

1 HOUSE BILL NO. 25
 2 INTRODUCED BY MARKS

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CONSOLIDATE PROPERTY
 5 TAX PROCEDURES FOR THE CENTRALIZED ASSESSMENT OF RAILROADS,
 6 UTILITIES, AIRLINES, MINES, AND OIL AND GAS WELLS AND TO
 7 GENERALLY REVISE AND CLARIFY THE LAWS RELATING THERETO;
 8 AMENDING SECTIONS 84-404, 84-708.1, 84-801, 84-802, 84-901,
 9 84-905, 84-5402, 84-5403, 84-5405, 84-5407, 84-6201,
 10 84-6202, 84-6203, AND 84-6403, R.C.M. 1947; REPEALING
 11 SECTIONS 84-719, 84-720, 84-721, 84-722, 84-802.1, 84-803,
 12 84-804, 84-903, 84-903.1, 84-904, 84-906, 84-907, 84-5408,
 13 84-5410, 84-6207, 84-6209, 84-6402, 84-6405, 84-6405.1,
 14 84-6406, 84-6407, 84-6408, AND 84-6410, R.C.M. 1947."

15
 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 Section 1. Properties centrally assessed. The
 18 department of revenue shall centrally assess each year:

19 (1) the franchise, roadway, roadbeds, rails, rolling
 20 stock, and all other property of railroads operated in more
 21 than one county in the state or more than one state, but
 22 buildings on right-of-way, land outside the right-of-way and
 23 improvements thereon, furniture, machinery, and other
 24 personal property situated within a county shall be assessed
 25 in that county;

1 (2) utility property owned by a corporation or other
 2 person constituting a single and continuous property
 3 operated in more than one county or more than one state,
 4 including telegraph, telephone, microwave, electric power or
 5 transmission lines, natural gas or oil pipelines, canals,
 6 ditches, flumes, or like properties, but buildings on
 7 right-of-way, land outside the right-of-way and improvements
 8 thereon, furniture, machinery, and other personal property
 9 situated within a county shall be assessed in that county;

10 (3) all property of scheduled airlines;

11 (4) the net proceeds of mines and of oil and gas
 12 wells; and

13 (5) the gross proceeds of coal mines.

14 Section 2. Notice of assessment — opportunity for
 15 conference — appeal. After assessing property under
 16 [section 1 of this act], the department shall notify the
 17 owner of such property, in writing, of the assessed value it
 18 has determined. Within 30 days following notification, the
 19 taxpayer may demand a review of the validity of the
 20 department's assessment. The department shall conduct an
 21 assessment review conference, which is not subject to the
 22 contested case procedures of the Montana Administrative
 23 Procedure Act. Upon consideration following such conference,
 24 the department may revise the assessment. Appeals from the
 25 final decision may be taken to the state tax appeal board.

1 Section 3. Due date of reports and returns —
 2 extensions. Each report or return described in 84-801,
 3 84-901, 84-1320, 84-5402, 84-6202, or 84-6403 shall be
 4 delivered to the department on or before March 31 each year.
 5 The department may for good cause extend the time for filing
 6 a return or report for not more than 30 days.

7 Section 4. Failure to file report — estimate by
 8 department — penalty. If any person fails to file a report
 9 or return under [section 3] by March 31 or by such later
 10 date as the department may approve, the department shall
 11 estimate the value of the property to have been reported on
 12 the basis of the best available information. In estimating
 13 the value of the net proceeds of mines, the department shall
 14 proceed under 84-5407, and in estimating the value of the
 15 gross proceeds of coal mines, the department shall proceed
 16 under 84-1318. In estimating value under this section, the
 17 department may subpoena a person or his agent as specified
 18 in 84-716. An assessment based on estimated value is subject
 19 to review under 84-711. When the department estimates
 20 value, it shall impose and collect a penalty of 2/3 of 1% of
 21 the year's tax due for each month or part of a month from
 22 the day the report is delinquent until the report or return
 23 is filed or until the transmission of the assessment or
 24 apportioned assessment to the county or counties concerned,
 25 whichever occurs first. Penalties collected under this

1 section shall be paid into the general fund.

2 Section 5. Apportionment among counties. The
 3 department shall apportion the value of property assessed
 4 under 84-802, 84-902, or 84-6404 among the counties in which
 5 such property is located. Apportionment shall be on a
 6 mileage basis or if the property is of such a character that
 7 its value cannot reasonably be apportioned on the basis of
 8 mileage, the department may adopt such other method or basis
 9 of apportionment as may be just or proper.

10 Section 6. Transmission to the counties. (1) On or
 11 before July 1, the department shall transmit to its agent in
 12 each county a statement listing:

13 (a) the assessed value of railroad property, as
 14 determined under 84-802, apportioned to the county,
 15 including the length or other description of such property;

16 (b) the assessed value of utility property, as
 17 determined under 84-902, apportioned to the county,
 18 including the length or other description of such property;

19 (c) the assessed value of property of airline
 20 companies, as determined under 84-6404, apportioned to the
 21 county;

22 (d) the assessed value of the net proceeds and
 23 royalties from mines and oil and gas wells in the county, as
 24 determined under 84-5403, 84-5406, 84-6203, and 84-6205; and

25 (e) the assessed value of the gross proceeds from coal

1 mines, as described in 84-1320.

2 (2) The agent of the department shall enter the
3 assessed values so transmitted in the assessment book in a
4 manner prescribed by the department.

5 Section 7. Amended assessment -- transmission to
6 counties. Whenever the valuation of centrally assessed
7 property is revised under [section 2 of this act] or 84-711,
8 the department shall, within 15 days following the final
9 decision or order, transmit a statement of the revised
10 assessment to its agent or the county officer then having
11 custody of the assessment book in the county where the
12 property is located. The revision shall be immediately
13 entered in the assessment book.

14 Section 8. Section 84-404, R.C.M. 1947, is amended to
15 read as follows:

16 "84-404. ~~State department~~ Department of revenue to
17 assign percentage basis, when. The percentage basis of true
18 and full value as provided for in ~~section~~ 84-302, shall be
19 determined and assigned by the ~~state~~ department of revenue,
20 when it makes its annual assessment of the property, which
21 it is required to assess centrally under the laws of this
22 state, and The department shall transmit such determination
23 and assignment to ~~the various county clerks~~ its agents in
24 the various counties with the assessments so made, and its
25 determination shall be final except as to the right of

1 review in the state tax appeal board or the proper court."

2 Section 9. Section 84-708.1, R.C.M. 1947, is amended
3 to read as follows:

4 "84-708.1. Powers and duties of the ~~state~~ department
5 of revenue. (1) ~~To annually assess the franchise, roadway,~~
6 ~~roadbeds, rails, and rolling stock, and all other property~~
7 ~~of all railroads, and the pole lines and rights of way and~~
8 ~~all other property of all telegraph and telephone lines,~~
9 ~~electric power and transmission lines, ditches, canals and~~
10 ~~floods, and other similar property, constituting a single~~
11 ~~and continuous property operated in more than one (1) county~~
12 ~~in the state, or more than one (1) state. To apportion such~~
13 ~~assessments to the counties in which such properties are~~
14 ~~located on a mileage basis, or if the property of any~~
15 ~~company assessable under this section is of such a character~~
16 ~~that its value cannot reasonably be apportioned on the basis~~
17 ~~of mileage, the department may adopt such other method or~~
18 ~~basis of apportionment to the county or counties in which~~
19 ~~the property is situated as may be just and proper. All~~
20 ~~lots and parcels of real estate not included in right of~~
21 ~~way, with the buildings, structures, and improvements~~
22 ~~thereon, dams and power houses, depots, stations, shops, and~~
23 ~~other buildings, erected upon right of way, furniture,~~
24 ~~machinery, and other personal property, shall not be~~
25 ~~considered as a part of any such single and continuous~~

1 ~~property, but shall be considered as separate and distinct~~
 2 ~~therefrom, and shall be assessed by the agent of the~~
 3 ~~department of revenue in the county wherein they are situate~~
 4 The department shall centrally assess the properties
 5 described in [section 1 of this act].

6 (2) ~~To transmit to the county clerk of each county its~~
 7 ~~apportionment of all assessments made by the department~~ The
 8 department may adopt rules necessary for the taxation of
 9 property under [chapters 8, 9, 13, 54, 62, and 64, and this
 10 act].

11 (3) ~~to~~ The department of revenue shall adjust and
 12 equalize the valuation of taxable property among the several
 13 counties, and the different classes of taxable property in
 14 any county and in the several counties and between
 15 individual taxpayers; supervise and review the acts of
 16 agents of the department; change, increase, or decrease
 17 valuations made by its agents; and exercise such authority
 18 and do all things necessary to secure a fair, just, and
 19 equitable valuation of all taxable property among counties
 20 between the different classes of property and between
 21 individual taxpayers.

22 (4) ~~to~~ The department of revenue shall have and
 23 exercise general supervision over the administration of the
 24 assessment and tax laws of the state, and over its agents
 25 and any officers of municipal corporations, having any

1 duties to perform under any of the laws of this state
 2 relating to taxation to the end that all assessments of
 3 property be made relatively just and equal at true value in
 4 substantial compliance with law, and to supervise the
 5 administration of all revenue laws of the state and assist
 6 in their enforcement. Further, the ~~state~~ department of
 7 revenue ~~is empowered to shall~~ organize, ~~and it shall be its~~
 8 ~~duty to~~ schedule, and hold area schools within the state for
 9 appraisers and assessors as often as is ~~deemed~~ considered
 10 necessary in the judgment of the department, and the costs
 11 of such appraisers and assessors attending shall be borne by
 12 the state. Further, the department shall determine if there
 13 is a need for a taxing, assessing, and appraising school,
 14 and such school shall be held, when ~~deemed~~ considered
 15 necessary. The department shall notify all assessors and
 16 appraisers at least ~~six~~ (6) months before such school is
 17 scheduled, and it shall be the duty of all assessors and
 18 appraisers to attend, and the cost of their attendance shall
 19 be borne by the state.

20 (5) ~~to~~ The department of revenue shall confer with,
 21 advise, and direct officers of municipal corporations as to
 22 their duties, with respect to taxation, under the statutes
 23 of the state.

24 (6) ~~to~~ The department of revenue may direct
 25 proceedings, actions, and prosecutions to be instituted to

1 enforce the laws relating to the penalties, liabilities, and
 2 punishment of public officials and persons, or their agents,
 3 for failure or neglect to comply with the provisions of the
 4 statutes governing the revenue of the state or municipal
 5 corporations; and ~~to~~ cause complaints to be made against
 6 assessors and other public officers to the proper district
 7 court for their removal from office for official misconduct
 8 or neglect of duty.

9 (7) ~~to~~ The department of revenue may require county
 10 attorneys to assist in the commencement and prosecution of
 11 actions and proceedings for penalties, forfeitures,
 12 removals, and punishment for violations of the laws of the
 13 state in respect to the assessment of property and other
 14 revenue laws, in their respective counties.

15 (8) ~~to~~ The department of revenues shall collect
 16 annually from the proper officers of the municipal
 17 corporations information as to the assessment of property,
 18 collection of taxes, receipts from licenses and other
 19 sources, the expenditure of public funds for all purposes,
 20 and such other information as may be needful and helpful in
 21 the work of the department in such form and upon such blanks
 22 as the department shall prescribe; and it shall be the duty
 23 of all public officers so called upon to fill out properly
 24 and return promptly to the department all blanks so
 25 transmitted and in every way aid the department in its

1 work, ~~to~~ The department shall examine the records of all
 2 municipal corporations for such purposes as are ~~deemed~~
 3 considered needful or helpful by the department.

4 (9) (a) ~~in its discretion, to~~ The department of
 5 revenue may inspect and examine, or cause an inspection and
 6 examination of the records of the officers of any
 7 municipality, whenever such officer ~~shall have~~ has failed,
 8 neglected, or refused to return properly the information
 9 required by this section within the time set by the
 10 department. Upon completion of such inspection and
 11 examination, the department shall transmit to the clerk, or
 12 other proper official of the municipality, a statement of
 13 the expenses incurred by the department to secure the
 14 necessary information. Within ~~sixty~~ (60) days after the
 15 receipt by the municipality of the above statement, the same
 16 shall be audited, as other claims of the municipal
 17 corporation are audited, and shall be paid into the state
 18 treasury, and if the same is not so paid, the attorney
 19 general shall institute an action, in the proper court,
 20 against the municipality to recover the same.

21 (b) The officers responsible for the furnishing of the
 22 information collected pursuant to this section, shall be
 23 jointly and severally liable for any loss the municipality
 24 may suffer, through their delinquency; and no payment ~~shall~~
 25 may be made to them for salary, or on any other account,

1 until the cost of such inspection and examination as
 2 provided above ~~shall have~~ has been paid into the treasury,
 3 or to the proper officers of such municipality. They shall
 4 also be subject to such other fines and penalties as
 5 prescribed by law.

6 (10) ~~to~~ The department of revenue may require persons,
 7 ~~as defined above,~~ to furnish information concerning their
 8 capital, funded or other debt, current assets and
 9 liabilities, cost and value of property, earnings, operating
 10 and other expenses, taxes, and all other facts which may
 11 enable the department to ascertain the value of the relative
 12 burdens borne by all kinds of property and occupations in
 13 the state.

14 (11) ~~to~~ The department of revenue may summon witnesses
 15 to appear and give evidence, and to produce records, books,
 16 papers, and documents relating to any matter which the
 17 department ~~shall have~~ has authority to investigate and
 18 determine.

19 (12) ~~to~~ The department of revenue may cause the
 20 deposition of witnesses residing within or without the
 21 state, or absent therefrom, to be taken upon notice to the
 22 interested party, if any, in like manner that depositions
 23 are taken in actions pending in the district court, in any
 24 matter which the department ~~shall have~~ has authority to
 25 investigate and determine.

1 (13) ~~to~~ The department of revenue may examine ~~into~~ all
 2 cases where evasion or violation of the laws for taxation of
 3 property, proceeds, occupation, or business is alleged,
 4 complained of, or discovered, and ~~to~~ ascertain wherein
 5 existing laws are ineffective or are improperly or
 6 negligently administered.

7 (14) ~~to~~ The department of revenue may investigate the
 8 tax systems of other states and countries and ~~to~~ formulate
 9 and recommend legislation for the better administration of
 10 the fiscal laws so as to secure just and equal taxation and
 11 improvement in the system of taxation and the economical
 12 expenditure of public revenue in the state.

13 (15) ~~to~~ The department of revenue shall consult and
 14 confer with the governor of the state upon the subject of
 15 taxation, the administration of the laws relating thereto,
 16 and the progress of the work of the department, and ~~to~~
 17 furnish the governor such assistance as he may require.

18 (16) ~~to~~ The department of revenue shall transmit to the
 19 governor and to each member of the legislature ~~twenty~~ (20)
 20 days before the meeting of the legislature, a report of the
 21 department, showing all the taxable property of the state
 22 and the value of the same, in tabulated form, with
 23 recommendations for improvements in the system of taxation,
 24 together with such measures as may be formulated for the
 25 consideration of the legislature, and ~~to~~ include therein a

1 report showing the selling price of gasoline at the
2 wholesale level in prime market centers of Montana and in
3 surrounding states during the biennium, with indexes
4 tabulated at sufficient intervals to show the comparative
5 state price structures.

6 (17) The department of revenue may, in its discretion,
7 ~~to~~ waive the assessment of penalty for the late filing of
8 any tax statement or return required to be filed with the
9 department when the filing is done within ~~five~~ (5) days of
10 the date specified for filing the return or statement, and
11 for the late payment of any tax collected by the department
12 when the payment is made within ~~five~~ (5) days of the date
13 specified for payment of the tax.

14 (18) The department of revenue may, in its discretion,
15 ~~to~~ enter into reciprocal agreements with the taxing
16 authorities of states contiguous to the state of Montana
17 which tax the income of Montana residents earned in that
18 state to provide that the tax imposed by Title 84, chapter
19 49, R.C.M. 1947, on income derived by persons who are
20 nonresidents of this state ~~shall not be~~ is not payable when
21 such other state or states agree to grant similar treatment
22 to residents of Montana."

23 Section 10. Section 84-801, R.C.M. 1947, is amended to
24 read as follows:

25 "84-801. Assessment of railroads. The president,

1 secretary, or managing agent, or such other officer as the
2 state department of revenue may designate, of any
3 corporation, and each person or association of persons,
4 owning or operating any railroad in more than one county in
5 this state, must, ~~on or before the first day of April of~~
6 each year, furnish the department a statement, signed and
7 sworn to by one of such officers, or by the person or one of
8 the persons forming such association, showing in detail for
9 the year ending ~~on the thirty-first day of December 31,~~
10 immediately preceding:

11 (1) ~~The~~ the whole number of miles of railroad in the
12 state, and, where the line is partly out of the state, the
13 whole number of miles without the state, and the whole
14 number within the state, owned or operated by such
15 corporation, person, or association;

16 (2) the value of the roadway, roadbed, and rails of
17 the whole railroad, and the value of the same within the
18 state;

19 (3) the width of the ~~right-of-way~~ right-of-way;

20 (4) the number of each kind of all rolling stock used
21 by such corporation, person, or association in operating the
22 entire railroad, including the part without the state;

23 (5) ~~Number~~ the number, kind, and value of rolling
24 stock owned and operated in the state;

25 (6) ~~Number~~ the number, kind, and value of rolling

1 stock used in the state, but ~~are~~ not owned by the party
2 making the returns;

3 (7) ~~Number~~ the number, kind, and value of rolling
4 stock owned but used out of the state, either upon divisions
5 of road operated by the party making the returns, or by and
6 upon other railroads;

7 (8) ~~The~~ the whole number of sidetracks in each county,
8 including the number of miles of track in each railroad yard
9 in the state;

10 (9) ~~The~~ the number of each kind of rolling stock used
11 in operating the entire railroad, including the part without
12 the state, which must include a detailed statement of the
13 number and value thereof, of all engines, passenger, mail,
14 express, baggage, freight, and other cars, or property owned
15 or leased by such corporation, persons, or association;

16 (10) ~~The~~ the number of sleeping and dining cars not
17 owned by such corporation, person, or association, but used
18 in operating the railroads of such corporation, person, or
19 association in the state, or on the line of the road without
20 the state, during each month of the year for which the
21 return is made; also the number of miles each month ~~said~~ the
22 cars have been run or operated within and without the
23 state;

24 (11) A description of the road, giving the points of
25 entrance into and the points of exit from each county, with

1 a statement of the number of miles in each county. When a
2 description of the road ~~shall have~~ has once been given, no
3 other annual description thereof is necessary, unless the
4 road ~~shall have~~ has been changed. Whenever the road, or any
5 portion of the road, is advertised to be sold, or is sold
6 for taxes, either state or county, no other description is
7 necessary than that given by, and the same is conclusive
8 upon, the person, corporation, or association giving the
9 description. No assessment is invalid on account of a
10 misdescription of the railroad, or the ~~right-of-way~~
11 right-of-way for the same. If such statement is not
12 furnished as above provided, the assessment made by the
13 state department of revenue upon the property of the
14 corporation, person, or association failing to furnish the
15 statement is conclusive and final.

16 ~~(12) Also showing in detail for the year preceding the~~
17 ~~first of January;~~

18 ~~(a)~~ (12) the gross earnings of the entire road;

19 ~~(b)~~ (13) the gross earnings of the road within the
20 state, and ~~where~~ if the railroad is let to other operators,
21 how much was derived by the lessor as rental;

22 ~~(c)~~ (14) the cost of operating the entire road,
23 exclusive of sinking fund, expenses, of land department, and
24 money paid to the United States;

25 ~~(d)~~ (15) net income for such year, and amount of

1 dividend declared;
 2 ~~(e)~~ (16) capital stock authorized;
 3 ~~(f)~~ (17) capital stock paid in;
 4 ~~(g)~~ (18) funded debt;
 5 ~~(h)~~ (19) number of shares authorized;
 6 ~~(i)~~ (20) number of shares of stock issued;
 7 ~~(j)~~ (21) any other facts the state department of
 8 revenue may require."

9 Section 11. Section 84-802, R.C.M. 1947, is amended to
 10 read as follows:

11 "84-802. Assessment, ~~is~~ how made. The state department
 12 of revenue must assess the franchise, roadway, roadbed,
 13 rails, and rolling stock of all railroads operated in more
 14 than one county. All rolling stock must be assessed in the
 15 name of the person, corporation, or association owning,
 16 leasing, or using the same. Assessment must be made to the
 17 corporation, person, or association of persons owning or
 18 leasing or using the same, and must be made upon the entire
 19 railroad within the state. The depots, stations, shops, and
 20 buildings erected upon the space covered by the ~~right-of-way~~
 21 right-of-way, and all other property owned or leased by such
 22 person, corporation, or association, except as above
 23 provided, shall be assessed by an agent of the state
 24 department of revenue in the county ~~wherein~~ where they are
 25 located ~~situate~~. ~~After making such assessment, the~~

1 ~~department shall give written notice thereof to such owner~~
 2 ~~or operator. Within ten (10) days the owner or operator, or~~
 3 ~~any taxpayer, may appear at the department of revenue in~~
 4 ~~person, or otherwise, to show cause why such assessment~~
 5 ~~should be either lowered or raised. On or before the second~~
 6 ~~Monday in July, the department shall apportion such~~
 7 ~~assessment to the counties, school districts, cities, towns,~~
 8 ~~and other tax subdivision, in which such railroad is~~
 9 ~~located."~~

10 Section 12. Section 84-901, R.C.M. 1947, is amended to
 11 read as follows:

12 "84-901. Officers of certain telegraph, telephone,
 13 electric power, and other lines to furnish statement to
 14 state department of revenue. The president, secretary, or
 15 managing agent, or such other officer as the state
 16 department of revenue may designate, of any corporation, and
 17 each person or association of persons owning or operating a
 18 telegraph, telephone, microwave, electric power or
 19 transmission line, natural gas pipeline, oil pipeline,
 20 canal, ditch, flume, or other property, other than real
 21 estate not included in ~~right-of-way~~ right-of-way, and which
 22 constitute a single and continuous property throughout more
 23 than one county, or state, must, ~~on or before the first~~
 24 ~~Monday of March in each year,~~ furnish the state department
 25 of revenue a statement, signed and sworn to by one of such

1 officers or by the person or one of the persons forming such
 2 association, showing in detail for the year ending on ~~the~~
 3 ~~thirty-first day of~~ December 31, immediately preceding, as
 4 follows:

5 ~~1-~~(1) ~~The~~ the whole number of miles of said property
 6 in the state, and where the property is partly out of the
 7 state, the whole number of miles without the state and the
 8 whole number of miles within the state owned or operated by
 9 such corporation, person, or association;

10 ~~2-~~(2) ~~The~~ the total value of the entire property and
 11 plant both within and without the state, and the total value
 12 of that portion of the same within the state;

13 ~~3-~~(3) ~~A~~ a complete description of the property within
 14 the state, giving the points of entrance into and the points
 15 of exit from the state, and the points of entrance into and
 16 the points of exit from each county, with a statement of the
 17 total number of miles in each county in the state;

18 ~~4-~~(4) such other information regarding such property
 19 as may be required by the ~~state~~ department of ~~revenue~~.

20 Section 13. Section 84-905, R.C.M. 1947, is amended to
 21 read as follows:

22 "84-905. Assessment of property — apportionment to
 23 counties. The department must assess all the properties
 24 described in ~~section~~ 84-901, but franchises granted by the
 25 United States must not be assessed, the value of such

1 properties for assessment purposes to be determined upon
 2 such factors as the department ~~shall deem~~ considers proper.

3 ~~On or before the second Monday in July, the department~~
 4 ~~shall apportion such assessment to the counties in which the~~
 5 ~~properties are situated."~~

6 Section 14. Section 84-5402, R.C.M. 1947, is amended
 7 to read as follows:

8 "84-5402. Net proceeds tax — statement of yield,
 9 ~~penalty, extension of time~~. Every person, partnership,
 10 corporation, or association, engaged in mining, extracting,
 11 or producing from any quartz vein or lode, placer claim,
 12 dump, or tailings, or other place or sources whatever,
 13 precious stones or gems, gold, silver, copper, lead,
 14 ~~petroleum, natural gas~~, or other valuable mineral, except
 15 coal, must on or before ~~the thirty-first day of~~ March 31 of
 16 each year make out a statement of the gross yield and value
 17 of the above-named metals or minerals from each mine owned
 18 or worked by such person, corporation, or association during
 19 the year preceding ~~the first day of~~ January 1 of the year in
 20 which such statement is made, ~~and the value thereof~~. Such
 21 statement shall be in the form prescribed by the ~~state~~
 22 department of revenue, and must be verified by the oath of
 23 ~~such~~ the person completing the statement or the manager,
 24 superintendent, agent, president, or vice-president of ~~such~~
 25 the corporation, association, or partnership, and must be

1 delivered to the state department of revenue on or before
2 ~~the thirty-first day of March 31~~. Such statement shall show
3 the following:

4 ~~1-~~(1) the name and address of the owner or lessee or
5 operator of the mine, together with the names and addresses
6 of any and all persons, corporations, or associations owning
7 or claiming any royalty interest in the mineral product of
8 such mine or the proceeds derived from the sale thereof, and
9 the amount or amounts paid or yielded as royalty to each of
10 such persons, corporations, or associations during the
11 period covered by the statement-;

12 ~~2-~~(2) the description and location of the mine-;

13 ~~3-~~(3) the number of tons of ore, barrels of petroleum,
14 cubic feet of natural gas, or other mineral products or
15 deposits extracted, produced, and treated or sold from the
16 mine during the period covered by the statement-;

17 ~~4-~~(4) ~~The~~ the amount and character of such ores,
18 mineral products, or deposits, and the yield of such ores,
19 mineral products, or deposits from such mine in constituents
20 of commercial value; that is ~~to say~~, the number of ounces of
21 gold or silver, pounds of copper or lead, barrels of
22 petroleum or other crude or mineral oil, cubic feet of
23 natural gas, or other commercially valuable constituents of
24 ~~said~~ the ores, or mineral products or deposits, measured by
25 standard units of measurement, yielded to such person,

1 corporation, or association so engaged in mining, and to
2 ~~said each~~ royalty holders ~~and each of the~~ holder, if any,
3 during the period covered by the statement-;

4 ~~5-~~(5) ~~The~~ the gross yield or value in dollars and
5 cents-;

6 ~~6-~~(6) ~~Actual~~ actual cost of extracting same from the
7 mine-;

8 ~~7-~~(7) ~~Actual~~ actual cost of transporting to place of
9 reduction or sale-;

10 ~~8-~~(8) ~~Actual~~ actual cost of reduction or sale-;

11 ~~9-~~(9) ~~Actual~~ actual cost of marketing the product and
12 conversion of same into money-;

13 ~~10-~~(10) ~~Cost~~ cost of construction, repairs, and
14 betterments of mines, and cost of repairs and replacements
15 of reduction works-;

16 ~~11-~~(11) ~~The~~ the assessed valuation of reduction works
17 for the calendar year for which such return is made-;

18 ~~12-~~(12) ~~Actual~~ actual cost of fire insurance and
19 ~~workmen's~~ workers' compensation insurance.

20 ~~If any person shall fail, neglect or refuse to file the~~
21 ~~statement required by this section within the time required,~~
22 ~~or within any extended period of time allowed, the state~~
23 ~~department of revenue when transmitting the net proceeds~~
24 ~~valuations to the counties shall inform the county assessor~~
25 ~~of such failure, neglect or refusal and the county assessor~~

1 ~~in addition to the net proceeds tax, if any, shall assess a~~
 2 ~~penalty of 2/3 of 1% of such tax for each calendar month or~~
 3 ~~fraction thereof that the required statement is not filed,~~
 4 ~~deducting therefrom any moneys collected by the state~~
 5 ~~department of revenue required by this section. The state~~
 6 ~~department of revenue shall assess a penalty of \$25 for each~~
 7 ~~calendar month or fraction thereof, not exceeding four~~
 8 ~~months, that the required statement is not filed, to be~~
 9 ~~collected by the state department of revenue and deposited~~
 10 ~~to the credit of the general fund of the state of Montana.~~

11 ~~The state department of revenue shall, upon a showing~~
 12 ~~of reasonable cause, grant an extension of time for filing~~
 13 ~~the statement required by this section. This penalty shall~~
 14 ~~be in addition to penalties provided in section 84-5410."~~

15 Section 15. Section 84-5403, R.C.M. 1947, is amended
 16 to read as follows:

17 "84-5403. Net proceeds — how computed. (1) The state
 18 department of revenue shall calculate and compute from said
 19 the returns the gross product yielded from such mine, and
 20 its gross value ~~in dollars and cents~~ for the year covered by
 21 the statement, and also shall calculate and compute the net
 22 proceeds ~~in dollars and cents~~ of said the mine yielded to
 23 ~~such~~ the person, corporation, or association ~~so~~ engaged in
 24 mining, ~~which said net Net~~ proceeds shall be ascertained and
 25 determined by subtracting from the value ~~in dollars and~~

1 ~~cents~~ of the gross product thereof the following, ~~to wit:~~

2 ~~4-(a) All all~~ royalty paid or apportioned in cash or
 3 in kind by the person, corporation, or association so
 4 engaged in mining;

5 ~~2-(b) All all~~ moneys expended for necessary labor,
 6 machinery, and supplies needed and used in the mining
 7 operations and developments;

8 ~~3-(c) All all~~ moneys expended for improvements,
 9 repairs, and betterments necessary in and about the working
 10 of the mine, except as hereinafter provided;

11 ~~4-(d) All all~~ moneys expended for costs of repairs and
 12 replacements of the milling and reduction works used in
 13 connection with the mine;

14 ~~5-(e) Depreciation depreciation~~ in the sum of ~~six per~~
 15 ~~cent (6%)~~ of the assessed valuation of such milling and
 16 reduction works for the calendar year for which such return
 17 is made;

18 ~~6-(f) All all~~ moneys actually expended for
 19 transporting the ores, and mineral products or deposits from
 20 the mines to the mill or reduction works or to the place of
 21 sale, and for extracting the metals and minerals therefrom,
 22 and for marketing the product and the conversion of the same
 23 into money;

24 ~~7-(g) All all~~ moneys expended for fire insurance and
 25 ~~workmen's workers'~~ compensation insurance, and for payments

1 by mine operators to welfare and retirement funds when
2 provided for in wage contracts between mine operators and
3 employees.

4 [2] In computing the deductions allowable for repairs,
5 improvements, and betterments to the mine, the state
6 department of revenue shall compute and allow ~~ten per cent~~
7 ~~(10%)~~ 10% of such cost each year for a period of ~~ten (10)~~ 10
8 years.

9 [3] No moneys invested in mines or improvements shall
10 may be allowed as a deduction unless all machinery,
11 equipment, and buildings represented by such moneys ~~shall be~~
12 are returned to the county in which such mine is located for
13 assessment purposes, at the level of assessment of all other
14 property in such county.

15 [4] No moneys invested in the mines and improvements
16 during any year, except the year for which such statement is
17 made, and except as ~~hereinafter~~ provided in this section,
18 shall may be included in such expenditures; and such
19 expenditures shall may not include the salaries or any
20 portion thereof, of any person or officer not actually
21 engaged in the working of the mine or superintending the
22 management thereof."

23 Section 16. Section 84-5405, R.C.M. 1947, is amended
24 to read as follows:

25 "84-5405. Lien of tax and penalty. The tax and ~~or~~

1 penalty so assessed on net proceeds ~~shall be and shall~~
2 ~~constitute~~ are a lien upon all of the right, title, and
3 interest of such operator in or to such mine or mining claim
4 and upon all of the right, title, and interest in or to the
5 machinery, buildings, tools, and equipment used in operating
6 ~~said the~~ mine or mining claim, ~~and the~~ The tax and ~~or~~
7 penalty on such net proceeds may be collected, and the
8 payment thereof enforced, by the seizure and sale of the
9 personal property upon which the ~~said~~ tax and ~~or~~ penalty ~~is~~
10 are a lien, in the same manner as other personal property is
11 seized and sold for delinquent taxes, or by the sale of the
12 mine and improvements, as provided for the sale of real
13 property for delinquent taxes, or by the institution of a
14 civil action for its collection in any court of competent
15 jurisdiction, ~~provided, however, that a resort~~ Resort
16 ~~to~~ any one of the methods of enforcing collection, ~~as herein~~
17 ~~provided for,~~ shall not bar the right to resort to either or
18 both of the other methods, but ~~that~~ any two or all of the
19 methods ~~herein provided for~~ may be used until the full
20 amount of such tax and ~~or~~ penalty is collected."

21 Section 17. Section 84-5407, R.C.M. 1947, is amended
22 to read as follows:

23 "84-5407. False or fraudulent reports, procedure in
24 case of. If any ~~such~~ report required by this chapter
25 contains any willfully false or fraudulent statements as to

1 the gross amount received by any person, corporation, or
 2 association ~~so~~ engaged in mining ~~as aforesaid~~, for any
 3 mine's product, then the ~~said state~~ department of ~~revenue~~
 4 shall compute the gross value of such mine's product, ~~and~~
 5 ~~such gross value shall be~~ based upon the average quotations
 6 of the price of such mine's product in New York City, or the
 7 relative market value at the point of delivery, as evidenced
 8 by some established authority or market report, ~~such as the~~
 9 ~~Engineering and Mining Journal of New York City, or some~~
 10 ~~other standard publication, giving the market reports for~~
 11 ~~the year covered by the statement, and, provided further,~~
 12 ~~that if~~ If any such person, corporation, or association has
 13 sold or otherwise disposed of any of its mine's product at a
 14 price substantially below the true market price of such
 15 product at the time and place of such sale or disposal, then
 16 the ~~state department of revenue~~ shall compute the gross
 17 value of such portion of ~~said the~~ mine's product, so sold or
 18 disposed of substantially below the market price as
 19 ~~aforesaid~~, which gross value shall be based upon the
 20 quotations of the price of such mine's product in New York
 21 City, or the relative market value at the point of delivery
 22 at the time such portion of the product was so sold or
 23 otherwise disposed of, as evidenced by some established
 24 authority or market report, ~~such as the Engineering and~~
 25 ~~Mining Journal, of New York City, or some other standard~~

1 ~~publication giving the market reports for the year covered~~
 2 ~~by such statement~~. Should there be no quotation covering any
 3 particular product, then the ~~state~~ department of ~~revenue~~
 4 shall fix the value of such gross product, or such portion
 5 thereof, as shall have been sold or otherwise disposed of at
 6 a price substantially below the true market price at the
 7 time and place of such sale or disposal in such a manner as
 8 may seem to be equitable."

9 Section 18. Section 84-6201, R.C.M. 1947, is amended
 10 to read as follows:

11 "84-6201. Definitions. (1) The term "person," as used
 12 in this act, ~~shall mean~~ means and ~~include any~~ includes an
 13 individual, firm, ~~copartnership, and partnership,~~ every
 14 corporation, joint-stock company, syndicate, ~~and~~ or
 15 association.

16 (2) The terms "operator" and "producer" ~~shall mean~~ any
 17 person ~~as defined above~~ who engages in the business of
 18 ~~mining, or~~ drilling for, ~~or~~ extracting, or producing any
 19 natural gas, petroleum, or other crude or mineral oil.

20 (3) The term "well" includes each single well or group
 21 of wells, including dry wells, in one field or production
 22 unit and under the control of one operator or producer."

23 Section 19. Section 84-6202, R.C.M. 1947, is amended
 24 to read as follows:

25 "84-6202. Statement of yield, ~~penalty, extensions of~~

1 ~~time. Every person engaged in mining upon any mine~~
 2 ~~whichever containing~~ Each operator or producer of natural
 3 gas, petroleum, or other crude or mineral oil must on or
 4 before ~~the thirty-first day of~~ March 31 in each year make
 5 out and deliver to the ~~state~~ department of revenue a
 6 statement of the gross yield of such natural gas, petroleum,
 7 or other crude or mineral oil from each ~~mine~~ well owned or
 8 worked by such person during the next preceding calendar
 9 year, and the value thereof. Such statement shall be in the
 10 form prescribed by the ~~state~~ department of ~~revenue~~ and must
 11 be verified by the oath of ~~such person~~ the operator or
 12 producer or the manager, superintendent, agent, president,
 13 or vice-president of such corporation, association, or
 14 partnership. Such statement shall show the following:

15 ~~1-(1) The~~ 1-(1) The ~~the~~ name and address of the operator ~~of the~~
 16 ~~mine~~, together with a list in duplicate of the names and
 17 addresses of any and all persons owning or claiming any
 18 royalty interest in the ~~mineral product of such mine~~
 19 production from the well or the proceeds derived from the
 20 sale thereof, and the amount or amounts paid or yielded as
 21 royalty to each of such persons during the period covered by
 22 the statement.;

23 ~~2-(2) The~~ 2-(2) The ~~the~~ description and location of the ~~mine~~
 24 well.;

25 ~~3-(3) The~~ 3-(3) The ~~the~~ number of cubic feet of natural gas,

1 barrels of petroleum, or other crude or mineral oil
 2 extracted or produced from the ~~mine~~ well during the period
 3 covered by the statement.;

4 ~~4-(4) The~~ 4-(4) The ~~the~~ gross yield or value in dollars and
 5 cents.;

6 ~~5-(5) Actual~~ 5-(5) Actual ~~actual~~ cost of extracting ~~same from mine~~
 7 product from well.;

8 ~~6-(6) Cost~~ 6-(6) Cost ~~cost~~ of construction, repairs, and
 9 betterments ~~of mine~~.;

10 ~~7-(7) Actual~~ 7-(7) Actual ~~actual~~ cost of fire insurance and
 11 ~~workmen's~~ workers' compensation insurance.

12 ~~If any person shall fail, neglect or refuse to file the~~
 13 ~~statement required by this section within the time required,~~
 14 ~~or within any extended period of time allowed, the state~~
 15 ~~department of revenue when transmitting the net proceeds~~
 16 ~~valuations to the counties shall inform the county assessor~~
 17 ~~of such failure, neglect or refusal and the county assessor~~
 18 ~~in addition to the net proceeds tax, if any, shall assess a~~
 19 ~~penalty of 2/3 of 1% of such tax for each calendar month or~~
 20 ~~fraction thereof that the required statement is not filed,~~
 21 ~~deducting therefrom any moneys collected by the state~~
 22 ~~department of revenue required by this section. The state~~
 23 ~~department of revenue shall assess a penalty of \$25 for each~~
 24 ~~calendar month or fraction thereof, not exceeding four~~
 25 ~~months, that the required statement is not filed, to be~~

1 collected by the state department of revenue and deposited
2 to the credit of the general fund of the state of Montana.

3 The state department of revenue shall upon a showing of
4 reasonable cause, grant an extension of time for filing the
5 statement required by this section.

6 This penalty shall be in addition to penalties provided
7 in section 84-6209."

8 Section 20. Section 84-6203, R.C.M. 1947, is amended
9 to read as follows:

10 "84-6203. Net proceeds — how computed. (1) The state
11 department of revenue shall calculate and compute from said
12 the returns the gross product yielded from such mine well,
13 and its gross value ~~in dollars and cents~~ for the year
14 covered by the statement, and also shall calculate and
15 compute the net proceeds ~~in dollars and cents~~ of said mine
16 the well yielded to the producer, ~~such person so engaged in~~
17 ~~mining~~, which said net proceeds shall be ascertained and
18 determined by subtracting from the value ~~in dollars and~~
19 ~~cents~~ of the gross products thereof the following, to wit:

20 1. ~~All (a) all~~ royalty paid or apportioned in cash or
21 in kind by the ~~person so engaged in mining~~ operator or
22 producer;

23 2. ~~All (b) all~~ moneys expended for necessary labor,
24 machinery, and supplies needed and used in the mining
25 operations and developments;

1 3. ~~All (c) all~~ moneys expended for improvements,
2 repairs, and betterments necessary in and about the working
3 of the mine well;

4 4. ~~All (d) all~~ moneys expended for fire insurance and
5 ~~workmen's~~ workers' compensation insurance, and for payments
6 by operators to welfare and retirement funds when provided
7 for in wage contracts between operators and employees.

8 (2) No moneys invested in the mine well and
9 improvements during any year, except the year for which such
10 statement is made, shall may be included in such
11 expenditures, except as provided in section 84-6204; and
12 such expenditures shall may not include the salaries, or any
13 portion thereof, of any person or officer not actually
14 engaged in the working of the mine well or superintending
15 the management thereof."

16 Section 21. Section 84-6403, R.C.M. 1947, is amended
17 to read as follows:

18 "84-6403. Report by airline company. Every airline
19 company engaged in air commerce in this state shall
20 annually, ~~on or before the first day of May~~, file with the
21 department of revenue, in such form as the department may
22 require, a report under oath, showing the following:

23 (1) The the name of the person or persons,
24 association, joint-stock company, or corporation;

25 (2) ~~Under~~ under the laws of what state organized or

1 existing;

2 (3) ~~The~~ the location of its principal office;

3 (4) ~~The~~ the location of its principal office in this
4 state, if any;

5 (5) ~~The~~ the number of aircraft of each type or kind,
6 the total original cost, the average cost per plane, the
7 total depreciated cost, and the average depreciated cost per
8 plane at the end of the preceding calendar year;

9 (6) ~~The~~ the number of shares of capital stock
10 authorized, number of shares outstanding, the total par
11 value and the total market value at the end of the preceding
12 calendar year; the par value of outstanding bonds and ~~long~~
13 ~~term~~ long-term debt, and the market value at the end of the
14 preceding calendar year;

15 (7) ~~Income~~ income account showing operating revenues
16 and expenses of the entire system and net operating income
17 during the preceding calendar year;

18 (8) ~~The~~ the total tonnage of passengers, express, and
19 freight first received by the airline company in this state
20 during the preceding calendar year plus the total tonnage of
21 passengers, express, and freight finally discharged by it
22 within this state during the preceding calendar year, and
23 the total of such tonnage first received by the airline
24 company or finally discharged by it, within and without this
25 state during the preceding calendar year;

1 (9) ~~The~~ the total time in equated plane hours, of all
2 aircraft of the scheduled airline company in flight in this
3 state during the preceding calendar year, plus the total
4 time of such aircraft on the ground in this state during the
5 preceding calendar year and the total of such time in flight
6 or on the ground within and without this state during the
7 preceding calendar year;

8 (10) ~~The~~ the number of revenue ~~ton-miles~~ ton-miles of
9 passengers, mail, express, and freight flown by the
10 scheduled airline company within this state during the
11 preceding calendar year and the total number of such miles
12 flown by it within and without this state during the
13 preceding calendar year;

14 (11) ~~The~~ the number of arrivals and departures of all
15 aircraft of the scheduled airline company in this state
16 during the preceding calendar year and the total number of
17 such arrivals and departures within and without this state
18 during the preceding calendar year;

19 (12) ~~Such~~ such other information as the department of
20 revenue may require."

21 Section 22. Repealer. Sections 84-719, 84-720, 84-721,
22 84-722, 84-802.1, 84-803, 84-804, 84-903, 84-903.1, 84-904,
23 84-906, 84-907, 84-5408, 84-5410, 84-6207, 84-6209, 84-6402,
24 84-6405, 84-6405.1, 84-6406, 84-6407, 84-6408, and 84-6410,
25 R.C.M. 1947, are repealed.

LC 0015/01

-End-

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LC0015

1977 Legislature
Code Commissioner Bill - Summary

House Bill No. 25

TO CONSOLIDATE PROPERTY TAX PROCEDURES FOR THE CENTRALIZED ASSESSMENT OF RAILROADS, UTILITIES, AIRLINES, MINES, AND OIL AND GAS WELLS.

(This summary does not include discussion of routine form or grammatical changes.)

The assessment and taxation of railroads, utilities, airlines, mines, and oil and gas wells historically was handled directly by the old state board of equalization rather than by the assessor. Long before the 1973 creation of the revenue department and STAB, the sections dealing with this centrally assessed property contained a welter of overlaps, contradictions, and redundancies. The attached bill proposes to repeal all provisions dealing with dates for taxpayer reporting and departmental apportionment, estimated tax, protests and hearings, and penalties, and replace them with seven sections establishing a uniform procedure for these properties.

An earlier draft of this bill, encoded "LC0004," was distributed in April, 1976, to the tax departments of over twenty corporate taxpayers, most of those who pay substantial taxes under these statutes. No objections or comments were received except for several technical amendments suggested by the department. Any differences between 0004 and the attached 0015 are noted in the following memorandum.

1. Section 1. New section declaring that department shall centrally assess the five categories of property. Recapitulates existing law except for adding the word "centrally", since the department is now responsible (by its agents in the counties) for assessing all property. Same as 0004 except that subsection (1), railroads, no longer contains the phrase "constituting a single and continuous property", and subsection (3), airlines, now says "all property of scheduled airlines", without excluding locally assessed airline property.

Section 2. New section directing department to send notices of assessment to centrally assessed taxpayers and to provide a grievance procedure in the form of an assessment review conference at the department followed by a formal STAB hearing. Differs from 0004 by: (a) allowing taxpayer 30 days after notice, instead of August 15, to seek review conference, (b) changing department proceeding from a formal APA contested case hearing to an informal review conference, (c) deleting second Monday in October deadline for final department decisions, and (d) changing STAB hearing from review of record of department hearing to full-fledged hearing at STAB.

Section 3. New section setting uniform due date of March 31 for centrally assessed taxpayers' reports. Same as 0004.

Section 4. New section authorizing department to estimate value of centrally assessed property in the absence of report from taxpayer, and imposing penalty of 2/3 of 1% per month until the report is filed or the estimated assessment is transmitted to the counties. Differs from 0004 by changing "hearing" to "conference" (STAB would conduct the formal hearing), and inserting a cutoff on the running of the penalty when the report is filed.

Section 5. New section directing department to apportion "inter-county" property (railroads, utilities, airlines) among the counties. Differs from 0004 in wording of alternative basis for apportionment if mileage basis is impractical.

Section 6. New section directing department to transmit apportioned assessments and mine or oil field assessments to county assessors, and directing assessors to enter values in assessment book. Same as 0004 except for deletion of word "flight" before "property of airline companies".

Section 7. New section governing method of handling assessments changed as a result of STAB order, court order, or departmental revision. Same as section 8 of 0004 (section 7 of 0004 has been deleted from this bill).

Section 8. Amend 84-404 by inserting the word "centrally" after "assess", since this section always referred to centrally assessed property, delete references to county clerk and substitute assessor, as recipient of apportioned assessments, and insert STAB as a reviewing authority of department decision.

Section 9. Amending 84-708.1, inserting subject and verb at beginning of each subsection, deleting central assessment duties from subsection (1) and cross-referencing to new section 1 of the bill, deleting apportionment duties and substituting authority to adopt rules for centrally assessed property. The department already has a number of administrative code rules citing 84-708.1 as authority, although that authority does not clearly appear. Also making style and grammar changes in subsequent subsections, and indicating verb "shall" before apparent

duties and "may" before apparent powers. This last was not in 0004; other change was in subsection (2), limiting rule-making delegation to centrally assessed properties.

Section 10. Amend 84-801 to make style and grammar changes consistent with recodification, and to delete April 1 reporting deadline--this is replaced by the March 31 date in section 3 of the bill.

Section 11. Amend 84-802 to make style and grammar changes consistent with recodification, and to delete provisions for show-cause "appearance" by protesting railroad companies (replaced by section 2 of the bill) and for 2nd Monday in July apportionment date (replaced by sections 5 and 6 of the bill).

Section 12. Amend 84-901 to delete 2nd Monday in March reporting deadline for utilities--replaced by March 31 in section 3 of the bill, and to make style and grammar changes.

Section 13. Amend 84-905 to delete 2nd Monday in July requirement for apportionment of utility assessments, replaced by July 1 in sections 5 and 6 of the bill, and to make style and grammar changes.

Section 14. Amend 84-5402 to make style and grammar changes, to delete the 2/3 of 1% penalty imposed on taxpayers not reporting net proceeds (replaced by like provision in section 4 of the bill), deleting an additional penalty of \$25 per month, and deleting a provision for allowing extensions of filing deadlines (replaced by section 3 of the bill).

Section 15. Amend 84-5403 to make style and grammar changes, and to delete redundant phrases, such as "value in dollars and cents", "calculate and compute", and "ascertain and determine".

Section 16. Amend 84-5405 to delete redundant or superfluous phrases, such as "shall be and shall constitute" or "herein provided for", and to make style and grammar changes.

Section 17. Amend 84-5407 to delete redundant or superfluous phrases, such as "as aforesaid", "value...and such gross value shall be", and the Engineering and Mining Journal of New York City.

Section 18. Amend 84-6201 to add a definition of "well" in order to substitute "well" for the inappropriate term "mine" throughout the oil and gas tax statutes.

Section 19. Amend 84-6202 to delete references to mines and mining and substituting references to production from a well (of oil and gas); delete the 2/3 of 1% penalty, the \$25 a month penalty, and the extension of time provision which are replaced by sections 3 and 4 of the bill.

Section 20. Amend 84-6203 by changing mines to wells, "said"s to "the"s; deleting redundancies (value in dollars and cents, ascertained and determined); and making style and grammar changes.

Section 21. Amend 84-6403 by deleting airline assessment reporting date of May 1, replaced by March 31 in section 3 of the bill, and inserting commas for grammatical consistency.

Section 22. Repealers.

84-719 tells the department to assess net proceeds and centrally assessed property by the 3rd Monday in July and to apportion the assessments among the counties as directed by other statutes. This is in the codes more as a cross-reference than as a substantive grant of authority; it would be replaced by sections 1 and 5 of the bill.

84-720 tells the department to transmit the apportioned assessments to the county clerk by the 4th Monday in July, with a copy of each assessment portion sent by the department to the taxpayer. These requirements conflict with those in other sections (e.g., 84-802 tells the department to send its apportionments of railroad assessments to the assessor by the 2nd Monday in July, and oil and gas net proceeds to the assessor by July 1). These provisions would be replaced by section 6 of the bill.

84-721 directs the county clerk to enter the apportioned assessments in the book; again, other sections assign this duty to the assessor. Section 6, subsection (2) of the bill would settle on the assessor.

84-722 provides for hearings, either on the protest of a taxpayer (it means, but does not say, owners of centrally assessed property) or on the motion of the department if it believes an error of assessment has been made, for the purpose of changing an assessment--and for making a record for purposes of STAB and judicial review. As the memo for a companion bill, LC0016, points out, a formal department hearing is a waste of time since STAB will often go over all the same ground in its hearing. Entry of revised assessments are also covered. These provisions are replaced by sections 2 and 7 of the bill.

84-802.1 provides for a hearing before STAB to review the department's decision in railroad assessment. Replaced by section 2 of the bill.

84-803 directs the department to transmit apportioned railroad assessments to the assessors by the 2nd Monday each July and the assessors to list the values in the books. Replaced by section 6 of the bill.

84-804 directs the department to keep a record of railroad assessments and apportionments. The state records management program under the department of administration now handles such records for all state agencies.

84-903 provides for a show-cause "appearance" before the department by utilities protesting central assessments. This is subject to a 10-day limitation. Section 2 of the bill would give utilities 30 days to protest and have an assessment review conference.

84-903.1 provides for a hearing before STAB to review the department's decision in utility assessment. Replaced by section 2 of the bill.

84-904 provides for a hearing when the department has to estimate value due to the taxpayer's failure to file a complete report. Replaced by section 4 of the bill.

84-906 tells the department how to apportion utility assessments among the counties. Replaced by section 6 of the bill.

84-907 tells the department to keep records of utility assessments. Now covered by state records management program.

84-5408 tells the department to transmit mining net proceeds assessments to the counties and tells the assessor how to list them. The second through fifth sentences contain a five-year averaging system which was held unconstitutional in 1959. The constitutional portion is replaced by section 6 of the bill.

84-5410 authorizes the department to estimate the net proceeds of mines when the taxpayer files no report, and imposes criminal penalties for refusing to heed a department subpoena issued for the purpose of making an estimate. The estimation procedure is replaced by section 4 of the bill and the subpoena power is covered under 84-716.

84-6207 tells the department to transmit oil and gas net proceeds to the assessor and tells the assessor how to list them; replaced by section 6 of the bill.

84-6209 authorizes the department to estimate oil and gas net proceeds and provides subpoena powers and sanctions; covered by section 4 of the bill and by 84-716.

84-6402 states that the department shall centrally assess all property of scheduled airlines; replaced by section 1, subsection (3) of the bill.

84-6405 provides for a show-cause "appearance" when a scheduled airline protests its assessment; replaced by section 2 of the bill.

84-6504.1 provides a STAB hearing to appeal a departmental assessment of airline property; replaced by section 2 of the bill.

84-6406 authorizes the department to estimate value if an airline does not file a report, and adds a 10% penalty to the tax due in such cases; replaced by section 4, with the penalty changed to 2/3 of 1% per month of delinquency.

84-6407 tells the department to apportion airline assessments and tells the county assessor to list them. It also classifies airline property in "class 7 at 40% of value." Such property is now class 11 property. Apportionment procedures are replaced by sections 5 and 6 of the bill.

84-6408 tells the department to keep records of airline assessments; now covered by state records management program.

84-6410 allows the department to extend the time for filing airline reports; replaced by the first sentence of section 4 of the bill.

Approved by Committee
on Taxation

1 HOUSE BILL NO. 25
 2 INTRODUCED BY MARKS
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CONSOLIDATE PROPERTY
 5 TAX PROCEDURES FOR THE CENTRALIZED ASSESSMENT OF RAILROADS,
 6 UTILITIES, AIRLINES, MINES, AND OIL AND GAS WELLS AND TO
 7 GENERALLY REVISE AND CLARIFY THE LAWS RELATING THERETO;
 8 AMENDING SECTIONS 84-404, 84-708.1, 84-801, 84-802, 84-901,
 9 84-905, 84-5402, 84-5403, 84-5405, 84-5407, 84-6201,
 10 84-6202, 84-6203, AND 84-6403, R.C.M. 1947; REPEALING
 11 SECTIONS 84-719, 84-720, 84-721, 84-722, 84-802.1, 84-803,
 12 84-804, 84-903, 84-903.1, 84-904, 84-906, 84-907, 84-5408,
 13 84-5410, 84-6207, 84-6209, 84-6402, 84-6405, 84-6405.1,
 14 84-6406, 84-6407, 84-6408, AND 84-6410, R.C.M. 1947."
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 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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 18 department of revenue shall centrally assess each year:
 19 (1) the franchise, roadway, roadbeds, rails, rolling
 20 stock, and all other property of railroads operated in more
 21 than one county in the state or more than one state, but
 22 buildings on right-of-way, land outside the right-of-way and
 23 improvements thereon, furniture, machinery, and other
 24 personal property situated within a county shall be assessed
 25 in that county;

1 (2) ~~utility~~ property owned by a corporation or other
 2 person constituting a single and continuous property
 3 operated in more than one county or more than one state,
 4 including telegraph, telephone, microwave, electric power or
 5 transmission lines, natural gas or oil pipelines, canals,
 6 ditches, flumes, or like properties, but buildings on
 7 right-of-way, land outside the right-of-way and improvements
 8 thereon, DAMS AND POWER HOUSES, furniture, machinery, and
 9 other personal property situated within a county shall be
 10 assessed in that county;

11 (3) all property of scheduled airlines;

12 (4) the net proceeds of mines and of oil and gas
 13 wells; and

14 (5) the gross proceeds of coal mines.

15 Section 2. Notice of assessment -- opportunity for
 16 conference -- appeal. After assessing property under
 17 [section 1 of this act], the department shall notify the
 18 owner of such property, in writing, of the assessed value it
 19 has determined. Within ~~30~~ 20 days following notification,
 20 the taxpayer may demand a review of the validity of the
 21 department's assessment. The department shall conduct an
 22 assessment review conference, which is not subject to the
 23 contested case procedures of the Montana Administrative
 24 Procedure Act. HOWEVER, A PARTY HAS THE RIGHT OF DISCOVERY
 25 PRICE TO ANY ASSESSMENT REVISION REVIEW CONFERENCE. Upon

*The changes in HB 25 are on pages
 2 & 3 - Refer to White Copy.* SECOND READING

1 consideration following such conference, the department may
2 revise the assessment. Appeals from the final decision may
3 be taken to the state tax appeal board.

4 Section 3. Due date of reports and returns --
5 extensions. Each report or return described in 84-801,
6 84-901, 84-1320, 84-5402, 84-6202, or 84-6403 shall be
7 delivered to the department on or before March 31 each year.
8 The department may for good cause extend the time for filing
9 a return or report for not more than 30 days.

10 Section 4. Failure to file report -- estimate by
11 department -- penalty. If any person fails to file a report
12 or return under [section 3] by March 31 or by such later
13 date as the department may approve, the department shall
14 estimate the value of the property to have been reported on
15 the basis of the best available information. In estimating
16 the value of the net proceeds of mines, the department shall
17 proceed under 84-5407, and in estimating the value of the
18 gross proceeds of coal mines, the department shall proceed
19 under 84-1318. In estimating value under this section, the
20 department may subpoena a person or his agent as specified
21 in 84-716. An assessment based on estimated value is subject
22 to review under 84-711. ~~When the department estimates
23 value, it shall impose and collect a penalty of 2/3 of 1% of
24 the year's tax due for each month or part of a month from
25 the day the report is delinquent until the report or return~~

1 ~~is filed or until the transmission of the assessment or~~
2 ~~apportioned assessment to the county or counties concerned,~~
3 ~~whichever occurs first. Penalties collected under this~~
4 ~~section shall be paid into the general fund. EACH MONTH OR~~
5 ~~PART OF A MONTH A REPORT IS DELINQUENT, THE DEPARTMENT SHALL~~
6 ~~IMPOSE AND COLLECT A \$25 PENALTY, THE TOTAL NOT TO EXCEED~~
7 ~~\$200, AND SHALL DEPOSIT SUCH PENALTY TO THE CREDIT OF THE~~
8 ~~GENERAL FUND OF THE STATE OF MONTANA. THE DEPARTMENT WILL~~
9 ~~ALSO INFORM ITS AGENTS IN THE COUNTIES OF THE DELINQUENCY~~
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13 Section 5. Apportionment among counties. The
14 department shall apportion the value of property assessed
15 under 84-802, 84-902, or 84-6404 among the counties in which
16 such property is located. Apportionment shall be on a
17 mileage basis or if the property is of such a character that
18 its value cannot reasonably be apportioned on the basis of
19 mileage, the department may adopt such other method or basis
20 of apportionment as may be just or proper.

21 Section 6. Transmission to the counties. (1) On or
22 before July 1, the department shall transmit to its agent in
23 each county a statement listing:

24 (a) the assessed value of railroad property, as
25 determined under 84-802, apportioned to the county,

1 report showing the selling price of gasoline at the
2 wholesale level in prime market centers of Montana and in
3 surrounding states during the biennium, with indexes
4 tabulated at sufficient intervals to show the comparative
5 state price structures.

6 (17) The department of revenue may, in its discretion,
7 ~~to~~ waive the assessment of penalty for the late filing of
8 any tax statement or return required to be filed with the
9 department when the filing is done within ~~five~~ (5) days of
10 the date specified for filing the return or statement, and
11 for the late payment of any tax collected by the department
12 when the payment is made within ~~five~~ (5) days of the date
13 specified for payment of the tax.

14 (18) The department of revenue may, in its discretion,
15 ~~to~~ enter into reciprocal agreements with the taxing
16 authorities of states contiguous to the state of Montana
17 which tax the income of Montana residents earned in that
18 state to provide that the tax imposed by Title 84, chapter
19 49, R.C.M. 1947, on income derived by persons who are
20 nonresidents of this state ~~shall not be~~ is not payable when
21 such other state or states agree to grant similar treatment
22 to residents of Montana."

23 Section 10. Section 84-801, R.C.M. 1947, is amended to
24 read as follows:

25 "84-801. Assessment of railroads. The president,

1 secretary, or managing agent, or such other officer as the
2 state department of revenue may designate, of any
3 corporation, and each person or association of persons,
4 owning or operating any railroad in more than one county in
5 this state, must, ~~on or before the first day of April of~~
6 each year, furnish the department a statement, signed and
7 sworn to by one of such officers, or by the person or one of
8 the persons forming such association, showing in detail for
9 the year ending ~~on the thirty-first day of December 31,~~
10 immediately preceding:

11 (1) ~~The~~ the whole number of miles of railroad in the
12 state, and, where the line is partly out of the state, the
13 whole number of miles without the state, and the whole
14 number within the state, owned or operated by such
15 corporation, person, or association;

16 (2) the value of the roadway, roadbed, and rails of
17 the whole railroad, and the value of the same within the
18 state;

19 (3) the width of the ~~right-of-way~~ right-of-way;

20 (4) the number of each kind of all rolling stock used
21 by such corporation, person, or association in operating the
22 entire railroad, including the part without the state;

23 (5) ~~Number~~ the number, kind, and value of rolling
24 stock owned and operated in the state;

25 (6) ~~Number~~ the number, kind, and value of rolling

HOUSE OF REPRESENTATIVES

COMMITTEE ON TAXATION AMENDMENTS TO HOUSE BILL 25

*This amendment was omitted on copies for
H. B. 25, Second Reading.*

6. Amend page 14, section 10, line 5.
Following: "this state"
Insert: "or more than one state"

AND AS SO AMENDED, DO PASS

Herb Huennekens

REP. HERB HUENNEKENS, Chairman

j1

B

1 HOUSE BILL NO. 25

2 INTRODUCED BY MARKS

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CONSOLIDATE PROPERTY
5 TAX PROCEDURES FOR THE CENTRALIZED ASSESSMENT OF RAILROADS,
6 UTILITIES, AIRLINES, MINES, AND OIL AND GAS WELLS AND TO
7 GENERALLY REVISE AND CLARIFY THE LAWS RELATING THERETO;
8 AMENDING SECTIONS 84-404, 84-708.1, 84-801, 84-802, 84-901,
9 84-905, 84-5402, 84-5403, 84-5405, 84-5407, 84-6201,
10 84-6202, 84-6203, AND 84-6403, R.C.M. 1947; REPEALING
11 SECTIONS 84-719, 84-720, 84-721, 84-722, 84-802.1, 84-803,
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23 improvements thereon, furniture, machinery, and other
24 personal property situated within a county shall be assessed
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2 person constituting a single and continuous property
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4 including telegraph, telephone, microwave, electric power or
5 transmission lines, natural gas or oil pipelines, canals,
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19 has determined. Within 30 20 days following notification,
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21 department's assessment. The department shall conduct an
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25 PRIOR TO ANY ASSESSMENT REVISION REVIEW CONFERENCE. Upon

THIRD READING

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 3 be taken to the state tax appeal board.

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 6 84-901, 84-1320, 84-5402, 84-6202, or 84-6403 shall be
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 8 The department may for good cause extend the time for filing
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 11 department -- penalty. If any person fails to file a report
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 14 department shall apportion the value of property assessed
 15 under 84-802, 84-902, or 84-6404 among the counties in which
 16 such property is located. Apportionment shall be on a
 17 mileage basis or if the property is of such a character that
 18 its value cannot reasonably be apportioned on the basis of
 19 mileage, the department may adopt such other method or basis
 20 of apportionment as may be just or proper.

21 Section 6. Transmission to the counties. (1) On or
 22 before July 1, the department shall transmit to its agent in
 23 each county a statement listing:

24 (a) the assessed value of railroad property, as
 25 determined under 84-802, apportioned to the county,

1 including the length or other description of such property;

2 (b) the assessed value of utility property, as
3 determined under 84-902, apportioned to the county,
4 including the length or other description of such property;

5 (c) the assessed value of property of airline
6 companies, as determined under 84-6404, apportioned to the
7 county;

8 (d) the assessed value of the net proceeds and
9 royalties from mines and oil and gas wells in the county, as
10 determined under 84-5403, 84-5406, 84-6203, and 84-6205; and

11 (e) the assessed value of the gross proceeds from coal
12 mines, as described in 84-1320.

13 (2) The agent of the department shall enter the
14 assessed values so transmitted in the assessment book in a
15 manner prescribed by the department.

16 Section 7. Amended assessment -- transmission to
17 counties. Whenever the valuation of centrally assessed
18 property is revised under [section 2 of this act] or 84-711,
19 the department shall, within 15 days following the final
20 decision or order, transmit a statement of the revised
21 assessment to its agent or the county officer then having
22 custody of the assessment book in the county where the
23 property is located. The revision shall be immediately
24 entered in the assessment book.

25 Section 8. Section 84-404, R.C.M. 1947, is amended to

1 read as follows:

2 "84-404. ~~State department~~ Department of revenue to
3 assign percentage basis, when. The percentage basis of true
4 and full value as provided for in ~~sections~~ 84-302, shall be
5 determined and assigned by the ~~state~~ department of revenue,
6 when it makes its annual assessment of the property, which
7 it is required to assess centrally under the laws of this
8 state, ~~and The department~~ shall transmit such determination
9 and assignment to ~~the various county clerks~~ its agents in
10 the various counties with the assessments so made, and its
11 determination shall be final except as to the right of
12 review in the state tax appeal board or the proper court."

13 Section 9. Section 84-708.1, R.C.M. 1947, is amended
14 to read as follows:

15 "84-708.1. Powers and duties of the state department
16 of revenue. (1) ~~To annually assess the franchise, roadway,~~
17 ~~roadbeds, rails, and rolling stock, and all other property~~
18 ~~of all railroads, and the pole lines and rights of way and~~
19 ~~all other property of all telegraph and telephone lines,~~
20 ~~electric power and transmission lines, ditches, canals and~~
21 ~~fences, and other similar property, constituting a single~~
22 ~~and continuous property operated in more than one (1) county~~
23 ~~in the state, or more than one (1) state. To apportion such~~
24 ~~assessments to the counties in which such properties are~~
25 ~~located on a mileage basis, or if the property of any~~

1 ~~company assessable under this section is of such a character~~
 2 ~~that its value cannot reasonably be apportioned on the basis~~
 3 ~~of mileage, the department may adopt such other method or~~
 4 ~~basis of apportionment to the county or counties in which~~
 5 ~~the property is situated as may be just and proper. All~~
 6 ~~lots and parcels of real estate not included in right of~~
 7 ~~way, with the buildings, structures, and improvements~~
 8 ~~thereon, dams and power houses, depots, stations, shops, and~~
 9 ~~other buildings, erected upon right of way, furniture,~~
 10 ~~machinery, and other personal property, shall not be~~
 11 ~~considered as a part of any such single and continuous~~
 12 ~~property, but shall be considered as separate and distinct~~
 13 ~~therefrom, and shall be assessed by the agent of the~~
 14 ~~department of revenue in the county wherein they are situate~~
 15 The department shall centrally assess the properties
 16 described in [section 1 of this act].

17 (2) ~~to transmit to the county clerk of each county its~~
 18 ~~apportionment of all assessments made by the department~~ The
 19 department may adopt rules necessary for the taxation of
 20 property under [chapters 8, 9, 13, 54, 62, and 64, and this
 21 act].

22 (3) ~~to~~ The department of revenue shall adjust and
 23 equalize the valuation of taxable property among the several
 24 counties, and the different classes of taxable property in
 25 any county and in the several counties and between

1 individual taxpayers; supervise and review the acts of
 2 agents of the department; change, increase, or decrease
 3 valuations made by its agents; and exercise such authority
 4 and do all things necessary to secure a fair, just, and
 5 equitable valuation of all taxable property among counties
 6 between the different classes of property and between
 7 individual taxpayers.

8 (4) ~~to~~ The department of revenue shall have and
 9 exercise general supervision over the administration of the
 10 assessment and tax laws of the state, and over its agents
 11 and any officers of municipal corporations, having any
 12 duties to perform under any of the laws of this state
 13 relating to taxation to the end that all assessments of
 14 property be made relatively just and equal at true value in
 15 substantial compliance with law, and to supervise the
 16 administration of all revenue laws of the state and assist
 17 in their enforcement. Further, the ~~state~~ department of
 18 revenue ~~is empowered to~~ shall organize, and ~~it shall be its~~
 19 ~~duty to~~ schedule, and hold area schools within the state for
 20 appraisers and assessors as often as is ~~deemed~~ considered
 21 necessary in the judgment of the department, and the costs
 22 of such appraisers and assessors attending shall be borne by
 23 the state. Further, the department shall determine if there
 24 is a need for a taxing, assessing, and appraising school,
 25 and such school shall be held, when ~~deemed~~ considered

1 necessary. The department shall notify all assessors and
 2 appraisers at least ~~six~~ (6) months before such school is
 3 scheduled, and it shall be the duty of all assessors and
 4 appraisers to attend, and the cost of their attendance shall
 5 be borne by the state.

6 (5) ~~to~~ The department of revenue shall confer with,
 7 advise, and direct officers of municipal corporations as to
 8 their duties, with respect to taxation, under the statutes
 9 of the state.

10 (6) ~~to~~ The department of revenue may direct
 11 proceedings, actions, and prosecutions to be instituted to
 12 enforce the laws relating to the penalties, liabilities, and
 13 punishment of public officials and persons, or their agents,
 14 for failure or neglect to comply with the provisions of the
 15 statutes governing the revenue of the state or municipal
 16 corporations; and ~~to~~ cause complaints to be made against
 17 assessors and other public officers to the proper district
 18 court for their removal from office for official misconduct
 19 or neglect of duty.

20 (7) ~~to~~ The department of revenue may require county
 21 attorneys to assist in the commencement and prosecution of
 22 actions and proceedings for penalties, forfeitures,
 23 removals, and punishment for violations of the laws of the
 24 state in respect to the assessment of property and other
 25 revenue laws, in their respective counties.

1 (8) ~~to~~ The department of revenue shall collect
 2 annually from the proper officers of the municipal
 3 corporations information as to the assessment of property,
 4 collection of taxes, receipts from licenses and other
 5 sources, the expenditure of public funds for all purposes,
 6 and such other information as may be needful and helpful in
 7 the work of the department in such form and upon such blanks
 8 as the department shall prescribe; and it shall be the duty
 9 of all public officers so called upon to fill out properly
 10 and return promptly to the department all blanks so
 11 transmitted and in every way aid the department in its
 12 work, ~~to~~ The department shall examine the records of all
 13 municipal corporations for such purposes as are ~~deemed~~
 14 considered needful or helpful by the department.

15 (9) ~~(a) in its discretion, to~~ The department of
 16 revenue may inspect and examine, or cause an inspection and
 17 examination of the records of the officers of any
 18 municipality, whenever such officer ~~shall have~~ has failed,
 19 neglected, or refused to return properly the information
 20 required by this section within the time set by the
 21 department. Upon completion of such inspection and
 22 examination, the department shall transmit to the clerk, or
 23 other proper official of the municipality, a statement of
 24 the expenses incurred by the department to secure the
 25 necessary information. Within ~~sixty~~ (60) days after the

1 receipt by the municipality of the above statement, the same
 2 shall be audited, as other claims of the municipal
 3 corporation are audited, and shall be paid into the state
 4 treasury, and if the same is not so paid, the attorney
 5 general shall institute an action, in the proper court,
 6 against the municipality to recover the same.

7 (b) The officers responsible for the furnishing of the
 8 information collected pursuant to this section, shall be
 9 jointly and severally liable for any loss the municipality
 10 may suffer, through their delinquency; and no payment shall
 11 ~~may~~ be made to them for salary, or on any other account,
 12 until the cost of such inspection and examination as
 13 provided above ~~shall have~~ has been paid into the treasury,
 14 or to the proper officers of such municipality. They shall
 15 also be subject to such other fines and penalties as
 16 prescribed by law.

17 (10) ~~to~~ The department of revenue may require persons,
 18 ~~as defined above,~~ to furnish information concerning their
 19 capital, funded or other debt, current assets and
 20 liabilities, cost and value of property, earnings, operating
 21 and other expenses, taxes, and all other facts which may
 22 enable the department to ascertain the value of the relative
 23 burdens borne by all kinds of property and occupations in
 24 the state.

25 (11) ~~to~~ The department of revenue may summon witnesses

1 to appear and give evidence, and to produce records, books,
 2 papers, and documents relating to any matter which the
 3 department ~~shall have~~ has authority to investigate and
 4 determine.

5 (12) ~~to~~ The department of revenue may cause the
 6 deposition of witnesses residing within or without the
 7 state, or absent therefrom, to be taken upon notice to the
 8 interested party, if any, in like manner that depositions
 9 are taken in actions pending in the district court, in any
 10 matter which the department ~~shall have~~ has authority to
 11 investigate and determine.

12 (13) ~~to~~ The department of revenue may examine ~~into~~
 13 cases where evasion or violation of the laws for taxation of
 14 property, proceeds, occupation, or business is alleged,
 15 complained of, or discovered, and ~~to~~ ascertain wherein
 16 existing laws are ineffective or are improperly or
 17 negligently administered.

18 (14) ~~to~~ The department of revenue may investigate the
 19 tax systems of other states and countries and ~~to~~ formulate
 20 and recommend legislation for the better administration of
 21 the fiscal laws so as to secure just and equal taxation and
 22 improvement in the system of taxation and the economical
 23 expenditure of public revenue in the state.

24 (15) ~~to~~ The department of revenue shall consult and
 25 confer with the governor of the state upon the subject of

1 taxation, the administration of the laws relating thereto,
 2 and the progress of the work of the department, and ~~to~~
 3 furnish the governor such assistance as he may require.

4 (16) ~~to~~ The department of revenue shall transmit to the
 5 governor and to each member of the legislature ~~twenty~~ (20)
 6 days before the meeting of the legislature, a report of the
 7 department, showing all the taxable property of the state
 8 and the value of the same, in tabulated form, with
 9 recommendations for improvements in the system of taxation,
 10 together with such measures as may be formulated for the
 11 consideration of the legislature, and ~~to~~ include therein a
 12 report showing the selling price of gasoline at the
 13 wholesale level in prime market centers of Montana and in
 14 surrounding states during the biennium, with indexes
 15 tabulated at sufficient intervals to show the comparative
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 21 the date specified for filing the return or statement, and
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 4 state to provide that the tax imposed by Title 84, chapter
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 16 this state, OR MORE THAN ONE STATE ~~must, as or before the~~
 17 ~~first day of April of~~ each year, furnish the department a
 18 statement, signed and sworn to by one of such officers, or
 19 by the person or one of the persons forming such
 20 association, showing in detail for the year ending ~~on the~~
 21 ~~thirty-first day of~~ December 31, immediately preceding:

22 (1) ~~The~~ the whole number of miles of railroad in the
 23 state, and, where the line is partly out of the state, the
 24 whole number of miles without the state, and the whole
 25 number within the state, owned or operated by such

1 corporation, person, or association;

2 (2) the value of the roadway, roadbed, and rails of

3 the whole railroad, and the value of the same within the

4 state;

5 (3) the width of the ~~right-of-way~~ right-of-way;

6 (4) the number of each kind of all rolling stock used

7 by such corporation, person, or association in operating the

8 entire railroad, including the part without the state;

9 (5) ~~Number~~ the number, kind, and value of rolling

10 stock owned and operated in the state;

11 (6) ~~Number~~ the number, kind, and value of rolling

12 stock used in the state, but ~~now~~ not owned by the party

13 making the returns;

14 (7) ~~Number~~ the number, kind, and value of rolling

15 stock owned but used out of the state, either upon divisions

16 of road operated by the party making the returns, or by and

17 upon other railroads;

18 (8) ~~The~~ the whole number of sidetracks in each county,

19 including the number of miles of track in each railroad yard

20 in the state;

21 (9) ~~The~~ the number of each kind of rolling stock used

22 in operating the entire railroad, including the part without

23 the state, which must include a detailed statement of the

24 number and value thereof, of all engines, passenger, mail,

25 express, baggage, freight, and other cars, or property owned

1 or leased by such corporation, persons, or association;

2 (10) ~~The~~ the number of sleeping and dining cars not

3 owned by such corporation, person, or association, but used

4 in operating the railroads of such corporation, person, or

5 association in the state, or on the line of the road without

6 the state, during each month of the year for which the

7 return is made; also the number of miles each month ~~said~~ the

8 cars have been run or operated within and without the

9 state;

10 (11) ~~A~~ a description of the road, giving the points of

11 entrance into and the points of exit from each county, with

12 a statement of the number of miles in each county. When a

13 description of the road ~~shall have~~ has once been given, no

14 other annual description thereof is necessary, unless the

15 road ~~shall have~~ has been changed. Whenever the road, or any

16 portion of the road, is advertised to be sold, or is sold

17 for taxes, either state or county, no other description is

18 necessary than that given by, and the same is conclusive

19 upon, the person, corporation, or association giving the

20 description. No assessment is invalid on account of a

21 misdescription of the railroad, or the ~~right-of-way~~

22 right-of-way for the same. If such statement is not

23 furnished as above provided, the assessment made by the

24 ~~state~~ department of revenue upon the property of the

25 corporation, person, or association failing to furnish the

1 statement is conclusive and final.

2 ~~(12) Also showing in detail for the year preceding the~~
 3 ~~first of January:~~

4 ~~(a) (12)~~ the gross earnings of the entire road;
 5 ~~(b) (13)~~ the gross earnings of the road within the
 6 state, and ~~where~~ if the railroad is let to other operators,
 7 how much was derived by the lessor as rental;

8 ~~(c) (14)~~ the cost of operating the entire road,
 9 exclusive of sinking fund, expenses, of land department, and
 10 money paid to the United States;

11 ~~(d) (15)~~ net income for such year, and amount of
 12 dividend declared;

13 ~~(e) (16)~~ capital stock authorized;

14 ~~(f) (17)~~ capital stock paid in;

15 ~~(g) (18)~~ funded debt;

16 ~~(h) (19)~~ number of shares authorized;

17 ~~(i) (20)~~ number of shares of stock issued;

18 ~~(j) (21)~~ any other facts the state department of
 19 revenue may require."

20 Section 11. Section 84-802, R.C.M. 1947, is amended to
 21 read as follows:

22 "84-802. Assessment, — how made. The state department
 23 of revenue must assess the franchise, roadway, roadbed,
 24 rails, and rolling stock of all railroads operated in more
 25 than one county. All rolling stock must be assessed in the

1 name of the person, corporation, or association owning,
 2 leasing, or using the same. Assessment must be made to the
 3 corporation, person, or association of persons owning or
 4 leasing or using the same, and must be made upon the entire
 5 railroad within the state. The depots, stations, shops, and
 6 buildings erected upon the space covered by the ~~right-of-way~~
 7 right-of-way, and all other property owned or leased by such
 8 person, corporation, or association, except as above
 9 provided, shall be assessed by an agent of the state
 10 department of revenue in the county wherein where they are
 11 located situate. ~~After making such assessment, the~~
 12 ~~department shall give written notice thereof to such owner~~
 13 ~~or operator. Within ten (10) days the owner or operator, or~~
 14 ~~any taxpayer, may appear at the department of revenue in~~
 15 ~~person, or otherwise, to show cause why such assessment~~
 16 ~~should be either lowered or raised. On or before the second~~
 17 ~~Monday in July, the department shall apportion such~~
 18 ~~assessment to the counties, school districts, cities, towns,~~
 19 ~~and other tax subdivisions, in which such railroad is~~
 20 ~~located."~~

21 Section 12. Section 84-901, R.C.M. 1947, is amended to
 22 read as follows:

23 "84-901. Officers of certain telegraph, telephone,
 24 electric power, and other lines to furnish statement to
 25 state department of revenue. The president, secretary, or

1 managing agent, or such other officer as the state
 2 department of revenue may designate, of any corporation, and
 3 each person or association of persons owning or operating a
 4 telegraph, telephone, microwave, electric power or
 5 transmission line, natural gas pipeline, oil pipeline,
 6 canal, ditch, flume, or other property, other than real
 7 estate not included in ~~right-of-way~~ right-of-way, and which
 8 constitute a single and continuous property throughout more
 9 than one county, or state, must, ~~on or before the first~~
 10 ~~Monday of March in~~ each year, furnish the state department
 11 of ~~revenue~~ a statement, signed and sworn to by one of such
 12 officers or by the person or one of the persons forming such
 13 association, showing in detail for the year ending on ~~the~~
 14 ~~thirty-first day of~~ December 31, immediately preceding, as
 15 follows:

16 4-(1) ~~The~~ the whole number of miles of said property
 17 in the state, and where the property is partly out of the
 18 state, the whole number of miles without the state and the
 19 whole number of miles within the state owned or operated by
 20 such corporation, person, or association;

21 3-(2) ~~The~~ the total value of the entire property and
 22 plant both within and without the state, and the total value
 23 of that portion of the same within the state;

24 3-(3) ~~A~~ a complete description of the property within
 25 the state, giving the points of entrance into and the points

1 of exit from the state, and the points of entrance into and
 2 the points of exit from each county, with a statement of the
 3 total number of miles in each county in the state;

4 4-(4) such other information regarding such property
 5 as may be required by the state department of ~~revenue~~.

6 Section 13. Section 84-905, R.C.M. 1947, is amended to
 7 read as follows:

8 "84-905. Assessment of property -- apportionment to
 9 counties. The department must assess all the properties
 10 described in ~~section~~ 84-901, but franchises granted by the
 11 United States must not be assessed, the value of such
 12 properties for assessment purposes to be determined upon
 13 such factors as the department shall ~~deem~~ consider proper.

14 ~~On or before the second Monday in July, the department~~
 15 ~~shall apportion such assessment to the counties in which the~~
 16 ~~properties are situated."~~

17 Section 14. Section 84-5402, R.C.M. 1947, is amended
 18 to read as follows:

19 "84-5402. Net proceeds tax -- statement of yield,
 20 ~~penalty, extension of time~~. Every person, partnership,
 21 corporation, or association, engaged in mining, extracting,
 22 or producing from any quartz vein or lode, placer claim,
 23 dump, or tailings, or other place or sources whatever,
 24 precious stones or gems, gold, silver, copper, lead,
 25 ~~petroleum, natural gas~~, or other valuable mineral, except

1 coal, must on or before ~~the thirty-first day of~~ March 31 of
 2 each year make out a statement of the gross yield and value
 3 of the above-named metals or minerals from each mine owned
 4 or worked by such person, corporation, or association during
 5 the year preceding ~~the first day of~~ January 1 of the year in
 6 which such statement is made, ~~and the value thereof~~. Such
 7 statement shall be in the form prescribed by the state
 8 department of revenue, and must be verified by the oath of
 9 ~~such~~ the person completing the statement or the manager,
 10 superintendent, agent, president, or vice-president of ~~such~~
 11 the corporation, association, or partnership, and must be
 12 delivered to the state department of revenue on or before
 13 ~~the thirty-first day of~~ March 31. Such statement shall show
 14 the following:

15 4-(1) the name and address of the owner or lessee or
 16 operator of the mine, together with the names and addresses
 17 of any and all persons, corporations, or associations owning
 18 or claiming any royalty interest in the mineral product of
 19 such mine or the proceeds derived from the sale thereof, and
 20 the amount or amounts paid or yielded as royalty to each of
 21 such persons, corporations, or associations during the
 22 period covered by the statement;

23 3-(2) the description and location of the mine;

24 3-(3) the number of tons of ore, barrels of petroleum,
 25 cubic feet of natural gas, or other mineral products or

1 deposits extracted, produced, and treated or sold from the
 2 mine during the period covered by the statement;

3 4-(4) The the amount and character of such ores,
 4 mineral products, or deposits, and the yield of such ores,
 5 mineral products, or deposits from such mine in constituents
 6 of commercial value; that is ~~to say~~, the number of ounces of
 7 gold or silver, pounds of copper or lead, barrels of
 8 petroleum or other crude or mineral oil, cubic feet of
 9 natural gas, or other commercially valuable constituents of
 10 ~~said the~~ the ores, ~~or~~ mineral products or deposits, measured by
 11 standard units of measurement, yielded to such person,
 12 corporation, or association so engaged in mining, and to
 13 ~~said each~~ each royalty holders ~~and each of them~~ holder, if any,
 14 during the period covered by the statement;

15 5-(5) The the gross yield or value in dollars and
 16 cents;

17 6-(6) Actual actual cost of extracting ~~same~~ from the
 18 mine;

19 7-(7) Actual actual cost of transporting to place of
 20 reduction or sale;

21 8-(8) Actual actual cost of reduction or sale;

22 9-(9) Actual actual cost of marketing the product and
 23 conversion of same into money;

24 10-(10) Cost cost of construction, repairs, and
 25 betterments of mines, and cost of repairs and replacements

1 of reduction works;

2 ~~41.(11) The the~~ assessed valuation of reduction works
3 for the calendar year for which such return is made;

4 ~~42.(12) Actual actual~~ cost of fire insurance and
5 ~~workmen's workers'~~ compensation insurance.

6 ~~If any person shall fail, neglect or refuse to file the~~
7 ~~statement required by this section within the time required,~~
8 ~~or within any extended period of time allowed, the state~~
9 ~~department of revenue when transmitting the net proceeds~~
10 ~~valuations to the counties shall inform the county assessor~~
11 ~~of such failure, neglect or refusal and the county assessor~~
12 ~~in addition to the net proceeds tax, if any, shall assess a~~
13 ~~penalty of 2/3 of 1% of such tax for each calendar month or~~
14 ~~fraction thereof that the required statement is not filed,~~
15 ~~deducting therefrom any moneys collected by the state~~
16 ~~department of revenue required by this section. The state~~
17 ~~department of revenue shall assess a penalty of \$25 for each~~
18 ~~calendar month or fraction thereof, not exceeding four~~
19 ~~months, that the required statement is not filed, to be~~
20 ~~collected by the state department of revenue and deposited~~
21 ~~to the credit of the general fund of the state of Montana.~~

22 ~~The state department of revenue shall, upon a showing~~
23 ~~of reasonable cause, grant an extension of time for filing~~
24 ~~the statement required by this section. This penalty shall~~
25 ~~be in addition to penalties provided in section 84-5440."~~

1 Section 15. Section 84-5403, R.C.M. 1947, is amended
2 to read as follows:

3 "84-5403. Net proceeds -- how computed. (1) The state
4 department of revenue shall calculate and compute from said
5 the returns the gross product yielded from such mine, and
6 its gross value in dollars and cents for the year covered by
7 the statement, and also shall calculate and compute the net
8 proceeds in dollars and cents of said the mine yielded to
9 such the person, corporation, or association so engaged in
10 mining, which said net ~~net~~ proceeds shall be ascertained and
11 determined by subtracting from the value in dollars and
12 cents of the gross product thereof the following, to-wit:

13 4.(a) All all royalty paid or apportioned in cash or
14 in kind by the person, corporation, or association so
15 engaged in mining;

16 2.(b) All all moneys expended for necessary labor,
17 machinery, and supplies needed and used in the mining
18 operations and developments;

19 3.(c) All all moneys expended for improvements,
20 repairs, and betterments necessary in and about the working
21 of the mine, except as hereinafter provided;

22 4.(d) All all moneys expended for costs of repairs and
23 replacements of the milling and reduction works used in
24 connection with the mine;

25 5.(e) Depreciation ~~depreciation~~ in the sum of six per

1 ~~cent~~ (6%) of the assessed valuation of such milling and
 2 reduction works for the calendar year for which such return
 3 is made;

4 6. (f) ~~all~~ all moneys actually expended for
 5 transporting the ores, and mineral products or deposits from
 6 the mines to the mill or reduction works or to the place of
 7 sale, and for extracting the metals and minerals therefrom,
 8 and for marketing the product and the conversion of the same
 9 into money;

10 7. (g) ~~all~~ all moneys expended for fire insurance and
 11 ~~workmen's~~ workers' compensation insurance, and for payments
 12 by mine operators to welfare and retirement funds when
 13 provided for in wage contracts between mine operators and
 14 employees.

15 (2) In computing the deductions allowable for repairs,
 16 improvements, and betterments to the mine, the ~~state~~
 17 department ~~of revenue shall compute and allow ten per cent~~
 18 ~~(40%)~~ 10% of such cost each year for a period of ~~ten~~ (10) 10
 19 years.

20 (3) No moneys invested in mines or improvements shall
 21 may be allowed as a deduction unless all machinery,
 22 equipment, and buildings represented by such moneys ~~shall be~~
 23 are returned to the county in which such mine is located for
 24 assessment purposes, at the level of assessment of all other
 25 property in such county.

1 (4) No moneys invested in the mines and improvements
 2 during any year, except the year for which such statement is
 3 made, and except as ~~hereinbefore~~ provided in this section,
 4 shall may be included in such expenditures; and such
 5 expenditures shall may not include the salaries or any
 6 portion thereof, of any person or officer not actually
 7 engaged in the working of the mine or superintending the
 8 management thereof."

9 Section 16. Section 84-5405, R.C.M. 1947, is amended
 10 to read as follows:

11 "84-5405. Lien of tax and penalty. The tax and/or
 12 penalty so assessed on net proceeds shall ~~be and shall~~
 13 ~~constitute~~ are a lien upon all of the right, title, and
 14 interest of such operator in or to such mine or mining claim
 15 and upon all of the right, title, and interest in or to the
 16 machinery, buildings, tools, and equipment used in operating
 17 ~~said the~~ the mine or mining claim, ~~and the~~ The tax and/or
 18 penalty on such net proceeds may be collected, and the
 19 payment thereof enforced, by the seizure and sale of the
 20 personal property upon which the ~~said~~ tax and/or penalty ~~is~~
 21 are a lien, in the same manner as other personal property is
 22 seized and sold for delinquent taxes, or by the sale of the
 23 mine and improvements, as provided for the sale of real
 24 property for delinquent taxes, or by the institution of a
 25 civil action for its collection in any court of competent

1 jurisdiction, ~~provided, however, that a resort~~ resort to
 2 any one of the methods of enforcing collection, ~~as herein~~
 3 ~~provided for,~~ shall not bar the right to resort to either or
 4 both of the other methods, but ~~that~~ any two or all of the
 5 methods ~~herein provided for~~ may be used until the full
 6 amount of such tax and ~~or~~ penalty is collected."

7 Section 17. Section 84-5407, R.C.M. 1947, is amended
 8 to read as follows:

9 "84-5407. False or fraudulent reports, procedure in
 10 case of. If any ~~such~~ report required by this chapter
 11 contains any willfully false or fraudulent statements as to
 12 the gross amount received by any person, corporation, or
 13 association ~~so~~ engaged in mining ~~as aforesaid,~~ for any
 14 mine's product, then the ~~said state~~ department of revenue
 15 shall compute the gross value of such mine's product, ~~and~~
 16 ~~such gross value shall be~~ based upon the average quotations
 17 of the price of such mine's product in New York City, or the
 18 relative market value at the point of delivery, as evidenced
 19 by some established authority or market report, ~~such as the~~
 20 ~~Engineering and Mining Journal of New York City, or some~~
 21 ~~other standard publication, giving the market reports for~~
 22 ~~the year covered by the statement; and, provided further,~~
 23 ~~that if~~ If any such person, corporation, or association has
 24 sold or otherwise disposed of any of its mine's product at a
 25 price substantially below the true market price of such

1 product at the time and place of such sale or disposal, then
 2 the ~~state~~ department of ~~revenue~~ shall compute the gross
 3 value of such portion of ~~said the~~ mine's product, ~~so~~ sold or
 4 disposed of substantially below the market price as
 5 ~~aforesaid,~~ which gross value shall be based upon the
 6 quotations of the price of such mine's product in New York
 7 City, or the relative market value at the point of delivery
 8 at the time such portion of the product was so sold or
 9 otherwise disposed of, as evidenced by some established
 10 authority or market report, ~~such as the Engineering and~~
 11 ~~Mining Journal, of New York City, or some other standard~~
 12 ~~publication giving the market reports for the year covered~~
 13 ~~by such statement.~~ Should there be no quotation covering any
 14 particular product, then the ~~state~~ department of ~~revenue~~
 15 shall fix the value of such gross product, or such portion
 16 thereof, as shall have been sold or otherwise disposed of at
 17 a price substantially below the true market price at the
 18 time and place of such sale or disposal in such a manner as
 19 may seem to be equitable."

20 Section 18. Section 84-6201, R.C.M. 1947, is amended
 21 to read as follows:

22 "84-6201. Definitions. [1] The term "person", as used
 23 in this act, ~~shall mean means~~ and ~~include any~~ includes an
 24 individual, firm, ~~copartnership,~~ and partnership, every
 25 corporation, joint-stock company, syndicate, and or

1 association.

2 (2) The terms "operator" and "producer" shall mean any
3 person ~~as defined above~~ who engages in the business of
4 ~~mining, or~~ drilling for, ~~or~~ extracting, or producing any
5 natural gas, petroleum, or other crude or mineral oil.

6 (3) The term "well" includes each single well or group
7 of wells, including dry wells, in one field or production
8 unit and under the control of one operator or producer."

9 Section 19. Section 84-6202, R.C.H. 1947, is amended
10 to read as follows:

11 "84-6202. Statement of yield, ~~penalty, extension of~~
12 ~~time. Every person engaged in mining upon any mine~~
13 ~~whatsoever containing~~ Each operator or producer of natural
14 gas, petroleum, or other crude or mineral oil must on or
15 before ~~the thirty-first day of~~ March 31 in each year make
16 out and deliver to the state department of revenue a
17 statement of the gross yield of such natural gas, petroleum,
18 or other crude or mineral oil from each ~~mine~~ well owned or
19 worked by such person during the next preceding calendar
20 year, and the value thereof. Such statement shall be in the
21 form prescribed by the state department of revenue and must
22 be verified by the oath of ~~such person~~ the operator or
23 producer or the manager, superintendent, agent, president,
24 or vice-president of such corporation, association, or
25 partnership. Such statement shall show the following:

1 ~~4-(1)~~ 1-(1) The the name and address of the operator ~~of the~~
2 ~~mine~~, together with a list in duplicate of the names and
3 addresses of any and all persons owning or claiming any
4 royalty interest in the ~~mineral product of such mine~~
5 production from the well or the proceeds derived from the
6 sale thereof, and the amount or amounts paid or yielded as
7 royalty to each of such persons during the period covered by
8 the statement*;*

9 ~~2-(2)~~ 2-(2) The the description and location of the ~~mine~~
10 well*;*

11 ~~3-(3)~~ 3-(3) The the number of cubic feet of natural gas,
12 barrels of petroleum, or other crude or mineral oil
13 extracted or produced from the ~~mine~~ well during the period
14 covered by the statement*;*

15 ~~4-(4)~~ 4-(4) The the gross yield or value in dollars and
16 cents*;*

17 ~~5-(5)~~ 5-(5) ~~Actual~~ actual cost of extracting ~~each mine~~
18 product from well*;*

19 ~~6-(6)~~ 6-(6) Cost cost of construction, repairs, and
20 betterments ~~of mines~~*;*

21 ~~7-(7)~~ 7-(7) ~~Actual~~ actual cost of fire insurance and
22 ~~workmen's~~ workers' compensation insurance.

23 ~~If any person shall fail, neglect or refuse to file the~~
24 ~~statement required by this section within the time required,~~
25 ~~or within any extended period of time allowed, the state~~

1 ~~department of revenue when transmitting the net proceeds~~
 2 ~~valuations to the counties shall inform the county assessor~~
 3 ~~of such failure, neglect or refusal and the county assessor~~
 4 ~~in addition to the net proceeds tax, if any, shall assess a~~
 5 ~~penalty of 2/3 of 1% of such tax for each calendar month or~~
 6 ~~fraction thereof that the required statement is not filed,~~
 7 ~~deducting therefrom any moneys collected by the state~~
 8 ~~department of revenue required by this section. The state~~
 9 ~~department of revenue shall assess a penalty of \$25 for each~~
 10 ~~calendar month or fraction thereof, not exceeding four~~
 11 ~~months, that the required statement is not filed, to be~~
 12 ~~collected by the state department of revenue and deposited~~
 13 ~~to the credit of the general fund of the state of Montana.~~

14 ~~The state department of revenue shall upon a showing of~~
 15 ~~reasonable cause, grant an extension of time for filing the~~
 16 ~~statement required by this section.~~

17 ~~This penalty shall be in addition to penalties provided~~
 18 ~~in section 84-6209."~~

19 Section 20. Section 84-6203, B.C.M. 1947, is amended
 20 to read as follows:

21 "84-6203. Net proceeds -- how computed. (1) The state
 22 department of revenue shall calculate and compute from said
 23 the returns the gross product yielded from such mine well,
 24 and its gross value ~~in dollars and cents~~ for the year
 25 covered by the statement, and also shall calculate and

1 ~~compute the net proceeds in dollars and cents of said mine~~
 2 ~~the well yielded to the producer, such person so engaged in~~
 3 ~~mining, which said net proceeds shall be ascertained and~~
 4 ~~determined by subtracting from the value in dollars and~~
 5 ~~cents of the gross products thereof the following, to wit:~~

6 ~~1. All (a) all~~ royalty paid or apportioned in cash or
 7 in kind by the ~~person so engaged in mining~~ operator or
 8 producer;

9 ~~2. All (b) all~~ moneys expended for necessary labor,
 10 machinery, and supplies needed and used in the mining
 11 operations and developments;

12 ~~3. All (c) all~~ moneys expended for improvements,
 13 repairs, and betterments necessary in and about the working
 14 of the mine well;

15 ~~4. All (d) all~~ moneys expended for fire insurance and
 16 ~~workmen's workers' compensation insurance, and for payments~~
 17 by operators to welfare and retirement funds when provided
 18 for in wage contracts between operators and employees.

19 (2) No moneys invested in the mines well and
 20 improvements during any year, except the year for which such
 21 statement is made, shall may be included in such
 22 expenditures, except as provided in ~~section~~ 84-6204; and
 23 such expenditures shall may not include the salaries, or any
 24 portion thereof, of any person or officer not actually
 25 engaged in the working of the mine well or superintending

1 the management thereof."

2 Section 21. Section 84-6403, H.C.E. 1947, is amended
3 to read as follows:

4 "84-6403. Report by airline company. Every airline
5 company engaged in air commerce in this state shall
6 annually, ~~on or before the first day of May,~~ file with the
7 department of revenue, in such form as the department may
8 require, a report under oath, showing the following:

9 (1) ~~The~~ the name of the person or persons,
10 association, joint-stock company, or corporation;

11 (2) ~~Under~~ under the laws of what state organized or
12 existing;

13 (3) ~~The~~ the location of its principal office;

14 (4) ~~The~~ the location of its principal office in this
15 state, if any;

16 (5) ~~The~~ the number of aircraft of each type or kind,
17 the total original cost, the average cost per plane, the
18 total depreciated cost, and the average depreciated cost per
19 plane at the end of the preceding calendar year;

20 (6) ~~The~~ the number of shares of capital stock
21 authorized, number of shares outstanding, the total par
22 value and the total market value at the end of the preceding
23 calendar year; the par value of outstanding bonds and ~~long~~
24 ~~term~~ long-term debt, and the market value at the end of the
25 preceding calendar year;

1 (7) ~~Income~~ income account showing operating revenues
2 and expenses of the entire system and net operating income
3 during the preceding calendar year;

4 (8) ~~The~~ the total tonnage of passengers, express, and
5 freight first received by the airline company in this state
6 during the preceding calendar year plus the total tonnage of
7 passengers, express, and freight finally discharged by it
8 within this state during the preceding calendar year, and
9 the total of such tonnage first received by the airline
10 company or finally discharged by it, within and without this
11 state during the preceding calendar year;

12 (9) ~~The~~ the total time in equated plane hours, of all
13 aircraft of the scheduled airline company in flight in this
14 state during the preceding calendar year, plus the total
15 time of such aircraft on the ground in this state during the
16 preceding calendar year and the total of such time in flight
17 or on the ground within and without this state during the
18 preceding calendar year;

19 (10) ~~The~~ the number of revenue ~~ton-miles~~ ton-miles of
20 passengers, mail, express, and freight flown by the
21 scheduled airline company within this state during the
22 preceding calendar year and the total number of such miles
23 flown by it within and without this state during the
24 preceding calendar year;

25 (11) ~~The~~ the number of arrivals and departures of all

1 aircraft of the scheduled airline company in this state
2 during the preceding calendar year and the total number of
3 such arrivals and departures within and without this state
4 during the preceding calendar year;

5 (12) ~~Such~~ such other information as the department of
6 revenue may require."

7 Section 22: Repealer. Sections 84-719, 84-720, 84-721,
8 84-722, 84-802.1, 84-803, 84-804, 84-903, 84-903.1, 84-904,
9 84-906, 84-907, 84-5408, 84-5410, 84-6207, 84-6209, 84-6402,
10 84-6405, 84-6405.1, 84-6406, 84-6407, 84-6408, and 84-6410,
11 R.C.M. 1947, are repealed.

-End-

March 5, 1977

STANDING COMMITTEE REPORT
Senate Committee on Taxation

That House Bill No. 25 be amended as follows:

1. Amend page 3, section 3, line 7.

Following: "year"

Insert: "and each report described in 84-801 shall be delivered
to the department before April 15 each year"

2. Amend page 4, section 4, line 10.

Following: "PENALTY OF"

Strike: "1/2 OF"

3. Amend page 8, section 9, line 15.

Following: "and"

Insert: "may make rules"

1 HOUSE BILL NO. 25
 2 INTRODUCED BY MARKS
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CONSOLIDATE PROPERTY
 5 TAX PROCEDURES FOR THE CENTRALIZED ASSESSMENT OF RAILROADS,
 6 UTILITIES, AIRLINES, MINES, AND OIL AND GAS WELLS AND TO
 7 GENERALLY REVISE AND CLARIFY THE LAWS RELATING THERETO;
 8 AMENDING SECTIONS 84-404, 84-708.1, 84-801, 84-802, 84-901,
 9 84-905, 84-5402, 84-5403, 84-5405, 84-5407, 84-6201,
 10 84-6202, 84-6203, AND 84-6403, R.C.M. 1947; REPEALING
 11 SECTIONS 84-719, 84-720, 84-721, 84-722, 84-802.1, 84-803,
 12 84-804, 84-903, 84-903.1, 84-904, 84-906, 84-907, 84-5408,
 13 84-5410, 84-6207, 84-6209, 84-6402, 84-6405, 84-6405.1,
 14 84-6406, 84-6407, 84-6408, AND 84-6410, R.C.M. 1947."

15
 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 17 Section 1. Properties centrally assessed. The
 18 department of revenue shall centrally assess each year:
 19 (1) the franchise, roadway, roadbeds, rails, rolling
 20 stock, and all other property of railroads operated in more
 21 than one county in the state or more than one state, but
 22 buildings on right-of-way, land outside the right-of-way and
 23 improvements thereon, furniture, machinery, and other
 24 personal property situated within a county shall be assessed
 25 in that county;

REFERENCE BILL

1 (2) ~~utility~~ property owned by a corporation or other
 2 person constituting a single and continuous property
 3 operated in more than one county or more than one state,
 4 including telegraph, telephone, microwave, electric power or
 5 transmission lines, natural gas or oil pipelines, canals,
 6 ditches, flumes, or like properties, but buildings on
 7 right-of-way, land outside the right-of-way and improvements
 8 thereon, DAMS AND POWER HOUSES, furniture, machinery, and
 9 other personal property situated within a county shall be
 10 assessed in that county;

11 (3) all property of scheduled airlines;
 12 (4) the net proceeds of mines and of oil and gas
 13 wells; and
 14 (5) the gross proceeds of coal mines.

15 Section 2. Notice of assessment -- opportunity for
 16 conference -- appeal. After assessing property under
 17 [section 1 of this act], the department shall notify the
 18 owner of such property, in writing, of the assessed value it
 19 has determined. Within ~~30~~ 20 days following notification,
 20 the taxpayer may demand a review of the validity of the
 21 department's assessment. The department shall conduct an
 22 assessment review conference, which is not subject to the
 23 contested case procedures of the Montana Administrative
 24 Procedure Act. HOWEVER, A PARTY HAS THE RIGHT OF DISCOVERY
 25 PRIOR TO ANY ASSESSMENT REVISION REVIEW CONFERENCE. Upon

1 consideration following such conference, the department may
 2 revise the assessment. Appeals from the final decision may
 3 be taken to the state tax appeal board.

4 Section 3. Due date of reports and returns --
 5 extensions. Each report or return described in 84-801,
 6 84-901, 84-1320, 84-5402, 84-6202, or 84-6403 shall be
 7 delivered to the department on or before March 31 each year
 8 AND EACH REPORT DESCRIBED IN 84-801 SHALL BE DELIVERED TO
 9 THE DEPARTMENT BEFORE APRIL 15 EACH YEAR. The department may
 10 for good cause extend the time for filing a return or report
 11 for not more than 30 days.

12 Section 4. Failure to file report -- estimate by
 13 department -- penalty. If any person fails to file a report
 14 or return under [section 3] by March 31 or by such later
 15 date as the department may approve, the department shall
 16 estimate the value of the property to have been reported on
 17 the basis of the best available information. In estimating
 18 the value of the net proceeds of mines, the department shall
 19 proceed under 84-5407, and in estimating the value of the
 20 gross proceeds of coal mines, the department shall proceed
 21 under 84-1318. In estimating value under this section, the
 22 department may subpoena a person or his agent as specified
 23 in 84-716. An assessment based on estimated value is subject
 24 to review under 84-711. ~~When the department estimates~~
 25 ~~value, it shall impose and collect a penalty of 2/3 of 1% of~~

1 ~~the year's tax due for each month or part of a month from~~
 2 ~~the day the report is delinquent until the report or return~~
 3 ~~is filed or until the transmission of the assessment or~~
 4 ~~apportioned assessment to the county or counties concerned,~~
 5 ~~whichever occurs first; penalties collected under this~~
 6 ~~section shall be paid into the general fund. EACH MONTH OR~~
 7 ~~PART OF A MONTH A REPORT IS DELINQUENT, THE DEPARTMENT SHALL~~
 8 ~~IMPOSE AND COLLECT A \$25 PENALTY, THE TOTAL NOT TO EXCEED~~
 9 ~~\$200, AND SHALL DEPOSIT SUCH PENALTY TO THE CREDIT OF THE~~
 10 ~~GENERAL FUND OF THE STATE OF MONTANA. THE DEPARTMENT WILL~~
 11 ~~ALSO INFORM ITS AGENTS IN THE COUNTIES OF THE DELINQUENCY~~
 12 ~~AND THE AGENTS SHALL ASSESS A PENALTY OF 1/2 OF 1% OF THE~~
 13 ~~TAX DUE FOR EACH MONTH OR PART OF A MONTH THE REPORT IS~~
 14 ~~DELINQUENT.~~

15 Section 5. Apportionment among counties. The
 16 department shall apportion the value of property assessed
 17 under 84-802, 84-902, or 84-6404 among the counties in which
 18 such property is located. Apportionment shall be on a
 19 mileage basis or if the property is of such a character that
 20 its value cannot reasonably be apportioned on the basis of
 21 mileage, the department may adopt such other method or basis
 22 of apportionment as may be just or proper.

23 Section 6. Transmission to the counties. (1) On or
 24 before July 1, the department shall transmit to its agent in
 25 each county a statement listing:

1 (a) the assessed value of railroad property, as
 2 determined under 84-802, apportioned to the county,
 3 including the length or other description of such property;

4 (b) the assessed value of utility property, as
 5 determined under 84-902, apportioned to the county,
 6 including the length or other description of such property;

7 (c) the assessed value of property of airline
 8 companies, as determined under 84-6404, apportioned to the
 9 county;

10 (d) the assessed value of the net proceeds and
 11 royalties from mines and oil and gas wells in the county, as
 12 determined under 84-5403, 84-5406, 84-6203, and 84-6205; and

13 (e) the assessed value of the gross proceeds from coal
 14 mines, as described in 84-1320.

15 (2) The agent of the department shall enter the
 16 assessed values so transmitted in the assessment book in a
 17 manner prescribed by the department.

18 Section 7. Amended assessment -- transmission to
 19 counties. Whenever the valuation of centrally assessed
 20 property is revised under [section 2 of this act] or 84-711,
 21 the department shall, within 15 days following the final
 22 decision or order, transmit a statement of the revised
 23 assessment to its agent or the county officer then having
 24 custody of the assessment book in the county where the
 25 property is located. The revision shall be immediately

1 entered in the assessment book.

2 Section 8. Section 84-404, R.C.M. 1947, is amended to
 3 read as follows:

4 "84-404. ~~State-department~~ Department of revenue to
 5 assign percentage basis, when. The percentage basis of true
 6 and full value as provided for in ~~section~~ 84-302, shall be
 7 determined and assigned by the ~~state~~ department of revenue
 8 when it makes its annual assessment of the property, which
 9 it is required to assess centrally under the laws of this
 10 state, and ~~The department~~ shall transmit such determination
 11 and assignment to ~~the various county clerks~~ its agents in
 12 the various counties with the assessments so made, and its
 13 determination shall be final except as to the right of
 14 review in the state tax appeal board or the proper court."

15 Section 9. Section 84-708.1, R.C.M. 1947, is amended
 16 to read as follows:

17 "84-708.1. Powers and duties of the state department
 18 of revenue. (1) ~~to annually assess the franchise, roadway~~
 19 ~~roadbeds, rails, and rolling stock, and all other property~~
 20 ~~of all railroads, and the pole lines and rights-of-way, and~~
 21 ~~all other property of all telegraph and telephone lines~~
 22 ~~electric power and transmission lines, ditches, canals, and~~
 23 ~~fumes, and other similar property, constituting a single~~
 24 ~~and continuous property operated in more than one (1) county~~
 25 ~~in the state or more than one (1) state, to apportion such~~

1 ~~assessments to the counties in which such properties are~~
 2 ~~located on a mileage basis or if the property of any~~
 3 ~~company assessable under this section is of such a character~~
 4 ~~that its value cannot reasonably be apportioned on the basis~~
 5 ~~of mileage, the department may adopt such other method or~~
 6 ~~basis of apportionment to the county or counties in which~~
 7 ~~the property is situated as may be just and proper. All~~
 8 ~~lots and parcels of real estate not included in right of~~
 9 ~~ways with the buildings, structures, and improvements~~
 10 ~~thereon, dams and power houses, depots, stations, shops, and~~
 11 ~~other buildings, erected upon right of way, furniture,~~
 12 ~~machinery, and other personal property, shall not be~~
 13 ~~considered as a part of any such single and continuous~~
 14 ~~property, but shall be considered as separate and distinct~~
 15 ~~therefrom and shall be assessed by the agent of the~~
 16 ~~department of revenue in the county wherein they are situate~~
 17 The department shall centrally assess the properties
 18 described in [section 1 of this act].

19 (2) ~~To transmit to the county clerk of each county its~~
 20 ~~apportionment of all assessments made by the department. The~~
 21 ~~department may adopt rules necessary for the taxation of~~
 22 ~~property under [chapters 8, 9, 13, 54, 62, and 64, and this~~
 23 ~~act].~~

24 (3) to The department of revenue shall adjust and
 25 equelize the valuation of taxable property among the several

1 counties, and the different classes of taxable property in
 2 any county and in the several counties and between
 3 individual taxpayers; supervise and review the acts of
 4 agents of the department; change, increase, or decrease
 5 valuations made by its agents; and exercise such authority
 6 and do all things necessary to secure a fair, just, and
 7 equitable valuation of all taxable property among counties
 8 between the different classes of property and between
 9 individual taxpayers.

10 (4) to The department of revenue shall have and
 11 exercise general supervision over the administration of the
 12 assessment and tax laws of the state, and over its agents
 13 and any officers of municipal corporations, having any
 14 duties to perform under any of the laws of this state
 15 relating to taxation to the end that all assessments of
 16 property be made relatively just and equal at true value in
 17 substantial compliance with law, and MAY MAKE RULES to
 18 supervise the administration of all revenue laws of the
 19 state and assist in their enforcement. Further, the state
 20 department of revenue is empowered to shall organize, and it
 21 shall be its duty to schedule, and hold area schools within
 22 the state for appraisers and assessors as often as is deemed
 23 considered necessary in the judgment of the department, and
 24 the costs of such appraisers and assessors attending shall
 25 be borne by the state. Further, the department shall

1 determine if there is a need for a taxing, assessing, and
 2 appraising school, and such school shall be held, when
 3 deemed ~~considered~~ necessary. The department shall notify
 4 all assessors and appraisers at least ~~six~~(6) months before
 5 such school is scheduled, and it shall be the duty of all
 6 assessors and appraisers to attend, and the cost of their
 7 attendance shall be borne by the state.

8 (5) ~~to The department of revenue shall~~ confer with,
 9 advise, and direct officers of municipal corporations as to
 10 their duties, with respect to taxation, under the statutes
 11 of the state.

12 (6) ~~to The department of revenue may~~ direct
 13 proceedings, actions, and prosecutions to be instituted to
 14 enforce the laws relating to the penalties, liabilities, and
 15 punishment of public officials and persons, or their agents,
 16 for failure or neglect to comply with the provisions of the
 17 statutes governing the revenue of the state or municipal
 18 corporations; and ~~to~~ cause complaints to be made against
 19 assessors and other public officers to the proper district
 20 court for their removal from office for official misconduct
 21 or neglect of duty.

22 (7) ~~to The department of revenue may~~ require county
 23 attorneys to assist in the commencement and prosecution of
 24 actions and proceedings for penalties, forfeitures,
 25 removals, and punishment for violations of the laws of the

1 state in respect to the assessment of property and other
 2 revenue laws, in their respective counties.

3 (8) ~~to The department of revenue shall~~ collect
 4 annually from the proper officers of the municipal
 5 corporations information as to the assessment of property,
 6 collection of taxes, receipts from licenses and other
 7 sources, the expenditure of public funds for all purposes,
 8 and such other information as may be needful and helpful in
 9 the work of the department in such form and upon such blanks
 10 as the department shall prescribe; and it shall be the duty
 11 of all public officers so called upon to fill out properly
 12 and return promptly to the department all blanks so
 13 transmitted and in every way aid the department in its
 14 work; ~~to The department shall~~ examine the records of all
 15 municipal corporations for such purposes as are deemed
 16 ~~considered~~ needful or helpful by the department.

17 (9) ~~(a) in its discretion to The department of~~
 18 ~~revenue may~~ inspect and examine, or cause an inspection and
 19 examination of the records of the officers of any
 20 municipality, whenever such officer ~~shall have~~ ~~has~~ failed,
 21 neglected, or refused to return properly the information
 22 required by this section within the time set by the
 23 department. Upon completion of such inspection and
 24 examination, the department shall transmit to the clerk, or
 25 other proper official of the municipality, a statement of

1 the expenses incurred by the department to secure the
 2 necessary information. Within ~~sixty~~ (60) days after the
 3 receipt by the municipality of the above statement, the same
 4 shall be audited, as other claims of the municipal
 5 corporation are audited, and shall be paid into the state
 6 treasury, and if the same is not so paid, the attorney
 7 general shall institute an action in the proper court
 8 against the municipality to recover the same.

9 (b) The officers responsible for the furnishing of the
 10 information collected pursuant to this section shall be
 11 jointly and severally liable for any loss the municipality
 12 may suffer through their delinquency; and no payment ~~shall~~
 13 ~~may~~ be made to them for salary or on any other account
 14 until the cost of such inspection and examination as
 15 provided above ~~shall have~~ has been paid into the treasury
 16 or to the proper officers of such municipality. They shall
 17 also be subject to such other fines and penalties as
 18 prescribed by law.

19 (10) ~~to~~ The department of revenue may require persons,
 20 ~~as defined above~~ to furnish information concerning their
 21 capital, funded or other debt, current assets and
 22 liabilities, cost and value of property, earnings, operating
 23 and other expenses, taxes, and all other facts which may
 24 enable the department to ascertain the value of the relative
 25 burdens borne by all kinds of property and occupations in

1 the state.

2 (11) ~~to~~ The department of revenue may summon witnesses
 3 to appear and give evidence, and to produce records, books,
 4 papers, and documents relating to any matter which the
 5 department ~~shall have~~ has authority to investigate and
 6 determine.

7 (12) ~~to~~ The department of revenue may cause the
 8 deposition of witnesses residing within or without the
 9 state, or absent therefrom, to be taken upon notice to the
 10 interested party, if any, in like manner that depositions
 11 are taken in actions pending in the district court, in any
 12 matter which the department ~~shall have~~ has authority to
 13 investigate and determine.

14 (13) ~~to~~ The department of revenue may examine ~~into~~
 15 cases where evasion or violation of the laws for taxation of
 16 property, proceeds, occupation, or business is alleged,
 17 complained of, or discovered, and to ascertain wherein
 18 existing laws are ineffective or are improperly or
 19 negligently administered.

20 (14) ~~to~~ The department of revenue may investigate the
 21 tax systems of other states and countries and to formulate
 22 and recommend legislation for the better administration of
 23 the fiscal laws so as to secure just and equal taxation and
 24 improvement in the system of taxation and the economical
 25 expenditure of public revenue in the state.

1 (15) to the department of revenue shall consult and
 2 confer with the governor of the state upon the subject of
 3 taxation, the administration of the laws relating thereto,
 4 and the progress of the work of the department, and to
 5 furnish the governor such assistance as he may require.

6 (16) to the department of revenue shall transmit to the
 7 governor and to each member of the legislature ~~twenty~~ {20}
 8 days before the meeting of the legislature, a report of the
 9 department, showing all the taxable property of the state
 10 and the value of the same, in tabulated form, with
 11 recommendations for improvements in the system of taxation,
 12 together with such measures as may be formulated for the
 13 consideration of the legislature, and to include therein a
 14 report showing the selling price of gasoline at the
 15 wholesale level in prime market centers of Montana and in
 16 surrounding states during the biennium, with indexes
 17 tabulated at sufficient intervals to show the comparative
 18 state price structures.

19 (17) The department of revenue may, in its discretion,
 20 to waive the assessment of penalty for the late filing of
 21 any tax statement or return required to be filed with the
 22 department when the filing is done within ~~five~~ {5} days of
 23 the date specified for filing the return or statement, and
 24 for the late payment of any tax collected by the department
 25 when the payment is made within ~~five~~ {5} days of the date

1 specified for payment of the tax.

2 (18) The department of revenue may, in its discretion,
 3 to enter into reciprocal agreements with the taxing
 4 authorities of states contiguous to the state of Montana
 5 which tax the income of Montana residents earned in that
 6 state to provide that the tax imposed by Title 84, chapter
 7 49, R.C.M. 1947, on income derived by persons who are
 8 nonresidents of this state ~~shall not be~~ is not payable when
 9 such other state or states agree to grant similar treatment
 10 to residents of Montana."

11 Section 10. Section 84-801, R.C.M. 1947, is amended to
 12 read as follows:

13 "84-801. Assessment of railroads. The president,
 14 secretary, or managing agent, or such other officer as the
 15 state department of revenue may designate, or of any
 16 corporation, and each person or association of persons,
 17 owning or operating any railroad in more than one county in
 18 this state, OR MORE THAN ONE STATE must, ~~on or before the~~
 19 ~~first day of April~~ of each year, furnish the department a
 20 statement, signed and sworn to by one of such officers, or
 21 by the person or one of the persons forming such
 22 association, showing in detail for the year ending ~~on the~~
 23 ~~thirty-first day of~~ December 31, immediately preceding:

24 (1) ~~The~~ the whole number of miles of railroad in the
 25 state; and, where the line is partly out of the state, the

1 whole number of miles without the state, and the whole
 2 number within the state, owned or operated by such
 3 corporation, person, or association;

4 (2) the value of the roadway, roadbed, and rails of
 5 the whole railroad, and the value of the same within the
 6 state;

7 (3) the width of the ~~right-of-way~~ right-of-way;

8 (4) the number of each kind of all rolling stock used
 9 by such corporation, person, or association in operating the
 10 entire railroad, including the part without the state;

11 (5) ~~Number the number,~~ kind, and value of rolling
 12 stock owned and operated in the state;

13 (6) ~~Number the number,~~ kind, and value of rolling
 14 stock used in the state, but ~~now not~~ owned by the party
 15 making the returns;

16 (7) ~~Number the number,~~ kind, and value of rolling
 17 stock owned but used out of the state, either upon divisions
 18 of road operated by the party making the returns, or by and
 19 upon other railroads;

20 (8) ~~The the~~ whole number of sidetracks in each county,
 21 including the number of miles of track in each railroad yard
 22 in the state;

23 (9) ~~The the~~ number of each kind of rolling stock used
 24 in operating the entire railroad, including the part without
 25 the state, which must include a detailed statement of the

1 number and value thereof, of all engines, passenger, mail,
 2 express, baggage, freight, and other cars, or property owned
 3 or leased by such corporation, persons, or association;

4 (10) ~~The the~~ number of sleeping and dining cars not
 5 owned by such corporation, person, or association, but used
 6 in operating the railroads of such corporation, person, or
 7 association in the state, or on the line of the road without
 8 the state, during each month of the year for which the
 9 return is made; also the number of miles each month ~~said the~~
 10 cars have been run or operated within and without the
 11 state;

12 (11) * a description of the road, giving the points of
 13 entrance into and the points of exit from each county, with
 14 a statement of the number of miles in each county. When a
 15 description of the road ~~shall have~~ has once been given, no
 16 other annual description thereof is necessary, unless the
 17 road ~~shall have~~ has been changed. Whenever the road, or any
 18 portion of the road, is advertised to be sold, or is sold
 19 for taxes, either state or county, no other description is
 20 necessary than that given by, and the same is conclusive
 21 upon, the person, corporation, or association giving the
 22 description. No assessment is invalid on account of a
 23 misdescription of the railroad, or the ~~right-of-way~~
 24 right-of-way for the same. If such statement is not
 25 furnished as above provided, the assessment made by the

1 state department of revenue upon the property of the
 2 corporation, person, or association failing to furnish the
 3 statement is conclusive and final.

4 ~~(i2) -- Also showing in detail for the year preceding the~~
 5 ~~first of January.~~

6 ~~(e)(112)~~ the gross earnings of the entire road;

7 ~~(b)(113)~~ the gross earnings of the road within the
 8 state, and where if the railroad is let to other operators,
 9 how much was derived by the lessor as rental;

10 ~~(c)(114)~~ the cost of operating the entire road,
 11 exclusive of sinking fund, expenses of land department, and
 12 money paid to the United States;

13 ~~(d)(115)~~ net income for such year, and amount of
 14 dividend declared;

15 ~~(e)(116)~~ capital stock authorized;

16 ~~(f)(117)~~ capital stock paid in;

17 ~~(g)(118)~~ funded debt;

18 ~~(h)(119)~~ number of shares authorized;

19 ~~(i)(120)~~ number of shares of stock issued;

20 ~~(j)(121)~~ any other facts the state department of
 21 revenue may require."

22 Section 11. Section 84-802, R.C.M. 1947, is amended to
 23 read as follows:

24 "84-802. Assessment -- how made. The state department
 25 of revenue must assess the franchise, roadway, roadbed,

1 rails, and rolling stock of all railroads operated in more
 2 than one county. All rolling stock must be assessed in the
 3 name of the person, corporation, or association owning,
 4 leasing, or using the same. Assessment must be made to the
 5 corporation, person, or association of persons owning or
 6 leasing or using the same, and must be made upon the entire
 7 railroad within the state. The depots, stations, shops, and
 8 buildings erected upon the space covered by the ~~right-of-way~~
 9 right-of-way, and all other property owned or leased by such
 10 person, corporation, or association, except as above
 11 provided, shall be assessed by an agent of the state
 12 department of revenue in the county wherein ~~where~~ they are
 13 located situate. ~~After making such assessments, the~~
 14 ~~department shall give written notice thereof to such owner~~
 15 ~~or operator. Within ten (10) days the owner or operator or~~
 16 ~~any taxpayer may appear at the department of revenue in~~
 17 ~~person or otherwise to show cause why such assessment~~
 18 ~~should be either lowered or raised on or before the second~~
 19 ~~Monday in duty, the department shall apportion such~~
 20 ~~assessment to the counties, school districts, cities, towns,~~
 21 ~~and other tax subdivisions in which such railroad is~~
 22 ~~located."~~

23 Section 12. Section 84-901, R.C.M. 1947, is amended to
 24 read as follows:

25 "84-901. Officers of certain telegraph, telephone,

1 electric power, and other lines to furnish statement to
 2 state department of--revenue. The president, secretary, or
 3 managing agent, or such other officer as the state
 4 department of revenue may designate, or any corporation, and
 5 each person or association of persons owning or operating a
 6 telegraph, telephone, microwave, electric power or
 7 transmission line, natural gas pipeline, oil pipeline,
 8 canal, ditch, flume, or other property, other than real
 9 estate not included in right-of-way right-of-way, and which
 10 constitute a single and continuous property throughout more
 11 than one county, or state, ~~must, on or before the first~~
 12 ~~Monday of March in each year,~~ furnish the state department
 13 of--revenue a statement, signed and sworn to by one of such
 14 officers or by the person or one of the persons forming such
 15 association, showing in detail for the year ending on the
 16 ~~thirty-first--day--of~~ December 31, immediately preceding, as
 17 follows:

18 ~~1. The~~ ~~the~~ whole number of miles of said property
 19 in the state, and where the property is partly out of the
 20 state, the whole number of miles without the state and the
 21 whole number of miles within the state owned or operated by
 22 such corporation, person, or association;

23 ~~2. The~~ ~~the~~ total value of the entire property and
 24 plant both within and without the state, and the total value
 25 of that portion of the same within the state;

1 ~~3. A~~ a complete description of the property within
 2 the state, giving the points of entrance into and the points
 3 of exit from the state, and the points of entrance into and
 4 the points of exit from each county, with a statement of the
 5 total number of miles in each county in the state;

6 ~~4. Such~~ such other information regarding such property
 7 as may be required by the state department of--revenue."

8 Section 13. Section 84-905, R.C.M. 1947, is amended to
 9 read as follows:

10 "84-905. Assessment of property -- apportionment to
 11 counties. The department must assess all the properties
 12 described in section 84-901, but franchises granted by the
 13 United States must not be assessed, the value of such
 14 properties for assessment purposes to be determined upon
 15 such factors as the department shall--deem considers proper.
 16 ~~On or before the second Monday in July, the--department~~
 17 ~~shall apportion such assessment to the counties in which the~~
 18 ~~properties are situated."~~

19 Section 14. Section 84-5402, R.C.M. 1947, is amended
 20 to read as follows:

21 "84-5402. Net proceeds tax -- statement of yield,
 22 penalty,--extension--of--time. Every person, partnership,
 23 corporation, or association, engaged in mining, extracting,
 24 or producing from any quartz vein or lode, placer claim,
 25 dump, or tailings, or other place or sources whatever,

1 precious stones or gems, gold, silver, copper, lead,
 2 ~~petroleum, natural gas,~~ or other valuable mineral, except
 3 coal, must on or before ~~the thirty-first day of~~ March 31 of
 4 each year make out a statement of the gross yield and value
 5 of the above-named metals or minerals from each mine owned
 6 or worked by such person, corporation₁ or association during
 7 the year preceding ~~the first day of~~ January 1 of the year in
 8 which such statement is made ~~and the value thereof~~. Such
 9 statement shall be in the form prescribed by the state
 10 department of revenue, and must be verified by the oath of
 11 ~~such the~~ person completing the statement or the manager,
 12 superintendent, agent, president₁ or vice-president of ~~such~~
 13 ~~the~~ corporation, association₁ or partnership, and must be
 14 delivered to the state department of revenue on or before
 15 ~~the thirty-first day of~~ March 31. Such statement shall show
 16 the following:

17 1*(1) the name and address of the owner or lessee or
 18 operator of the mine, together with the names and addresses
 19 of any and all persons, corporations, or associations owning
 20 or claiming any royalty interest in the mineral product of
 21 such mine or the proceeds derived from the sale thereof, and
 22 the amount or amounts paid or yielded as royalty to each of
 23 such persons, corporations₁ or associations during the
 24 period covered by the statement₁

25 2*(2) the description and location of the mine₁

1 3*(3) the number of tons of ore, barrels of petroleum,
 2 cubic feet of natural gas₁ or other mineral products or
 3 deposits extracted, produced, and treated or sold from the
 4 mine during the period covered by the statement₁

5 4*(4) ~~the~~ the amount and character of such ores,
 6 mineral products₁ or deposits, and the yield of such ores,
 7 mineral products₁ or deposits from such mine in constituents
 8 of commercial value; that is ~~to say~~, the number of ounces of
 9 gold or silver, pounds of copper or lead, barrels of
 10 petroleum or other crude or mineral oil, cubic feet of
 11 natural gas₁ or other commercially valuable constituents of
 12 ~~said the~~ ores₁ or mineral products or deposits₁ measured by
 13 standard units of measurement, yielded to such person,
 14 corporation₁ or association so engaged in mining, and to
 15 ~~said each~~ royalty holders ~~and each of them~~ holder, if any,
 16 during the period covered by the statement₁

17 5*(5) ~~the~~ the gross yield or value in dollars and
 18 cents₁

19 6*(6) ~~Actual~~ actual cost of extracting ~~same~~ from ~~the~~
 20 mine₁

21 7*(7) ~~Actual~~ actual cost of transporting to place of
 22 reduction or sale₁

23 8*(8) ~~Actual~~ actual cost of reduction or sale₁

24 9*(9) ~~Actual~~ actual cost of marketing the product and
 25 conversion of same into money₁

1 ~~10~~(10) Cost ~~cost~~ of construction, repairs, and
2 betterments of mines, and cost of repairs and replacements
3 of reduction works;

4 ~~11~~(11) The ~~the~~ assessed valuation of reduction works
5 for the calendar year for which such return is made;

6 ~~12~~(12) Actual ~~actual~~ cost of fire insurance and
7 workmen's ~~workers'~~ compensation insurance.

8 ~~if any person shall fail to file the~~
9 ~~statement required by this section within the time required~~
10 ~~or within any extended period of time allowed by the state~~
11 ~~department of revenue when transmitting the net proceeds~~
12 ~~valuations to the counties shall inform the county assessor~~
13 ~~of such failure, neglect or refusal and the county assessor~~
14 ~~in addition to the net proceeds tax if any shall assess a~~
15 ~~penalty of 2/3 of 1% of such tax for each calendar month or~~
16 ~~fraction thereof that the required statement is not filed,~~
17 ~~deducting therefrom any moneys collected by the state~~
18 ~~department of revenue required by this section. The state~~
19 ~~department of revenue shall assess a penalty of \$25 for each~~
20 ~~calendar month or fraction thereof not exceeding four~~
21 ~~months that the required statement is not filed, to be~~
22 ~~collected by the state department of revenue and deposited~~
23 ~~to the credit of the general fund of the state of Montana.~~

24 ~~The state department of revenue shall, upon a showing~~
25 ~~of reasonable cause, grant an extension of time for filing~~

1 ~~the statement required by this section. This penalty shall~~
2 ~~be in addition to penalties provided in section 84-5410.~~

3 Section 15. Section 84-5403, R.C.M. 1947, is amended
4 to read as follows:

5 "84-5403. Net proceeds -- how computed. (1) The state
6 department of revenue shall calculate and compute from said
7 ~~the~~ returns the gross product yielded from such mine, and
8 its gross value in dollars and cents for the year covered by
9 the statement, and ~~it~~ shall calculate and compute the net
10 proceeds in dollars and cents of said ~~the~~ mine yielded to
11 such ~~the~~ person, corporation, or association so engaged in
12 mining, which said net ~~net~~ proceeds shall be ascertained and
13 determined by subtracting from the value in dollars and
14 cents of the gross product thereof the following, to-wit:

15 1. ~~(a)~~ ~~All~~ all royalty paid or apportioned in cash or
16 in kind by the person, corporation, or association so
17 engaged in mining;

18 2. ~~(b)~~ ~~All~~ all moneys expended for necessary labor,
19 machinery, and supplies needed and used in the mining
20 operations and developments;

21 3. ~~(c)~~ ~~All~~ all moneys expended for improvements,
22 repairs, and betterments necessary in and about the working
23 of the mine, except as hereinafter provided;

24 4. ~~(d)~~ ~~All~~ all moneys expended for costs of repairs and
25 replacements of the milling and reduction works used in

1 connection with the mine;
 2 ~~5.1e)~~ Depreciation depreciation in the sum of six--per
 3 cent--(6%) of the assessed valuation of such milling and
 4 reduction works for the calendar year for which such return
 5 is made;
 6 ~~5.1f)~~ ~~All~~ all moneys actually expended for
 7 transporting the ores, and mineral products or deposits from
 8 the mines to the mill or reduction works or to the place of
 9 sale, and for extracting the metals and minerals therefrom
 10 and for marketing the product and the conversion of the same
 11 into money;
 12 ~~7.1g)~~ ~~All~~ all moneys expended for fire insurance and
 13 workmen's ~~workers'~~ workers' compensation insurance, and for payments
 14 by mine operators to welfare and retirement funds when
 15 provided for in wage contracts between mine operators and
 16 employees.
 17 (2) In computing the deductions allowable for repairs,
 18 improvements, and betterments to the mine, the state
 19 department of--revenue shall compute--and allow ten-per-cent
 20 ~~(10%)~~ 10% of such cost each year for a period of ten--(10) 10
 21 years.
 22 (3) No moneys invested in mines or improvements shall
 23 may be allowed as a deduction unless all machinery,
 24 equipment, and buildings represented by such moneys shall--be
 25 are returned to the county in which such mine is located for

1 assessment purposes, at the level of assessment of all other
 2 property in such county.
 3 (4) No moneys invested in the mines and improvements
 4 during any year, except the year for which such statement is
 5 made, and except as hereinbefore provided in this section,
 6 shall may be included in such expenditures; and such
 7 expenditures shall may not include the salaries or any
 8 portion thereof of any person or officer not actually
 9 engaged in the working of the mine or superintending the
 10 management thereof."
 11 Section 16. Section 84-5405, R.C.M. 1947, is amended
 12 to read as follows:
 13 "84-5405. Lien of tax and penalty. The tax and/or
 14 penalty so assessed on net proceeds shall--be--and--shall
 15 constitute are a lien upon all of the right, title, and
 16 interest of such operator in or to such mine or mining claim
 17 and upon all of the right, title, and interest in or to the
 18 machinery, buildings, tools, and equipment used in operating
 19 said the mine or mining claim,--and the the tax and/or
 20 penalty on such net proceeds may be collected, and the
 21 payment thereof enforced, by the seizure and sale of the
 22 personal property upon which the said tax and/or penalty is
 23 are a lien, in the same manner as other personal property is
 24 seized and sold for delinquent taxes, or by the sale of the
 25 mine and improvements, as provided for the sale of real

1 property for delinquent taxes, or by the institution of a
 2 civil action for its collection in any court of competent
 3 jurisdiction, ~~it provided, however, that a resort~~ Resort to
 4 any one of the methods of enforcing collection, ~~as herein~~
 5 ~~provided for~~ shall not bar the right to resort to either or
 6 both of the other methods, but ~~that~~ any two or all of the
 7 methods herein ~~provided for~~ may be used until the full
 8 amount of such tax and/or penalty is collected."

9 Section 17. Section 84-5407, R.C.M. 1947, is amended
 10 to read as follows:

11 "84-5407. False or fraudulent reports, procedure in
 12 case of. If any such report required by this chapter
 13 contains any willfully false or fraudulent statements as to
 14 the gross amount received by any person, corporation, or
 15 association so engaged in mining ~~as aforesaid~~ for any
 16 mine's product, then the ~~said state~~ department of revenue
 17 shall compute the gross value of such mine's product, ~~and~~
 18 ~~such gross value shall be~~ based upon the average quotations
 19 of the price of such mine's product in New York City, or the
 20 relative market value at the point of delivery, as evidenced
 21 by some established authority or market report, ~~such as the~~
 22 ~~Engineering and Mining Journal of New York City or some~~
 23 ~~other standard publication giving the market reports for~~
 24 ~~the year covered by the statement, and, provided further,~~
 25 ~~that if~~ If any such person, corporation, or association has

1 sold or otherwise disposed of any of its mine's product at a
 2 price substantially below the true market price of such
 3 product at the time and place of such sale or disposal, then
 4 the state department of revenue shall compute the gross
 5 value of such portion or ~~said the~~ mine's product, so sold or
 6 disposed of substantially below the market price ~~as~~
 7 ~~aforesaid~~, which gross value shall be based upon the
 8 quotations of the price of such mine's product in New York
 9 City, or the relative market value at the point of delivery
 10 at the time such portion of the product was so sold or
 11 otherwise disposed of, as evidenced by some established
 12 authority or market report, ~~such as the Engineering and~~
 13 ~~Mining Journal of New York City, or some other standard~~
 14 ~~publication giving the market reports for the year covered~~
 15 ~~by such statements.~~ Should there be no quotation covering any
 16 particular product, then the state department of revenue
 17 shall fix the value of such gross product, or such portion
 18 thereof, as shall have been sold or otherwise disposed of at
 19 a price substantially below the true market price at the
 20 time and place of such sale or disposal in such a manner as
 21 may seem to be equitable."

22 Section 18. Section 84-6201, R.C.M. 1947, is amended
 23 to read as follows:

24 "84-6201. Definitions. [1] The term "person" as used
 25 in this act, ~~shall mean~~ means and ~~include~~ includes an

1 individual, firm, copartnership, ~~and partnership~~; every
 2 corporation, joint-stock company, syndicate, ~~and~~ or
 3 association.

4 ~~(2)~~ The terms "operator" and "producer" shall mean any
 5 person ~~as defined above~~ who engages in the business of
 6 mining or drilling for, or extracting, or producing any
 7 natural gas, petroleum, or other crude or mineral oil.

8 ~~(3)~~ The term "well" includes each single well or group
 9 of wells, including dry wells, in one field or production
 10 unit and under the control of one operator or producer."

11 Section 19. Section 84-6202, R.C.M. 1947, is amended
 12 to read as follows:

13 "84-6202. Statement of yield, ~~density, extension of~~
 14 ~~time. every person engaged in mining upon any mine~~
 15 ~~whatsoever containing~~ Each operator or producer of natural
 16 gas, petroleum, or other crude or mineral oil must on or
 17 before ~~the thirty-first day of~~ March 31 in each year make
 18 out and deliver to the state department of revenue a
 19 statement of the gross yield of such natural gas, petroleum,
 20 or other crude or mineral oil from each mine well owned or
 21 worked by such person during the next preceding calendar
 22 year, and the value thereof. Such statement shall be in the
 23 form prescribed by the state department of revenue and must
 24 be verified by the oath of ~~such person~~ the operator or
 25 producer or the manager, superintendent, agent, president,

1 or vice-president of such corporation, association, or
 2 partnership. Such statement shall show the following:

3 ~~1~~ The ~~the~~ name and address of the operator ~~of the~~
 4 mine, together with a list in duplicate of the names and
 5 addresses of any and all persons owning or claiming any
 6 royalty interest in the ~~mineral product of such mine~~
 7 production from the well or the proceeds derived from the
 8 sale thereof, and the amount or amounts paid or yielded as
 9 royalty to each of such persons during the period covered by
 10 the statement;

11 ~~2~~ The ~~the~~ description and location of the mine
 12 well;

13 ~~3~~ The ~~the~~ number of cubic feet of natural gas,
 14 barrels of petroleum, or other crude or mineral oil
 15 extracted or produced from the mine well during the period
 16 covered by the statement;

17 ~~4~~ The ~~the~~ gross yield or value in dollars and
 18 cents;

19 ~~5~~ ~~Actual~~ actual cost of extracting ~~some from mine~~
 20 product from well;

21 ~~6~~ Cost ~~cost~~ of construction, repairs, and
 22 betterments of mines;

23 ~~7~~ ~~Actual~~ actual cost of fire insurance and
 24 workmen's workers' compensation insurance.

25 ~~if any person shall fail to neglect or refuse to file the~~

~~statement required by this section within the time required or within any extended period of time allowed by the state department of revenue when transmitting the net proceeds valuations to the counties shall inform the county assessor of such failure, neglect or refusal and the county assessor in addition to the net proceeds tax, if any, shall assess a penalty of 2/3 of 1% of such tax for each calendar month or fraction thereof that the required statement is not filed, deducting therefrom any moneys collected by the state department of revenue required by this section. The state department of revenue shall assess a penalty of \$25 for each calendar month or fraction thereof not exceeding four months that the required statement is not filed, to be collected by the state department of revenue and deposited to the credit of the general fund of the state of Montana.~~

~~The state department of revenue shall upon a showing of reasonable cause, grant an extension of time for filing the statement required by this section.~~

~~This penalty shall be in addition to penalties provided in section 84-6209.~~

Section 20. Section 84-6203, R.C.M. 1947, is amended to read as follows:

"84-6203. Net proceeds -- how computed. (1) The state department of revenue shall calculate and compute from ~~the~~ returns the gross product yielded from such mine well

and its gross value in dollars and cents for the year covered by the statement, and also shall calculate and compute the net proceeds in dollars and cents of said mine the well yielded to the producer, such person so engaged in mining, which said net proceeds shall be ascertained and determined by subtracting from the value in dollars and cents of the gross products thereof the following, to-wit:

1--All (a) all royalty paid or apportioned in cash or in kind by the person so engaged in mining operator or producer;

2--All (b) all moneys expended for necessary labor, machinery, and supplies needed and used in the mining operations and developments;

3--All (c) all moneys expended for improvements, repairs, and betterments necessary in and about the working of the mine well;

4--All (d) all moneys expended for fire insurance and workmen's workers' compensation insurance, and for payments by operators to welfare and retirement funds when provided for in wage contracts between operators and employees.

(2) No moneys invested in the mines well and improvements during any year, except the year for which such statement is made, shall may be included in such expenditures, except as provided in section 84-6204; and such expenditures shall may not include the salaries or any

1 portion thereof of any person or officer not actually
2 engaged in the working of the mine well or superintending
3 the management thereof."

4 Section 21. Section 84-6403, R.C.M. 1947, is amended
5 to read as follows:

6 "84-6403. Report by airline company. Every airline
7 company engaged in air commerce in this state shall
8 annually ~~on or before the first day of May~~ file with the
9 department of revenue, in such form as the department may
10 require, a report under oath, showing the following:

11 (1) ~~The the~~ name of the person or persons,
12 association, joint-stock company, or corporation;

13 (2) ~~Under under~~ the laws of what state organized or
14 existing;

15 (3) ~~The the~~ location of its principal office;

16 (4) ~~the the~~ location of its principal office in this
17 state, if any;

18 (5) ~~The the~~ number of aircraft of each type or kind,
19 the total original cost, the average cost per plane, the
20 total depreciated cost, and the average depreciated cost per
21 plane at the end of the preceding calendar year;

22 (6) ~~The the~~ number of shares of capital stock
23 authorized, number of shares outstanding, the total par
24 value and the total market value at the end of the preceding
25 calendar year; the par value of outstanding bonds and ~~long~~

1 ~~term long-term~~ debt, and the market value at the end of the
2 preceding calendar year;

3 (7) ~~income income~~ account showing operating revenues
4 and expenses of the entire system and net operating income
5 during the preceding calendar year;

6 (8) ~~The the~~ total tonnage of passengers, express, and
7 freight first received by the airline company in this state
8 during the preceding calendar year plus the total tonnage of
9 passengers, express, and freight finally discharged by it
10 within this state during the preceding calendar year, and
11 the total of such tonnage first received by the airline
12 company or finally discharged by it, within and without this
13 state during the preceding calendar year;

14 (9) ~~The the~~ total time in equated plane hours of all
15 aircraft of the scheduled airline company in flight in this
16 state during the preceding calendar year, plus the total
17 time of such aircraft on the ground in this state during the
18 preceding calendar year and the total of such time in flight
19 or on the ground within and without this state during the
20 preceding calendar year;

21 (10) ~~The the~~ number of revenue ~~ton-miles~~ ~~ton-miles~~ of
22 passengers, mail, express, and freight flown by the
23 scheduled airline company within this state during the
24 preceding calendar year and the total number of such miles
25 flown by it within and without this state during the

1 preceding calendar year;

2 (11) ~~the~~ the number of arrivals and departures of all
3 aircraft of the scheduled airline company in this state
4 during the preceding calendar year and the total number of
5 such arrivals and departures within and without this state
6 during the preceding calendar year;

7 (12) ~~Such~~ such other information as the department of
8 revenue may require."

9 Section 22. Repealer. Sections 84-719, 84-720, 84-721,
10 84-722, 84-802.1, 84-803, 84-804, 84-903, 84-903.1, 84-904,
11 84-906, 84-907, 84-5408, 84-5410, 84-6207, 84-6209, 84-6402,
12 84-6405, 84-6405.1, 84-6406, 84-6407, 84-6408, and 84-6410,
13 R.C.M. 1947, are repealed.

-End-