

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 15, 1985

The fourth meeting of the Taxation Committee was called to order by Chairman Gerry Devlin in room 314-1 of the state capitol building at 8:09 a.m.

ROLL CALL: All members were present with the exception of Representative Williams, who was excused.

CONSIDERATION OF HOUSE BILL 101: Representative Dave Brown, District 72, Butte and Silver Bow County, said that this bill does two things - it establishes a flat fee for motorcycles of \$30.00 for motorcycles that are less than five years old and \$15.00 for bikes that are over five years old. He continued that it also creates a new term in the statute called quadricycles, so that basically a four-wheel vehicle can be licensed and then it can be driven on the roads of the state. He explained that there were approximately 50,000 motorcycles in the state of Montana and, of those, 30,000 are registered so that leaves approximately 20,000 motorcycles that are not registered.

PROPOSERS:

Representative Marks, District 75, stated that he supported this bill and he felt that the tax should be reasonable enough so people will pay it. He indicated that there are a lot of three and four-wheel vehicles that are so expensive for people to tax, that they are not likely to pay these taxes and they are not registering them. He commented that he had some friends who use these vehicles for recreation only and when they go to license them, they have to license them as automobiles and the cost becomes prohibitive.

Bill Steverburg (?) from Missoula spoke in support of this bill saying that he could drive a \$50,000 Mercedes-Benz and he might have to pay \$90.00, but he drives a Harley-Davidson and it is nothing to pay \$250.00 for a vehicle that is used only six months.

Dale Smilie offered testimony in support of this bill and handed out to the committee information supporting his testimony. See Exhibit 1.

Bob Culley, representing a group of dealers in the state of Montana, stated that the use of quadricycles, A.T.V.s and other recreational vehicles has become sizeable in the state and these are a type of vehicle that ranch and agricultural people use more and more. He said that some of these people are being picked up by sheriffs and deputies on rural roads as they moved from one piece of land to another.

Adolph Steinmetz from Silver Bow, testified that they have a motorcycle club in Butte and there where things are pretty tough, a flat fee would give a lot better income for the state. He explained that a lot of people ride dirt bikes back and forth to work and they will take the license off other vehicles and go down the road, and there is no way, unless you are doing something wrong, that the police will find out.

There were no further proponents.

OPPONENTS:

There were no opponents.

QUESTIONS ON HB 101:

Representative Patterson asked if Representative Brown felt that the safety on the highways would be decreased by allowing these quadricycle vehicles to be driven on the state highways.

Representative Brown replied that he did not think any of them would be on the state roads unless they are used by farm people who are going from one piece of property to another down the road a ways, which he felt was going on right now. He explained that most of the quadricycles are off-road vehicles and usually loaded up in the back of a car or pickup and he does not see this as a big problem as the speed is not very fast and they would be out of their mind to use it on an interstate.

Representative Sands asked if this fee would not drop dramatically after the first few years.

Mr. Smilie replied that when the motorcycle does go down in cost, the license fee also goes down.

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Representative Hanson asked who is going to go out and catch all these people who haven't been licensing their motorcycles.

Representative Brown responded that the present situation shows that unless there is an accident or someone is doing something illegal, they are not stopped and that scenario won't change by this legislation and if you are a person who wants to avoid the tax, you can keep avoiding it. He thought this would encourage the people who want to live by the laws of the state.

Chairman Devlin asked Mr. Smilie if the figure of \$459.00 on a new Honda included what he called sales tax on a new vehicle.

Mr. Smilie replied that that figure was for the second year, and this was the most expensive Honda.

Chairman Devlin asked if there was a new vehicle tax on new motorcycles as there is on new automobiles.

Mr. Smilie answered that he just bought a new BMW; the first year he paid \$120.00 and then starting January 1, he paid \$340.00 for the second year, so it just doubled. The first year was a new vehicle tax, a license, etc.

Representative Devlin asked if the \$490.00 was after he had paid a new vehicle tax, and was not included in that.

Mr. Smilie responded yes, that this was financed and bought in September and since it is on a calendar year, on January 1, you have to go back and you are hit with this a second time. He stated that they are not advocating that the tax be gotten rid of as the state has to be funded somehow.

There were no further questions.

Representative Brown said that it was pointed out to him that there was a minimum speed of 45 miles-per-hour on the interstate highways, so the four-wheel vehicles won't be allowed out there anyway. He concluded that he would ask the committee to take a look at the end of that paragraph

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where it exempts golf carts and it appears to him that in drafting this, they did not do a thing about golf carts and he suspects the committee might want to take a look at this.

The hearing on this bill was closed.

CONSIDERATION OF HB 36:

Representative Kitselman, District 95, stated that this was the fee-in-lieu-of tax bill for motorcycles and he called the attention of the members of the committee to page two of the bill, which shows the matrix of motorcycles by age and size. He informed the committee that the vast majority of motorcycles are 900 cc or less and in Yellowstone County, they doubted if there would be any significant reduction in revenues under this particular proposal.

Dal Smilie, of Helena, said that this was HB 33 last session and the fiscal note on this bill is somewhat different than the one from last session. He commented that no one really knows how much this is going to cost, but he didn't think it was going to cost anything as he thought more people would register and register for longer.

Bob Culley, representing a dealers' group, said he also is an owner of four motorcycles, one of which is currently plated and the other three are generally driven off the roads so he asked why pay the tax. He disclosed that he had a friend who has fourteen motorcycles, some of which are quite old, he has two current plates and can't pay the tax for the others.

There were no further proponents.

OPPONENTS:

There were no opponents.

Chairman Devlin read a letter from Charles A. Graveley, lobbyist for the County Assessors, County Treasurers and County Coroners, who oppose this bill and also HB 101. See Exhibit 2.

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Representative Schye asked if this bill included the four-wheel vehicles like Representative Brown's bill did.

Representative Kitselman responded that this is strictly motorcycles.

Representative Ellison questioned if he would be adverse to combining these two bills since this one does not include the quadricycles.

Representative Kitselman replied that he did not see where this needed to be amended into this bill; the title of the bill is clearly for motorcycles and he would prefer that they be treated separately.

Representative Ream asked about the differences in the fiscal notes.

Representative Kitselman answered that on the fiscal note on HB 36, this shows the worst possible scenario and does not take into effect the increase and as far as the fiscal note from last time, it showed it to be a loss. He continued that he does agree with the commissioner in that it does lower the taxable valuation of the counties, but the testimony indicates that the tax on a Harley-Davidson costs more than a new Rolls-Royce.

Representative Ream indicated that the property tax under the current law on the fiscal note shows \$405,000.00 and on the other, it shows \$434,000.00 and he asked about the difference.

Terry Johnson of the Office of Budget and Program Planning, explained that he thought the difference between the two notes is that on HB 101, they are including the quadricycles in the taxable valuation.

Representative Ream asked Mr. Smilie if they have a preference between the two bills.

Mr. Smilie answered that the flat-fee bill obviously will be a lot cheaper, but HB 36 seems to be quite equitable and he likes what it says and he thinks has a better chance of passing.

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Chairman Devlin asked if there was going to be a license plate system, a decal system or what.

Representative Kitselman responded that he would love to have them amend that they would have to have a required motorcycle plate if at all possible, and unfortunately, what is issued currently is a trailer plate that says 'motorcycle'. He thought everything was going to be reissued in 1986.

Representative Sands asked if quadricycles are taxed now.

Mary Buswell, representing the Personal Property Bureau of the Department of Revenue, answered that if the quadricycle is reported to the the department, they have a current guide to value that and if they are not reported to them, they do not tax them.

Representative Sands asked how they are figured for taxes.

Ms. Buswell said if they are in the current guide, they take 11%.

Representative Sands inquired if he reported that he had a Quadricycle, would they send him a separate tax statement.

Ms. Buswell indicated that he could come in and pay the fee or they could send a reporting form.

Representative Sands asked how many quadricycles do they tax now.

Ms. Buswell answered that she did not have a breakdown on that.

Representative Ellison asked if the three-wheelers are taxed the same as quadricycles.

Ms. Buswell replied that that was right.

Representative Kitselman concluded that if the tax is \$340.00 for a BMW or a Harley and the tax for a new Rolls-Royce, which costs \$100,000.00 costs \$70.00 to \$90.00 for taxes, he wondered where is the fairness.

The hearing on this bill was closed.

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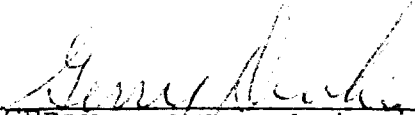
Chairman Devlin announced that they would have three bills tomorrow.

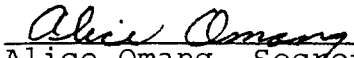
Representative Raney questioned why they do not go into executive session on these bills now.

Chairman Devlin explained that most of the time when it is this early in the session, we try to hold some up in case another bill comes in of like subject matter. He said this committee only has about 25 to 26 bills assigned to it right now and he knows that there are a bunch downstairs somewhere that will have duplication on them - that is why he is holding up executive session on them. He indicated that they will take executive action on Friday and tomorrow they will take executive action on two bills.

ADJOURNMENT:

There being no further business, the meeting adjourned at 8:58 a.m.


GERRY DEVLIN, Chairman


Alice Omang, Secretary

DAILY ROLL CALL

HOUSE TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date January 15, 1985

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	X		
WILLIAMS, MEL, V. Chrm.			X
ABRAMS, HUGH	X		
ASAY, TOM	X		
COHEN, BEN	X		
ELLISON, ORVAL	X		
GILBERT, BOB	X		
HANSON, MARIAN	X		
HARRINGTON, DAN	X		
HARP, JOHN	X		
IVERSON, DENNIS	X		
KEENAN, NANCY	X		
KOEHNKE, FRANCIS	X		
PATTERSON, JOHN	X		
RANEY, BOB	X		
REAM, BOB	X		
SANDS, JACK	X		
SCHYE, TED	X		
SWITZER, DEAN	X		
ZABROCKI, CARL	X		

TO: House Taxation Committee
FROM: Dal Smilie
RE: HB-36 and 101

License plates for a 1985 Limited Edition Honda Goldwing in School District #1, Lewis & Clark County are \$459.95. Plates for a new BMW or Harley-Davidson range above \$340.37. A new Rolls Royce, Cadillac or Corvette cost between \$70 and \$90. 61-3-533(1), MCA. Considering that motorcycles use the roads 3-5 months this differential is unfair.

There are presently 48,318 titled motorcycles in Montana. With an average of three persons per family there are 144,954 Montanans with a road motorcycle in the household. If you consider non road motorcycles there are 217,431 Montanans who have a motorcyle in the household and who are friendly to these bills.

Montanans use their motorcycles for:

- . Agriculture
- . Commuting
- . Tourism

Motorcycles are a fun and fuel efficient means of transportation. However rising costs including Montana's confiscatory license system have caused a marked drop in total motorcycles of 2618 and in registered motorcycles of 3359 since the fourth quarter of 1983. This drop reflects the great harm caused to the over 100 Montana motorcycle dealers plus all the others servicing this market.

The licensure system needs to be changed as provided in either HB-36 or 101. Motorcycles cause little road wear, take small parking places and only operate a few months a year. Motorcyclists ask for no favors, they do not ask for partial year licensure to reflect actual road use; they do ask for equitable treatment in relation to other light vehicle road users.

Please favorably consider these bills and report either as "Do Pass". Thank you for your consideration. Note that these motorcycle flat fee bills are proliferating, its time has come.

AD 36 &
HB 101

CHARLES A. GRAVELEY

Attorney at Law
222 Broadway
Helena, MT 59601

(406) 442-1700
(406) 442-3100

January 15, 1985

To: House Taxation Committee

From: Charles A. Graveley
Lobbyist for County Assessors, County Treasurers
and County Coroners

Re: HB 36 and HB 101

Due to a court commitment I am unable to attend the hearings on the above number bills scheduled for this date. However, I wish to make the committee aware of the impact that such a bill, if passed, would have on the counties across the state.

The last session of the legislature was presented with a bill substantially the same as the present proposed legislation. It was also presented with legislation to put aircraft and water craft on a flat fee system. All such legislation was defeated. Now, the same type of legislation is being proposed on the grounds of fairness to the persons who own motorcycles. It is time that all on this committee stop and consider the effect such a law will have upon the local tax base. I can assure this committee that if this bill, or either of them, is allowed to become law, that other similar types of legislation will be proposed, all with the same effect; substantially lowering the taxable valuation of the counties.

As all of you are aware, the counties are already financially strapped. Many of the counties are already taxing the real property located within their boundaries at the maximum permissible mill levy. If the tax base continues to be eroded, the counties will have no alternative but to cut back on vital services to their citizens. You have already heard testimony on a bill to exempt producer held grain from taxation. You will soon hear a bill to eliminate taxation on livestock. You will soon hear a bill exempting church owned passenger vehicles from taxation of fees. There is also a bill pending to reduce the taxable valuation on agricultural implements and equipment. All such bills, if combined in their effect upon the counties, would be devastating.

Now is the time to stop the erosion of the tax base for the local governments. I, on behalf of my clients, urge you to give a do not pass recommendation to the bill. Better yet, kill the bill in committee.

Thank you for your consideration.

②

State of Montana

Proclamation

WHEREAS, the motorcycle has become an important and economical mode of transportation involving such activities as commuting, touring and recreation, and as an aid to agriculture; and

WHEREAS, the motorcycle is an energy efficient vehicle that reduces urban traffic and parking congestion while treading lightly on an overworked road system; and

WHEREAS, the early summer weather reintroduces numerous motorcyclists, after a season of unpracticed skills, to auto drivers unused to looking for motorcyclists, with sometimes painful and lethal results; and

WHEREAS, the motorcyclist has the right, by state statute, to be given his full share of the roadway without encroachment by other motor vehicles.


NOW, THEREFORE, I, TED SCHWINDEN, Governor of the State of Montana, do hereby proclaim July 8 - 17, 1983, as

MOTORCYCLE AWARENESS WEEK

in Montana and urge all governmental agencies, civic/service organizations, schools, drivers and riders to make a concerted effort to make motorcycling the safest activity in Montana, through programs aimed at both young and adult motorcycle operators and other vehicle operators, so that improved sharing, mutual respect and awareness exist on our Montana roadways.



IN WITNESS WHEREOF, I have hereunto set my hand and caused the GREAT SEAL OF THE STATE OF MONTANA to be affixed. DONE at the City of Helena, the Capital, this twentieth day of May, in the year of our LORD, one thousand nine hundred and eighty-three.


TED SCHWINDEN
Governor of Montana

ATTEST:


JIM WALTERMIRE
Secretary of State

HB-36
HB101
1-15-85

Legislation Committee
Capitol Station
Helena, MT 59620

Ladies & Gentlemen,

I wish to urge your support of HB 36. I own and ride a motorcycle in Montana. I only ride 3 months of the year, due to weather conditions. I own and drive a car also and pay less for license fees on my car than I do the motorcycle. It is not equitable to pay more for less use of a smaller, more fuel efficient machine. The vehicle is also lighter, causes less road wear.

I support this bill and urge that you support it also

Michael E Baker
1420 OTTER RD
HELENA, MT

1-15-85

H836

H8101

1-15-85

Dear Du -

I am writing you to
say that I support the Bill
#36.

I ride a motorcycle 3-6
months a year & I feel that
House Bill [#]36 would benefit
all cyclists.

Right now we are licensing
10 items and for the most our
motorcycle gets the taxes are much
too high.

Thank you,
Lynn Patterson
P.O. Box
Fairfax, VA 22032

Taxation Committee
January 14, 1985
Page Fourteen

There were no further questions.

Representative Koehnke said that they have no intention of taking revenue away from the state, they just want to clarify this and help people who are paying taxes unfairly.

The hearing on this bill was closed.

The committee was recessed at 9:45 a.m. and reconvened at 9:53 a.m.

CONSIDERATION OF HOUSE BILL 31:

Representative Williams, District 85, explained that this would eliminate the provisions for keeping a duplicate assessment book and that it is already being done and this bill would make it legal.

PROPOSERS:

Gregg Groepper, Administrator of the Property Assessment Division of the Department of Revenue, stated that they introduced this bill because many of the counties do not need duplicate assessment books and it is unreasonable to require them to have a duplicate book.

There were no further proponents and no opponents.

There were no questions. The hearing on the bill was closed.

EXECUTIVE SESSION:

HOUSE BILL 31: Representative Williams made a motion that this bill DO PASS. The motion carried unanimously.

ADJOURNMENT: There being no further business, the meeting adjourned at 9:58 a.m.

Gerry Devlin, Chairman

Alice Omang, Secretary

1/16/85

Taxation Committee
Capitol Station
Helena MT 59620

Dear Legislators,

As an avid motorcyclist, I would like to let you know that I support House Bill 36. I ride my motorcycle because it's ^{fun} energy efficient & easy to get around on. I feel the license fees are unfair toward motorcycles - after all we only get to ride for 4 months (if we're lucky!), we're easy on the roads & we are easy on the fuel. Please pay close consideration to this bill.

Thank You,
Jane Glatz
Helena, MT.

Hon John Warg

Capital Station

Helena, Montana

59620

Dear Sir,

I feel very strongly and hope you will
support H.B. 36.

Thank you

Wm. P. Shallen
President

Last chance riders

January 17, 1985

HB 36
HB 101
1-15-85

Delegation Committee
Capitol Station
Helena, Mt. 59620

Dear Mr. Devlin and Associates

Please support HB 36.

I ask your support of this bill for the following reasons:

1. Motorcycles are more energy efficient ~~that~~ than cars
2. Motorcycles cause less wear to highways
3. Motorcycles cannot be ridden the whole year
4. It is not right to ask a Montanan to pay several times more to license my motorcycle than to license a Rolls Royce.

Thank you for your support of HB 36

Richard E. Field

Jan 16 - 1985

Taxation Committee
Capital Station
Helena, MT 59620

I support HB 36. A motorcycle is a form of transportation just as car is - it happens to have only two wheels - why should I have to pay more to license this small vehicle than I would a Rolls Royce?

Bonnie Felt
137 Fairway
Helena, MT

January 16, 1985

HB 36

HB 101

1-15-85

The Honorable Jerry Neelin
Nepation Committee
Capitol Station
Helena, MT 59620

Dear Representative Neelin —

I support House Bill 36, which would change the licensing fee structure for motorcycles.

I support this bill for the following reasons:

1. Motorcycles are more energy efficient than cars;
2. Motorcycles are only used for approximately 5-6 months per year whereas cars are used year-round;
3. It is cheaper to license cars and trucks than it is to currently license a motorcycle;
4. Motorcycles do not promote as much wear on highways as the heavier vehicles.

Considering there are 48,000 registered motorcycles in the State of Montana, I feel it is only fair that the licensing fees be adjusted.

Thank you.

Sincerely —

Carol L. Jensen

Parade Committee

59620 -

H B 36 -

I support H B #36 -

I find it cost me over 100⁰⁰
more to license my motorcycle
than my Buick - Both are
1982 Models -

Why should I pay more for
my motorcycle than a BUICK?

W. R. Miles
502 So Roberts
Helena

I support

#E 10!

H B -36-

Capital Station
Helena MT.

Write

The cost of licensing motorcycles in Montana is much higher than it should be.

I have not made a purchase of a motorcycle in Montana since moving here 2 yrs. ago because of the high cost of license fees annually.

I really enjoy riding but feel it is not fairly represented in this state in relation to automobiles. I would like to see a major reduction in license fees and see more growth in the sport of motorcycles.

Sincerely -
Regulator.

Roger Cathey
1651 Kelby Dr. #2
Billings, MT. 59105

January 16, 1985

Tobacco Committee
Capital Station
Helena, MT 59620

Lewis + Gortner

I support HB 36 + HB 101, but am writing to ask
your support of these two bills. License costs for motor cycles
have become unbearable. My license costs \$39, while the cycle
costs 4 times as much. The cycle is ~~more~~ energy efficient,
and more on the highways but is used only a fraction of the
time the auto is used. The 55,000 cycle owners in the
State of Montana are a natural segment of our tax paying
society.

May I ask your support? Thank you!

Sincerely,

Robert J. Deaneau
P.O. Box 1729

Helena, MT 59624

January 16, 1985

Taxation Committee
Capitol Station
Helena, Mt. 59620

Dear Committee members:

I support House Bill 36. I hope you also support this bill. A motorcycle is on the road a maximum of 6 months a year in comparison ~~with~~ ^{to} a car with a 12 month usage in Montana. Motorcycles are not as hard on the highways as cars yet are taxed at a higher rate. Motorcycles are used for personal transportation and should be taxed at a flat rate the same as automobiles.

Sincerely,
Laurie G. Carley

January 16, 1985

Taxation Committee
Capitol Station
Helena, Mt. 59620

Dear Committee members:

I support House Bill 36. I hope you also support this bill. A motorcycle is on the road a maximum of 6 months a year in comparison to a car with a 12 month usage in Montana. Motorcycles are not as hard on the highway as cars yet are taxed at a higher rate. Motorcycles are used for personal transportation and should be taxed at a flat rate the same as automobiles.

Sincerely
James M. Carley

January 17, 1985

HB 36
HB 101

1-15-85

Jan Brown, Representative
Capitol Station
Helena, Mt. 59620

Dear Jan -

I am asking your support for HB 36. We certainly appreciated the changes you helped bring about in reducing licencing fees for our automobiles - a max of \$90.

When this change was made, motorcycles were excluded. I cannot but feel that this exclusion was an oversight. I am facing licence fees for my motorcycle that are several times the licence fee for the most expensive auto available.

Most unjust when you consider the following:

1. Only 2 tires on the road, a car has 4.
2. Energy efficient: 39-55 mpg
3. The best way to see our great state.

Passage of HB 36 is important. We appreciate your support. If you need more input on this issue, please give me a call.

Sincerely yours
Dick & Bonnie Field

137 Fairway Dr.

443-5739 or 449-6514

Alice --

Please relay to your Chairman & Committee:

Re: HB36 - Tax assessments for motorcycles

Three Helena men -- Skip Grieser, Dave Mason & Steve Hovis called 1/17/85 to urge passage of the bill.

All said they used motorcycles regularly as transportation and to commute to and from work. They said they did not use them primarily as recreation and did not feel that their motorcycles should be taxed as recreational vehicles.

Linda

1:30 p.m.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

TLL HB 101

Date January 15, 1985

NSOR Representative Dave Brown

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL HB 36

Date January 15, 1985

~~3~~ SPONSOR ~~REPRESENTATIVE KITSELMAN~~

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.