

1 *House* BILL NO. *121*
 2 INTRODUCED BY *Faye Faye A Bath*
 3 *Joy*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE
 5 REGISTRATION OF CERTAIN AIRCRAFT AND IMPOSING A LICENSE TAX
 6 THEREON IN LIEU OF ALL OTHER TAXES."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Aircraft must be registered. Aircraft
10 customarily kept in this state shall be registered with the
11 department of intergovernmental relations, which may charge
12 a fee therefor of not more than ten dollars (\$10). The
13 registration shall be renewed annually on or before February
14 1 each year. This act shall not apply to:

- 15 (1) aircraft owned and operated by the federal
- 16 government, the state or any political subdivision thereof;
- 17 (2) aircraft owned and held by an aircraft dealer
- 18 solely for the purpose of resale;
- 19 (3) aircraft operated by an airline company and
- 20 regularly scheduled for the primary purpose of carrying
- 21 persons or property for hire in interstate or international
- 22 transportation.

23 Section 2. Annual license tax. An annual license tax
24 is imposed upon all aircraft required to be registered in
25 this state, which shall be collected by the department of

1 intergovernmental relations at the time of registration. No
2 aircraft may be registered unless such license tax is paid.
3 The license tax shall be taxed by the department as follows:

- 4 (1) New aircraft shall be taxed at the rate of two
- 5 percent (2%) of the F.O.B. factory list price of the
- 6 aircraft during the first quarter of the year; one and
- 7 five-eighths percent (1 5/8%) during the second quarter of
- 8 the year; one and one-quarter percent (1 1/4%) during the
- 9 third quarter of the year; and seven-eighths of one percent
- 10 (7/8%) during the fourth quarter of the year. In the event
- 11 the manufacturer fails to furnish the F.O.B. factory list
- 12 price, the department of intergovernmental relations may use
- 13 any published price lists.

- 14 (2) Used aircraft shall be taxed on the basis of two
- 15 percent (2%) of the fair market value, but in no event shall
- 16 the tax be less than ten dollars (\$10).

17 Section 3. Penalty for late registration. (1) When an
18 aircraft required to be registered under the provisions of
19 this act is not registered on or before February 1 of the
20 current calendar year, a penalty fee of one hundred dollars
21 (\$100) shall be added to the registration fee and collected.
22 Registration of an aircraft in the name of the applicant for
23 the year immediately preceding the year for which
24 application for registration is made shall be prima facie
25 evidence that the aircraft has been based in this state

1 during the year for which application for registration is
2 made.

3 (2) The total annual registration fee and license tax,
4 together with the penalty prescribed in subsection (1),
5 shall accompany an application for registration of an
6 aircraft on or after March 1 of the calendar year on which
7 registration of the aircraft for the next preceding year
8 expired. If it is determined, upon hearing and proof
9 satisfactory to the department of intergovernmental
10 relations that the aircraft was not based in this state
11 prior to the filing of the application for registration of
12 the aircraft, the penalty over and above the registration
13 fee shall be refunded.

14 (3) The license tax, each registration fee, and
15 penalty added thereto shall constitute a lien upon the
16 aircraft upon which they are due, from the due date. The
17 lien shall have priority over any other lien or encumbrance
18 on the aircraft, except the lien of other state taxes having
19 priority by law. The lien shall not be valid against a bona
20 fide mortgagee, pledgee, judgment creditor or purchaser
21 whose rights have attached prior to the time notice of the
22 lien was recorded by the department of intergovernmental
23 relations in the office of the county recorder of the county
24 in which the license tax was assessed against the aircraft.
25 No fee may be required for recording notice of the lien. The

1 lien shall continue until the tax, together with all fees
2 and penalties, is paid. The sheriff of the county in which
3 the aircraft is found shall, when requested by the
4 department of intergovernmental relations, collect the
5 license tax, fee, and penalty by seizure of the aircraft
6 from the person in possession thereof, if any, and by sale
7 as provided in section [5 of this act].

8 Section 4. License tax exclusive. The license tax
9 hereby imposed shall be in lieu of all other taxes imposed
10 on property by the state or any political subdivision
11 thereof.

12 Section 5. Public auction of seized aircraft. (1) When
13 an aircraft has been seized under the provisions of this act
14 and held for a period of ninety (90) days and the owner has
15 not complied with the provisions of law under which the
16 aircraft was seized, including any payment of the license
17 tax, fees, penalties, costs, and expenses of seizure, the
18 sheriff shall sell the aircraft when requested by the
19 department of intergovernmental relations.

20 (2) The sale of an aircraft under the provisions of
21 this section shall be at public auction after notice thereof
22 by the department by registered mail not less than five (5)
23 nor more than twenty (20) days prior to the sale, directed
24 to the last known address of the owner of the aircraft, if
25 the owner is known. If the owner is unknown, notice shall

1 be given by the department by publication in a newspaper of
 2 general circulation in the county in which the aircraft is
 3 located. If notice is published in a weekly newspaper, the
 4 publication shall be made once each week for two (2)
 5 consecutive weeks, or if in a daily newspaper, six (6)
 6 consecutive times, the last publication to be not less than
 7 five (5) nor more than ten (10) days prior to the date of
 8 the sale.

9 (3) Within five (5) days after receipt of the proceeds
 10 of the sale, the sheriff shall transmit the entire amount to
 11 the department of intergovernmental relations. After
 12 payment by the department of the license tax, fees,
 13 penalties, and costs and expenses of seizure and sale, the
 14 remaining proceeds of the sale shall be paid to the owner
 15 from whom the aircraft was seized, if he is known, or, if
 16 unknown, shall be transmitted to the department of
 17 intergovernmental relations and distributed in accordance
 18 with [section 6 of this act].

19 Section 6. Fees collected -- where allocated. All
 20 moneys received from the license fee imposed by this act
 21 shall be credited to the department of intergovernmental
 22 relations airport development trust account in the earmarked
 23 revenue fund. The fees collected from each aircraft shall
 24 be returned to the general fund of the county in which the
 25 aircraft is based or is predominantly located during the

1 year according to the following schedule:

2 (1) During the fiscal year ending June 30, 1976 --
 3 sixty percent (60%).

4 (2) During the fiscal year ending June 30, 1977 --
 5 fifty percent (50%).

6 (3) During the fiscal year ending June 30, 1978 --
 7 forty percent (40%).

8 (4) During the fiscal year ending June 30, 1979 --
 9 thirty percent (30%).

10 (5) During the fiscal year ending June 30, 1980 --
 11 twenty percent (20%).

12 (6) During the fiscal year ending June 30, 1981 -- ten
 13 percent (10%).

14 (7) During the fiscal year ending June 30, 1982 and
 15 after, no such funds shall be returned to the counties under
 16 this schedule.

17 No moneys paid into the account may be expended for other
 18 than the cost of administering this act and for loans and
 19 grants for the construction, reconstruction, maintenance,
 20 and repair of public airports and air navigational aids.

21 Section 7. Construction of act. This act may not be
 22 construed as reducing the taxable valuation of a county for
 23 the purpose of determining salaries or debt limitations.

-End-

STATE OF MONTANA

REQUEST NO. 57-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 75, there is hereby submitted a Fiscal Note for House Bill 121 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to require the registration of certain aircraft at a fee of not more than \$10 and imposing a license tax of not less than \$10 in lieu of all other property taxes.

ASSUMPTIONS:

1. Assessed value of aircraft would be \$11,048,447 for FY 76 property tax purposes and \$11,600,869 for FY 77 under current law.
2. Taxable value of aircraft is 20% of assessed value; assessed value of aircraft is 55% of fair market value.
3. The registration fee will be set at \$10; approximately 1900 aircraft will be registered.
 1. Since no new airplanes were assessed this year, the number of new aircraft taxed at less than 2% of fair market value is assumed to be minimal.
5. No additional expenditures are expected by the Department of Intergovernmental Relations.
6. Fees are deposited in an earmarked revenue fund and allocated 60% to counties in which the aircraft are based in FY 76 and 50% in FY 77. The percentage declines 10% per year thereafter to zero in FY 82.
7. The license tax collections will be allocated in the same manner as the registration fees, (See technical note)
8. Six mills will be levied for universities in FY 76 and FY 77. As much as 8 additional mills may be levied in FY 77 for public school permissive levy; average local mill levy will be 219 mills.

FISCAL IMPACT:	FY 76		FY 77		FY 77
	State (6 mills)	Counties	State (if 6 mill levy)	Counties	State (if 14 mill levy)
Property tax collections under current law	\$ 13,258	\$ 483,922	\$ 13,921	\$ 508,118	\$ 32,482
Registration fees under proposed law	76,000	114,000	95,000	95,000	95,000
License tax fees under proposed law	160,705	241,057	210,925	210,925	210,925
Total under proposed law	236,705	355,057	305,925	305,925	305,925
Increase (Decrease)	\$223,447	\$(128,865)	\$292,004	\$(202,193)	\$273,443

CONTINUED

BUDGET DIRECTOR
Office of Budget and Program Planning
Date: _____

STATE OF MONTANA

REQUEST NO. 57-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 75, there is hereby submitted a Fiscal Note for House Bill 121 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

CONCLUSION:

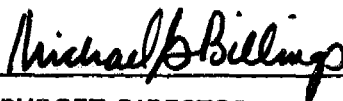
Enactment of House Bill 121 would result in an increase in the Intergovernmental Relations airport development trust account in the Earmarked Revenue Fund of \$542,630 during the biennium and a decrease in university and public school support funds of \$27,179 to \$45,740 during the biennium for a net state revenue increase of \$515,451 to \$496,890. County revenues will decrease \$331,058 during the biennium.

LONG TERM IMPACT:

By FY 82, local governments will lose aircraft as a part of their tax base entirely.

TECHNICAL NOTE:

Section 6, pages 5 and 6 of House Bill 121 is not clear on allocation of collections since the term "license fee" (page 5, line 20) is confusing in that both license taxes and registration fees are imposed on aircraft in this bill. The language could mean that the license tax collections will be wholly deposited in a trust account for administration, loans and grants while a percentage of the registration fee will be allocated to the counties. If such is the intent, no provision is made for the allocation of the balance of the registration fees.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 24, 1975

STATE OF MONTANA

REQUEST NO. 229-75

FISCAL NOTE

Form BD-15

In compliance with a written request received February 13, 19 75, there is hereby submitted a Fiscal Note for House Bill 121 (amended) pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION: An act to require the registration of certain aircraft at a fee of not more than \$10 and imposing a license tax of not less than \$10 in lieu of all other property taxes. Amendments to House Bill 121 revise the allocation of license fee collections.

ASSUMPTIONS:

1. Assessed value of aircraft would be \$11,048,447 for FY 76 property tax purposes and \$11,600,869 for FY 77 under current law.
2. Taxable value of aircraft is 20% of assessed value; assessed value of aircraft is 55% of fair market value.
3. The registration fee will be set at \$10; approximately 1900 aircraft will be registered.
4. Since no new airplanes were assessed this year, the number of new aircraft taxed at less than 2% of fair market value is assumed to be minimal.
5. No additional expenditures are expected by the Department of Intergovernmental Relations.
6. Ten percent of all license fees are credited to an earmarked revenue fund and the remainder to the general fund of the county in which the aircraft are based.
7. The license tax collections will be allocated in the same manner as the registration fees. (See technical note)
8. Six mills will be levied for universities in FY 76 and FY 77. As much as 8 additional mills may be levied in FY 77 for public school permissive levy; average local mill levy will be 219 mills.

FISCAL IMPACT:

	FY 76		FY 77		FY 77
	State 6 mills	Counties	State if 6 mills levy	Counties	State if 14 mill levy
Property tax collections under current law	\$ 13,258	\$ 483,922	\$ 13,921	\$ 508,118	\$ 32,482
Registration fees under proposed law as amended	19,000	171,000	19,000	171,000	19,000
License tax fees under proposed law as amended	40,176	361,586	42,185	379,665	42,185
Total under proposed law as amended	\$ 59,176	\$ 532,586	\$ 61,185	\$ 550,665	\$ 61,185
Increase in collections	\$ 45,918	\$ 48,664	\$ 47,264	\$ 42,547	\$ 28,703

CONCLUSION:

Enactment of House Bill 121 as amended, would result in an increase in the Intergovernmental Relations airport development trust account in the Earmarked Revenue Fund of \$120,361 during the biennium and a decrease in university and public school support funds of \$27,179, to \$45,740 during the biennium for a net state revenue increase of \$93,182 to \$74,621. County revenues will increase \$91,211 during the biennium.

TECHNICAL NOTE:

Section 6, page 5 of House Bill 121, as amended, provides for the allocation of license fee collections. The term "license fee" does not correspond to either the registration fee or license tax imposed by this law. The fiscal impact assumes that the intent of the amendment is to allocate 10% of both the registration fee collections and the license tax collections to the state and the balance to the counties; however, the language is not clear. A differentiation between registration fees and license taxes is needed.

Michael H. Billings
By Karen Wilson
 BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-18-75

Approved by Committee
on Taxation

HOUSE BILL NO. 121

INTRODUCED BY FAGG, FABREGA, R. BAETH, DAY

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE REGISTRATION OF CERTAIN AIRCRAFT AND IMPOSING A LICENSE TAX THEREON IN LIEU OF ALL OTHER TAXES."

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

Section 1. Aircraft must be registered. Aircraft customarily kept in this state shall be registered with the department of intergovernmental relations, which may charge a fee therefor of not more than ten dollars (\$10). The registration shall be renewed annually on or before February 1 each year. This act shall not apply to:

(1) aircraft owned and operated by the federal government, the state or any political subdivision thereof;

(2) aircraft owned and held by an aircraft dealer solely for the purpose of resale;

(3) aircraft operated by an airline company and regularly scheduled for the primary purpose of carrying persons or property for hire in interstate or international transportation.

Section 2. Annual license tax. An annual license tax is imposed upon all aircraft required to be registered in this state, which shall be collected by the department of

intergovernmental relations at the time of registration. No aircraft may be registered unless such license tax is paid. The license tax shall be taxed by the department as follows:

(1) New aircraft shall be taxed at the rate of two percent (2%) of the F.O.B. factory list price of the aircraft during the first quarter of the year; one and five-eighths percent (1 5/8%) during the second quarter of the year; one and one-quarter percent (1 1/4%) during the third quarter of the year; and seven-eighths of one percent (7/8%) during the fourth quarter of the year. In the event the manufacturer fails to furnish the F.O.B. factory list price, the department of intergovernmental relations may use any published price lists.

(2) Used aircraft shall be taxed on the basis of two percent (2%) of the fair market value, but in no event shall the tax be less than ten dollars (\$10).

Section 3. Penalty for late registration. (1) When an aircraft required to be registered under the provisions of this act is not registered on or before February 1 of the current calendar year, a penalty fee of one hundred dollars (\$100) shall be added to the registration fee and collected. Registration of an aircraft in the name of the applicant for the year immediately preceding the year for which application for registration is made shall be prima facie evidence that the aircraft has been based in this state

1 during the year for which application for registration is
2 made.

3 (2) The total annual registration fee and license tax,
4 together with the penalty prescribed in subsection (1),
5 shall accompany an application for registration of an
6 aircraft on or after March 1 of the calendar year on which
7 registration of the aircraft for the next preceding year
8 expired. If it is determined, upon hearing and proof
9 satisfactory to the department of intergovernmental
10 relations that the aircraft was not based in this state
11 prior to the filing of the application for registration of
12 the aircraft, the penalty over and above the registration
13 fee shall be refunded.

14 (3) The license tax, each registration fee, and
15 penalty added thereto shall constitute a lien upon the
16 aircraft upon which they are due, from the due date. The
17 lien shall have priority over any other lien or encumbrance
18 on the aircraft, except the lien of other state taxes having
19 priority by law. The lien shall not be valid against a bona
20 fide mortgagee, pledgee, judgment creditor or purchaser
21 whose rights have attached prior to the time notice of the
22 lien was recorded by the department of intergovernmental
23 relations in the office of the county recorder of the county
24 in which the license tax was assessed against the aircraft.
25 No fee may be required for recording notice of the lien. The

1 lien shall continue until the tax, together with all fees
2 and penalties, is paid. The sheriff of the county in which
3 the aircraft is found shall, when requested by the
4 department of intergovernmental relations, collect the
5 license tax, fee, and penalty by seizure of the aircraft
6 from the person in possession thereof, if any, and by sale
7 as provided in section [5 of this act].

8 Section 4. License tax exclusive. The license tax
9 hereby imposed shall be in lieu of all other taxes imposed
10 on property by the state or any political subdivision
11 thereof.

12 Section 5. Public auction of seized aircraft. (1) When
13 an aircraft has been seized under the provisions of this act
14 and held for a period of ninety (90) days and the owner has
15 not complied with the provisions of law under which the
16 aircraft was seized, including any payment of the license
17 tax, fees, penalties, costs, and expenses of seizure, the
18 sheriff shall sell the aircraft when requested by the
19 department of intergovernmental relations.

20 (2) The sale of an aircraft under the provisions of
21 this section shall be at public auction after notice thereof
22 by the department by registered mail not less than five (5)
23 nor more than twenty (20) days prior to the sale, directed
24 to the last known address of the owner of the aircraft, if
25 the owner is known. If the owner is unknown, notice shall

1 be given by the department by publication in a newspaper of
 2 general circulation in the county in which the aircraft is
 3 located. If notice is published in a weekly newspaper, the
 4 publication shall be made once each week for two (2)
 5 consecutive weeks, or if in a daily newspaper, six (6)
 6 consecutive times, the last publication to be not less than
 7 five (5) nor more than ten (10) days prior to the date of
 8 the sale.

9 (3) Within five (5) days after receipt of the proceeds
 10 of the sale, the sheriff shall transmit the entire amount to
 11 the department of intergovernmental relations. After
 12 payment by the department of the license tax, fees,
 13 penalties, and costs and expenses of seizure and sale, the
 14 remaining proceeds of the sale shall be paid to the owner
 15 from whom the aircraft was seized, if he is known, or, if
 16 unknown, shall be transmitted to the department of
 17 intergovernmental relations and distributed in accordance
 18 with [section 6 of this act].

19 Section 6. Fees collected -- where allocated. ~~All~~ TEN
 20 PERCENT (10%) OF ALL moneys received from the license fee
 21 imposed by this act shall be credited to the department of
 22 intergovernmental relations airport development trust
 23 account in the earmarked revenue fund, AND THE REMAINDER TO
 24 THE GENERAL FUND OF THE COUNTY IN WHICH THE AIRPLANE IS
 25 BASED OR PREDOMINATELY LOCATED DURING THE YEAR. ~~The--fees~~

1 ~~collected--from--each--aircraft--shall--be--returned--to--the~~
 2 ~~general-fund-of-the-county-in-which-the-aircraft-is-based-or~~
 3 ~~is-predominantly-located-during-the-year--according--to--the~~
 4 ~~following-schedule:~~

5 ~~(1)--During--the--fiscal--year--ending--June--30,--1976---~~
 6 ~~sixty-percent--(60%).~~

7 ~~(2)--During--the--fiscal--year--ending--June--30,--1977---~~
 8 ~~fifty-percent--(50%).~~

9 ~~(3)--During--the--fiscal--year--ending--June--30,--1978---~~
 10 ~~forty-percent--(40%).~~

11 ~~(4)--During--the--fiscal--year--ending--June--30,--1979---~~
 12 ~~thirty-percent--(30%).~~

13 ~~(5)--During--the--fiscal--year--ending--June--30,--1980---~~
 14 ~~twenty-percent--(20%).~~

15 ~~(6)--During--the--fiscal--year--ending--June--30,--1981---ten~~
 16 ~~percent--(10%).~~

17 ~~(7)--During--the--fiscal--year--ending--June--30,--1982--and~~
 18 ~~after,--no--such--funds--shall--be--returned--to--the--counties--under~~
 19 ~~this--schedule.~~

20 No moneys paid into the account may be expended for other
 21 than the cost of administering this act and for loans and
 22 grants for the construction, reconstruction, maintenance,
 23 and repair of public airports and air navigational aids.

24 Section 7. Construction of act. This act may not be
 25 construed as reducing the taxable valuation of a county for

1 the purpose of determining salaries or debt limitations.

-End-

1 HOUSE BILL NO. 121

2 INTRODUCED BY FAGG, FABREGA, R. BAETH, DAY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE
5 REGISTRATION OF CERTAIN AIRCRAFT AND IMPOSING A LICENSE TAX
6 THEREON IN LIEU OF ALL OTHER TAXES."7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:9 Section 1. Aircraft must be registered. Aircraft
10 customarily kept in this state shall be registered with the
11 department of intergovernmental relations, which may charge
12 a fee therefor of not more than ten dollars (\$10). The
13 registration shall be renewed annually on or before February
14 1 each year. This act shall not apply to:15 (1) aircraft owned and operated by the federal
16 government, the state or any political subdivision thereof;17 (2) aircraft owned and held by an aircraft dealer
18 solely for the purpose of resale;19 (3) aircraft operated by an airline company and
20 regularly scheduled for the primary purpose of carrying
21 persons or property for hire in interstate or international
22 transportation.23 Section 2. Annual license tax. An annual license tax
24 is imposed upon all aircraft required to be registered in
25 this state, which shall be collected by the department of1 intergovernmental relations at the time of registration. No
2 aircraft may be registered unless such license tax is paid.
3 The license tax shall be taxed by the department as follows:4 (1) New aircraft shall be taxed at the rate of two
5 percent (2%) of the F.O.B. factory list price of the
6 aircraft during the first quarter of the year; one and
7 five-eighths percent (1 5/8%) during the second quarter of
8 the year; one and one-quarter percent (1 1/4%) during the
9 third quarter of the year; and seven-eighths of one percent
10 (7/8%) during the fourth quarter of the year. In the event
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16 the tax be less than ten dollars (\$10).17 Section 3. Penalty for late registration. (1) When an
18 aircraft required to be registered under the provisions of
19 this act, is not registered on or before February 1 of the
20 current calendar year, a penalty fee of one hundred dollars
21 (\$100) shall be added to the registration fee and collected.
22 Registration of an aircraft in the name of the applicant for
23 the year immediately preceding the year for which
24 application for registration is made shall be prima facie
25 evidence that the aircraft has been based in this state

1 during the year for which application for registration is
2 made.

3 (2) The total annual registration fee and license tax,
4 together with the penalty prescribed in subsection (1),
5 shall accompany an application for registration of an
6 aircraft on or after March 1 of the calendar year on which
7 registration of the aircraft for the next preceding year
8 expired. If it is determined, upon hearing and proof
9 satisfactory to the department of intergovernmental
10 relations that the aircraft was not based in this state
11 prior to the filing of the application for registration of
12 the aircraft, the penalty over and above the registration
13 fee shall be refunded.

14 (3) The license tax, each registration fee, and
15 penalty added thereto shall constitute a lien upon the
16 aircraft upon which they are due, from the due date. The
17 lien shall have priority over any other lien or encumbrance
18 on the aircraft, except the lien of other state taxes having
19 priority by law. The lien shall not be valid against a bona
20 fide mortgagee, pledgee, judgment creditor or purchaser
21 whose rights have attached prior to the time notice of the
22 lien was recorded by the department of intergovernmental
23 relations in the office of the county recorder of the county
24 in which the license tax was assessed against the aircraft.
25 No fee may be required for recording notice of the lien. The

1 lien shall continue until the tax, together with all fees
2 and penalties, is paid. The sheriff of the county in which
3 the aircraft is found shall, when requested by the
4 department of intergovernmental relations, collect the
5 license tax, fee, and penalty by seizure of the aircraft
6 from the person in possession thereof, if any, and by sale
7 as provided in section [5 of this act].

8 Section 4. License tax exclusive. The license tax
9 hereby imposed shall be in lieu of all other taxes imposed
10 on property by the state or any political subdivision
11 thereof.

12 Section 5. Public auction of seized aircraft. (1) When
13 an aircraft has been seized under the provisions of this act
14 and held for a period of ninety (90) days and the owner has
15 not complied with the provisions of law under which the
16 aircraft was seized, including any payment of the license
17 tax, fees, penalties, costs, and expenses of seizure, the
18 sheriff shall sell the aircraft when requested by the
19 department of intergovernmental relations.

20 (2) The sale of an aircraft under the provisions of
21 this section shall be at public auction after notice thereof
22 by the department by registered mail not less than five (5)
23 nor more than twenty (20) days prior to the sale, directed
24 to the last known address of the owner of the aircraft, if
25 the owner is known. If the owner is unknown, notice shall

1 be given by the department by publication in a newspaper of
 2 general circulation in the county in which the aircraft is
 3 located. If notice is published in a weekly newspaper, the
 4 publication shall be made once each week for two (2)
 5 consecutive weeks, or if in a daily newspaper, six (6)
 6 consecutive times, the last publication to be not less than
 7 five (5) nor more than ten (10) days prior to the date of
 8 the sale.

9 (3) Within five (5) days after receipt of the proceeds
 10 of the sale, the sheriff shall transmit the entire amount to
 11 the department of intergovernmental relations. After
 12 payment by the department of the license tax, fees,
 13 penalties, and costs and expenses of seizure and sale, the
 14 remaining proceeds of the sale shall be paid to the owner
 15 from whom the aircraft was seized, if he is known, or, if
 16 unknown, shall be transmitted to the department of
 17 intergovernmental relations and distributed in accordance
 18 with [section 6 of this act].

19 Section 6. Fees collected -- where allocated. ~~All~~ TEN
 20 PERCENT (10%) OF ALL moneys received ~~from--the--license--fee~~
 21 ~~imposed--by~~ UNDER THE PROVISIONS OF this act shall be
 22 credited to the department of intergovernmental relations
 23 airport development trust account in the earmarked revenue
 24 fund, AND THE REMAINDER TO THE GENERAL FUND OF THE COUNTY IN
 25 WHICH THE AIRPLANE IS BASED OR PREDOMINATELY LOCATED DURING

1 THE YEAR. ~~The--fees--collected--from--each--aircraft--shall--be~~
 2 ~~returned--to--the--general--fund--of--the--county--in--which--the~~
 3 ~~aircraft--is--based--or--is--predominantly--located--during--the~~
 4 ~~year--according--to--the--following--schedule:~~

5 ~~(1) --During the fiscal year ending June 30, 1976--~~
 6 ~~sixty percent (60%).~~

7 ~~(2) --During the fiscal year ending June 30, 1977--~~
 8 ~~fifty percent (50%).~~

9 ~~(3) --During the fiscal year ending June 30, 1978--~~
 10 ~~forty percent (40%).~~

11 ~~(4) --During the fiscal year ending June 30, 1979--~~
 12 ~~thirty percent (30%).~~

13 ~~(5) --During the fiscal year ending June 30, 1980--~~
 14 ~~twenty percent (20%).~~

15 ~~(6) --During the fiscal year ending June 30, 1981--~~
 16 ~~ten percent (10%).~~

17 ~~(7) --During the fiscal year ending June 30, 1982 and~~
 18 ~~after, no such funds shall be returned to the counties under~~
 19 ~~this schedule.~~

20 No moneys paid into the account may be expended for other
 21 than the cost of administering this act and for loans and
 22 grants for the construction, reconstruction, maintenance,
 23 and repair of public airports and air navigational aids.

24 Section 7. Construction of act. This act may not be
 25 construed as reducing the taxable valuation of a county for

1 the purpose of determining salaries or debt limitations.

-End-

March 29, 1975

SENATE COMMITTEE ON TAXATION
AMENDMENTS TO HOUSE BILL NO. 121

That House Bill No. 121, third reading, be amended as follows:

1. Amend title, lines 5 and 6.
Following: "AIRCRAFT"
Strike: "AND IMPOSING A LICENSE TAX THEREON IN LIEU OF ALL OTHER TAXES"
2. Amend page 1, section 1, line 9.
Following: "registered"
Strike: "."
Insert: "-- situs for registration. (1)"
3. Amend page 1, section 1, line 15.
Following: line 14
Strike: "(1)"
Insert: "(a)"
4. Amend page 1, section 1, line 17.
Following: line 16
Strike: "(2)"
Insert: "(b)"
5. Amend page 1, section 1, line 19.
Following: line 18
Strike: "(3)"
Insert: "(c)"
6. Amend page 1, section 1, line 22.
Following: line 22
Insert: "(2) An aircraft shall be registered as property within a particular county of the state. This county shall be the county of the owner's principal residence, if the owner is a natural person, or the owner's principal place of doing business in the state, if the owner is not a natural person. However, if the owner declares by affidavit that the aircraft is customarily kept at a landing facility in another county within the state, he may register the aircraft as property within such other county."
7. Amend page 1, section 2, lines 23 through line 16 on page 2.
Strike: Section 2 in its entirety
Renumber: subsequent section.
8. Amend page 2, section 3, line 17.
Following: "registration"
Insert: ", evasion, or false registration statement"

9. Amend page 3, section 3, lines 3 through 7 on page 4.

Strike: Subsections (2) and (3) in their entirety

Insert: "(2) An application for registration shall be accompanied by a copy of the receipt for personal property tax paid, issued by the treasurer of the county where the aircraft is registered. A person who pays personal property tax on his aircraft to any jurisdiction other than the county where the aircraft is required to be registered is liable for the tax in that county without credit for such other taxes paid. In addition to this civil liability, a person who attempts to establish the situs of his aircraft in any jurisdiction other than the county where the aircraft is required to be registered with intent to avoid payment of taxes to that county commits the offense of false swearing as defined in section 94-7-20

(3) A person who operates an aircraft required to be registered in the state without having in such aircraft a certificate of registration issued by the department of intergovernmental relations for that aircraft, commits a misdemeanor."

10. Amend page 4, section 4, lines 8 through line 1, page 7.

Strike: Sections 4, 5, 6 and 7 in their entirety

Insert: "Section 4. Prorated taxes. A person who acquires an aircraft required to be registered under section [1 of this act] after February 1 in any year shall register the aircraft within thirty (30) days of acquiring it. The county treasurer shall prorate the personal property tax due on the aircraft for the remaining portion of the year in the manner provided for for proration of motor vehicle taxes."

AND AS SO AMENDED, BE CONCURRED IN

HOUSE BILL NO. 121

INTRODUCED BY FAGG, FABREGA, R. BAETH, DAY

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE REGISTRATION OF CERTAIN AIRCRAFT AND IMPOSING A LICENSE TAX THEREON IN LIEU OF ALL OTHER TAXES."

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

Section 1. Aircraft must be registered. -- SITUS FOR REGISTRATION. (1) Aircraft customarily kept in this state shall be registered with the department of intergovernmental relations, which may charge a fee therefor of not more than ten dollars (\$10). The registration shall be renewed annually on or before February 1 each year. This act shall not apply to:

(1) aircraft owned and operated by the federal government, the state or any political subdivision thereof;

(2) aircraft owned and held by an aircraft dealer solely for the purpose of resale;

(3) aircraft operated by an airline company and regularly scheduled for the primary purpose of carrying persons or property for hire in interstate or international transportation.

(2) AN AIRCRAFT SHALL BE REGISTERED AS PROPERTY WITHIN A PARTICULAR COUNTY OF THE STATE, THIS COUNTY SHALL BE THE

COUNTY OF THE OWNER'S PRINCIPAL RESIDENCE, IF THE OWNER IS A NATURAL PERSON, OR THE OWNER'S PRINCIPAL PLACE OF DOING BUSINESS IN THE STATE, IF THE OWNER IS NOT A NATURAL PERSON. HOWEVER, IF THE OWNER DECLARES BY AFFIDAVIT THAT THE AIRCRAFT IS CUSTOMARILY KEPT IN A LANDING FACILITY IN ANOTHER COUNTY WITHIN THE STATE, HE MAY REGISTER THE AIRCRAFT AS PROPERTY WITHIN SUCH OTHER COUNTY.

(2) AN AIRCRAFT SHALL BE REGISTERED AS PROPERTY WITHIN A PARTICULAR COUNTY OF THE STATE. THIS COUNTY SHALL BE THE COUNTY OF THE OWNER'S PRINCIPAL RESIDENCE, IF THE OWNER IS A NATURAL PERSON, OR THE OWNER'S PRINCIPAL PLACE OF DOING BUSINESS IN THE STATE, IF THE OWNER IS NOT A NATURAL PERSON. HOWEVER, IF THE OWNER DECLARES BY AFFIDAVIT THAT THE AIRCRAFT IS CUSTOMARILY KEPT AT A LANDING FACILITY IN ANOTHER COUNTY WITHIN THE STATE, HE MAY REGISTER THE AIRCRAFT AS PROPERTY WITHIN SUCH OTHER COUNTY. ALL AIRCRAFT SHALL BE SUBJECT TO ALL STATE, COUNTY AND SCHOOL DISTRICT TAX LEVIES AND ALL OTHER LEVIES DESIGNATED FOR AIRCRAFT OR AIRPORT RELATED USES. SUCH AIRCRAFT SHALL NOT BE LIABLE FOR OTHER CITY TAX LEVIES.

Section 2. Annual license tax. An annual license tax is imposed upon all aircraft required to be registered in this state, which shall be collected by the department of intergovernmental relations at the time of registration. No aircraft may be registered unless such license tax is paid.

4/19/95

1 The license tax shall be taxed by the department as follows:

2 (1) New aircraft shall be taxed at the rate of two
3 percent (2%) of the F.O.B. factory list price of the
4 aircraft during the first quarter of the year; one and
5 five eighths percent (1-5/8%) during the second quarter of
6 the year; one and one quarter percent (1-1/4%) during the
7 third quarter of the year; and seven eighths of one percent
8 (7/8%) during the fourth quarter of the year. In the event
9 the manufacturer fails to furnish the F.O.B. factory list
10 price, the department of intergovernmental relations may use
11 any published price lists.

12 (2) Used aircraft shall be taxed on the basis of two
13 percent (2%) of the fair market value, but in no event shall
14 the tax be less than ten dollars (\$10).

15 Section 2. Penalty for late registration, EVASION, OR
16 FALSE REGISTRATION STATEMENT. (1) When an aircraft required
17 to be registered under the provisions of this act is not
18 registered on or before February 1 of the current calendar
19 year, a penalty fee of one hundred dollars (\$100) shall be
20 added to the registration fee and collected. Registration
21 of an aircraft in the name of the applicant for the year
22 immediately preceding the year for which application for
23 registration is made shall be prima facie evidence that the
24 aircraft has been based in this state during the year for
25 which application for registration is made.

1 (2) The total annual registration fee and license tax,
2 together with the penalty prescribed in subsection (1),
3 shall accompany an application for registration of an
4 aircraft on or after March 1 of the calendar year on which
5 registration of the aircraft for the next preceding year
6 expired, if it is determined, upon hearing and proof
7 satisfactory to the department of intergovernmental
8 relations that the aircraft was not based in this state
9 prior to the filing of the application for registration of
10 the aircraft, the penalty over and above the registration
11 fee shall be refunded.

12 (3) The license tax, each registration fee, and
13 penalty added thereto shall constitute a lien upon the
14 aircraft upon which they are due, from the due date. The
15 lien shall have priority over any other lien or encumbrance
16 on the aircraft, except the lien of other state taxes having
17 priority by law. The lien shall not be valid against a bona
18 fide mortgagee, pledgee, judgment creditor or purchaser
19 whose rights have attached prior to the time notice of the
20 lien was recorded by the department of intergovernmental
21 relations in the office of the county recorder of the county
22 in which the license tax was assessed against the aircraft.
23 No fee may be required for recording notice of the lien. The
24 lien shall continue until the tax, together with all fees
25 and penalties, is paid. The sheriff of the county in which

1 the---aircraft---is--found--shall,--when--requested--by--the
 2 department--of--intergovernmental--relations,--collect---the
 3 license--tax,--fee,--and--penalty--by--seizure--of--the--aircraft
 4 from--the--person--in--possession--thereof,--if--any,--and--by--sale
 5 as--provided--in--section--(5--of--this--act);

6 (2) AN APPLICATION FOR REGISTRATION SHALL BE
 7 ACCOMPANIED BY A COPY OF THE RECEIPT FOR PERSONAL PROPERTY
 8 TAX PAID, ISSUED BY THE TREASURER OF THE COUNTY WHERE THE
 9 AIRCRAFT IS REGISTERED. A PERSON WHO PAYS PERSONAL PROPERTY
 10 TAX ON HIS AIRCRAFT TO ANY JURISDICTION OTHER THAN THE
 11 COUNTY WHERE THE AIRCRAFT IS REQUIRED TO BE REGISTERED IS
 12 LIABLE FOR THE TAX IN THAT COUNTY WITHOUT CREDIT FOR SUCH
 13 OTHER TAXES PAID. IN ADDITION TO THIS CIVIL LIABILITY, A
 14 PERSON WHO ATTEMPTS TO ESTABLISH THE SITUS OF HIS AIRCRAFT
 15 IN ANY JURISDICTION OTHER THAN THE COUNTY WHERE THE AIRCRAFT
 16 IS REQUIRED TO BE REGISTERED WITH INTENT TO AVOID PAYMENT
 17 OF TAXES TO THAT COUNTY COMMITS THE OFFENSE OF FALSE
 18 SWEARING AS DEFINED IN SECTION 94-7-203.

19 (3) A PERSON WHO OPERATES AN AIRCRAFT REQUIRED TO BE
 20 REGISTERED IN THE STATE WITHOUT HAVING IN SUCH AIRCRAFT A
 21 CERTIFICATE OF REGISTRATION ISSUED BY THE DEPARTMENT OF
 22 INTERGOVERNMENTAL RELATIONS FOR THAT AIRCRAFT, COMMITS A
 23 MISDEMEANOR.

24 ~~Section 4,--license--tax--exclusive--The--license--tax~~
 25 ~~hereby--imposed--shall--be--in--lieu--of--all--other--taxes--imposed~~

1 on--property--by--the--state--or--any--political--subdivision
 2 thereof;

3 ~~Section 5,--Public--auction--of--seized--aircraft,--(1)~~
 4 ~~When--an--aircraft--has--been--seized--under--the--provisions--of~~
 5 ~~this--act--and--held--for--a--period--of--ninety--(90)--days--and--the~~
 6 ~~owner--has--not--complied--with--the--provisions--of--law--under~~
 7 ~~which--the--aircraft--was--seized,--including--any--payment--of--the~~
 8 ~~license--tax,--fees,--penalties,--costs,--and--expenses--of~~
 9 ~~seizure,--the--sheriff--shall--sell--the--aircraft--when--requested~~
 10 ~~by--the--department--of--intergovernmental--relations;~~

11 ~~(2)--The--sale--of--an--aircraft--under--the--provisions--of~~
 12 ~~this--section--shall--be--at--public--auction--after--notice--thereof~~
 13 ~~by--the--department--by--registered--mail--not--less--than--five--(5)~~
 14 ~~nor--more--than--twenty--(20)--days--prior--to--the--sale,--directed~~
 15 ~~to--the--last--known--address--of--the--owner--of--the--aircraft,--if~~
 16 ~~the--owner--is--known,--if--the--owner--is--unknown,--notice--shall~~
 17 ~~be--given--by--the--department--by--publication--in--a--newspaper--of~~
 18 ~~general--circulation--in--the--county--in--which--the--aircraft--is~~
 19 ~~located,--if--notice--is--published--in--a--weekly--newspaper,--the~~
 20 ~~publication--shall--be--made--once--each--week--for--two--(2)~~
 21 ~~consecutive--weeks,--or--if--in--a--daily--newspaper,--six--(6)~~
 22 ~~consecutive--times,--the--last--publication--to--be--not--less--than~~
 23 ~~five--(5)--nor--more--than--ten--(10)--days--prior--to--the--date--of~~
 24 ~~the--sale;~~

25 ~~(3)--Within--five--(5)--days--after--receipt--of--the--proceeds~~

1 of the sale, the sheriff shall transmit the entire amount to
 2 the department of intergovernmental relations. After
 3 payment by the department of the license tax, fees,
 4 penalties, and costs and expenses of seizure and sale, the
 5 remaining proceeds of the sale shall be paid to the owner
 6 from whom the aircraft was seized, if he is known, or, if
 7 unknown, shall be transmitted to the department of
 8 intergovernmental relations and distributed in accordance
 9 with section 6 of this act.

10 Section 6. Fees collected where allocated. All TEN
 11 PERCENT (10%) OF ALL moneys received from the license fee
 12 imposed by UNDER THE PROVISIONS OF this act shall be
 13 credited to the department of intergovernmental relations
 14 airport development trust account in the earmarked revenue
 15 FUND AND THE REMAINDER TO THE GENERAL FUND OF THE COUNTY IN
 16 WHICH THE AIRPLANE IS BASED OR PREDOMINATELY LOCATED DURING
 17 THE YEAR. The fees collected from each aircraft shall be
 18 returned to the general fund of the county in which the
 19 aircraft is based or is predominantly located during the
 20 year according to the following schedule:

- 21 (1) During the fiscal year ending June 30, 1976 ---
- 22 sixty percent (60%);
- 23 (2) During the fiscal year ending June 30, 1977 ---
- 24 fifty percent (50%);
- 25 (3) During the fiscal year ending June 30, 1978 ---

- 1 forty percent (40%);
- 2 (4) During the fiscal year ending June 30, 1979 ---
- 3 thirty percent (30%);
- 4 (5) During the fiscal year ending June 30, 1980 ---
- 5 twenty percent (20%);
- 6 (6) During the fiscal year ending June 30, 1981 --- ten
- 7 percent (10%);
- 8 (7) During the fiscal year ending June 30, 1982 and
- 9 after, no such funds shall be returned to the counties under
- 10 this schedule.

11 No moneys paid into the account may be expended for other
 12 than the cost of administering this act and for loans and
 13 grants for the construction, reconstruction, maintenance,
 14 and repair of public airports and air navigational aids.

15 Section 7. Construction of act. This act may not be
 16 construed as reducing the taxable valuation of a county for
 17 the purpose of determining salaries or debt limitations.

18 SECTION 3. PRORATED TAXES. A PERSON WHO ACQUIRES AN
 19 AIRCRAFT REQUIRED TO BE REGISTERED UNDER SECTION [1 OF THIS
 20 ACT] AFTER FEBRUARY 1 IN ANY YEAR SHALL REGISTER THE
 21 AIRCRAFT WITHIN THIRTY (30) DAYS OF ACQUIRING IT. THE
 22 COUNTY TREASURER SHALL PRORATE THE PERSONAL PROPERTY TAX DUE
 23 ON THE AIRCRAFT FOR THE REMAINING PORTION OF THE YEAR IN THE
 24 MANNER PROVIDED FOR PRORATION OF MOTOR VEHICLE TAXES.

-End-