

## **SB 48- FIVE CENT RURAL DIESEL TAX FLOW OF FUNDS EXAMPLE:**

### **FOR IFTA COUNTIES: ELKO COUNTY, HUMBOLDT COUNTY, LYON COUNTY AND PERSHING COUNTY:**

SB 48 requires for each rural county in which the 5 cent Diesel Tax is enacted and the total number of gallons of diesel fuel sold in the county during the immediately preceding fiscal year, as determined by DMV, is 10,000,000 gallons or more, DMV shall implement IFTA (International Fuel Tax Agreement). Currently, there are 4 rural counties who would have to comply with IFTA per SB 48 because they sell more than 10,000,000 million gallons of diesel fuel. These counties are: Elko County, Humboldt County, Lyon County and Pershing County.

DMV will collect the 5 cent diesel fuel tax. 80% of the proceeds of the fuel tax will be remitted directly to the county for deposit in the RTC fund for road maintenance and construction and distributed between the cities and counties as current RTC gas tax funds are distributed.

20% of the proceeds will be held back by DMV for the IFTA and truck parking requirement in a separate DMV trust fund for each of the 4 counties. At the end of the year, truckers will be able to request a reimbursement of the diesel taxes they paid in the county but used in another State, which is the basis for IFTA. Because the Diesel Tax is only 5 cents, it is commonly acknowledged there probably won't be a lot of IFTA requests for reimbursements for that small amount. However, there may be a few.

SB 48 requires DMV at year end to disperse the 20% proceeds held back for IFTA and truck parking. Out of the 20% IFTA set aside 50% of the 20% IFTA or (10% of the total proceeds) will go to the county for deposit in the RTC fund for county and city road construction per the RTC distribution formula in the county. The remaining 50% of the 20% IFTA or the remaining 10% of the total proceeds will go to the IFTA reimbursement and to NDOT for truck parking.

For example: If the Department of Motor Vehicles collected \$1,000,000 from the diesel tax, it would withhold 20% for potential IFTA reimbursements or \$200,000. At year end, the DMV would first pay the IFTA reimbursements to the truckers. If the reimbursements were 1% of the total taxes collected (or \$10,000), then \$10,000 would go to the reimbursements and the remaining \$190,000 would be remitted by DMV to the county. The county then would retain 50% of the original \$200,000 20% IFTA hold back or \$100,000 which must be deposited in the RTC Fund of the county for road construction and maintenance and distributed to the cities and county in the same manner as the RTC funds are currently distributed in the county. The remaining \$90,000 would be remitted to the Department of Transportation solely for the construction, maintenance or repair of highway truck parking within the county. The county must remit the \$90,000 highway truck parking monies to NDOT within 45 days after receipt of the funds from DMV. NET EFFECT: County/Cities will receive 90% of the proceeds of the diesel tax and the remaining 10% would go to IFTA reimbursements first and then to NDOT for truck parking within the county.

### **FOR THE NON-IFTA COUNTIES: ALL REMAINING 11 RURAL COUNTIES:**

For the remaining 11 rural counties which do not sell more than 10,000,000 gallons of diesel fuel, DMV will collect the 5 cent diesel tax and remit it to the county as other fuel taxes are remitted. The diesel tax must be deposited into the RTC Fund of the county for road construction and maintenance and distributed to the cities and county in the same manner as the RTC funds are currently distributed in the county.