of the board, be used only to provide grants to~~  
 15 ~~municipalities for airport development or improvement programs and to provide navigational aids, safety~~  
 16 ~~improvements, weather reporting services, and other aeronautical services for airports and landing fields and for~~  
 17 ~~the state's airways. The board shall establish procedures for the awarding of grants.~~

18           ~~(4)(5) Except as provided in 15-70-425, the~~ The ~~gasoline tax imposed by the laws of this state on aviation~~  
 19 ~~fuel purchased and used for the operation of airplanes or aircraft may not be refunded.~~

20           ~~(5) Of the amount of aviation fuel tax collected from the scheduled passenger air carriers certified under~~  
 21 ~~14 CFR, part 121 or 135, 25% must be deposited in an account separate from the account established in~~  
 22 ~~subsection (3)(a)(ii) to be used only for pavement preservation grants, with the approval of the board, on airports~~  
 23 ~~served by these air carriers."~~

24  
 25           **Section 11.** Section 67-1-303, MCA, is amended to read:

26           **"67-1-303. Airline property tax -- state airports.** (1) Within 30 days of receipt, the county treasurer  
 27 shall transmit to the department of revenue 90% of the property tax collected on property of airline companies  
 28 by reason of a state airport being located in the county.

29           (2) The department of revenue shall place the money in the ~~state special revenue fund to the credit of~~  
 30 ~~the department of transportation~~ aeronautics operations account provided for in [section 1] for the purposes

1 provided for in 67-1-301(3)(a)(i)."
2

3 Section 12. Section 67-3-205, MCA, is amended to read:

4 "67-3-205. Aircraft registration account -- source of funds -- allocation. (1) There is an account in
5 the state special revenue fund to which must be credited all money received from fees paid in lieu of tax on
6 aircraft, as required in 15-24-304 and this part, and all penalties collected for registration violations, as provided
7 in 67-3-202.

8 (2) Money in the account is allocated as follows:

9 (a) 90% 30% to the state general fund; and

10 (b) 40% 70% to the department aeronautics operations account provided for in [section 1] for the purpose
11 of administering and enforcing aircraft registration.

12 (3) The allocations required in subsection (2) must be made when received by the department."
13

14 NEW SECTION. Section 13. Codification instruction. [Sections 1 through 3] are intended to be
15 codified as an integral part of Title 67, chapter 1, part 3, and the provisions of Title 67, chapter 1, part 3, apply
16 to [sections 1 through 3].
17

18 NEW SECTION. Section 14. Saving clause. [This act] does not affect rights and duties that matured,
19 penalties that were incurred, or proceedings that were begun before [the effective date of this act].
20

21 NEW SECTION. Section 15. Effective date. [This act] is effective July 1, 2019.
22

23 NEW SECTION. Section 16. Applicability. [This act] applies to aviation fuel sold on or after [the
24 effective date of this act] but does not apply to contracts for essential air services entered into before [the effective
25 date of this act].
26

- END -