

**City of Missoula, Montana
New Business Item**

Item: Resolution Supporting Local Option Fuel Tax

Council Meeting

Date: March 2, 2020

Sponsor(s): Jordan Hess

Prepared by: Jordan Hess

Ward(s) Affected:

- | | |
|---------------------------------|---|
| <input type="checkbox"/> Ward 1 | <input type="checkbox"/> Ward 4 |
| <input type="checkbox"/> Ward 2 | <input type="checkbox"/> Ward 5 |
| <input type="checkbox"/> Ward 3 | <input type="checkbox"/> Ward 6 |
| | <input checked="" type="checkbox"/> N/A |

Action Required:

Adopt a resolution requesting the Missoula County Commission place a ballot measure on the 2020 June primary ballot to authorize a two cent per gallon tax on gasoline.

Recommended Motion(s):

I move the City Council:

Adopt a resolution of the Missoula City Council requesting the Missoula County Commission adopt a resolution and referral to the people of Missoula County for authorization of a local option motor fuel excise tax, excluding all diesel fuels, and not to exceed two cents per gallon, in accordance with Montana Code Annotated, (MCA) 7-14-301.

Background and Alternatives Explored:

The City of Missoula is responsible for 339 miles of streets and roads and spends approximately \$6.48 million per year on roadway maintenance. City Public Works Director Jeremy Keene estimates that expenditures per mile of roadway need to roughly double in order to adequately maintain our street network. State and federal funding for transportation infrastructure are woefully inadequate to address the City's infrastructure backlog.

The Legislature authorizes counties to put a local-option gasoline tax before the voters for approval. This tax is limited by statute to \$0.02 per gallon.

Local property values as determined by the state Department of Revenue continue to rise placing upward pressure on property taxes, and local governments have limited alternatives to property tax for revenue sources. A local-option gas tax would diversify revenue sources and relieve pressure on further increasing property taxes.

Furthermore, revenue from a local gas tax:

- can be used to repair and maintain existing streets, including pothole patching, pavement overlays, chip and seal, and other maintenance strategies.
- can be used to match federal transportation grants, bringing in more federal revenue.
- is restricted so that it can only be used to maintain and improve our transportation network.

This resolution requests Missoula County place a \$0.02 local gas tax this item on the June 2020 primary election ballot.

Financial Implications:

If this gas tax measure is placed on the ballot by the Missoula Board of County Commissioners and ultimately passed by the voters, it will generate roughly \$1.1 million per year in new revenues. The resolution requests a 50/50 split of revenues between the City and the County. If enacted, the gas tax will cost the average motorist \$10.76 per year based on 539 gallons of gasoline consumption per year.

Links to external websites: