

House Bill 113

In The House

January 7, 1981	Introduced and referred to Committee on Taxation.
January 9, 1981	Fiscal note requested.
January 17, 1981	Fiscal note returned.
April 23, 1981	Died in Committee.

1 ~~House~~ BILL NO. ~~113~~
 2 INTRODUCED BY Tom Wulley

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A FEE IN
 5 LIEU OF PROPERTY TAX FOR AUTOMOBILES AND LIGHT TRUCKS;
 6 AMENDING SECTIONS 7-1-2111, 7-3-1321, 7-4-2503, 7-6-2211,
 7 7-6-4121, 7-6-4254, 7-7-107, 7-7-108, 7-7-2101, 7-7-2202,
 8 7-7-2203, 7-7-4201, 7-7-4202, 7-13-4103, 7-14-236,
 9 7-14-2524, 7-14-4402, 7-16-2327, 7-16-4104, 7-31-106,
 10 7-31-107, 7-34-2131, 10-2-301, 15-6-139, 15-6-140, 15-6-201,
 11 15-8-201, 15-8-202, 15-24-101 THROUGH 15-24-105, 15-24-301,
 12 15-30-121, 15-31-114, 15-50-207, 19-11-503, 19-11-504,
 13 19-11-512, 20-9-406, 20-9-502, 61-3-303, 61-3-317, 61-3-321,
 14 61-3-322, 61-3-332, 61-3-335, 61-3-342, 61-3-501, 61-3-503,
 15 61-3-504, 61-3-507, 61-3-509, 61-3-521, 61-3-701, 61-10-233,
 16 AND 85-7-2001, MCA."

17
 18 SE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 19 Section 1. Section 7-1-2111, MCA, is amended to read:
 20 "7-1-2111. Classification of counties. For the purpose
 21 of regulating the compensation and salaries of all county
 22 officers, not otherwise provided for, and for fixing the
 23 penalties of officers' bonds, the several counties of this
 24 state shall be classified according to that percentage of
 25 the true and full valuation of the property therein upon

1 which the tax levy is made plus the taxable value as of
 2 December 31, 1980, of property within the county on which a
 3 fee in lieu of tax is charged, as follows:

- 4 (1) first class--all counties having such a taxable
 5 valuation of \$50 million or over;
 6 (2) second class--all counties having such a taxable
 7 valuation of more than \$30 million and less than \$50
 8 million;
 9 (3) third class--all counties having such a taxable
 10 valuation of more than \$20 million and less than \$30
 11 million;
 12 (4) fourth class--all counties having such a taxable
 13 valuation of more than \$15 million and less than \$20
 14 million;
 15 (5) fifth class--all counties having such a taxable
 16 valuation of more than \$10 million and less than \$15
 17 million;
 18 (6) sixth class--all counties having such a taxable
 19 valuation of more than \$5 million and less than \$10 million;
 20 (7) seventh class--all counties having such a taxable
 21 valuation of less than \$5 million."

22 Section 2. Section 7-3-1321, MCA, is amended to read:
 23 "7-3-1321. Authorization to incur indebtedness --
 24 limitation. (1) The consolidated municipality may borrow
 25 money or issue bonds for any municipal purpose to the extent

1 and in the manner provided by the constitution and laws of
2 Montana for the borrowing of money or issuing of bonds by
3 counties and cities and towns.

4 (2) The municipality shall not become indebted in any
5 manner or for any purpose to an amount, including existing
6 indebtedness, in the aggregate exceeding 5% of the sum of
7 the value of the taxable property therein, as ascertained by
8 the last assessment for state and county taxes prior to
9 incurring such indebtedness plus the taxable value as of
10 December 31, 1980, of property within the municipality on
11 which a fee in lieu of tax is charged. All warrants, bonds,
12 or obligations in excess of such amount given by or on
13 behalf of the municipality shall be void."

14 Section 3. Section 7-4-2503, MCA, is amended to read:

15 "7-4-2503. Salary schedule for certain county
16 officers. (1) The salary paid to the county treasurer,
17 county clerk and recorder, clerk of the district court,
18 county attorney, county assessor, county superintendent of
19 schools, and county sheriff; the county surveyor in counties
20 where county surveyors receive salaries as provided in
21 7-4-2812; and the county auditor in all counties wherein
22 such office is authorized is computed by adding the sum of
23 the salary shown in column A, based on population as of
24 January 1, 1979, to the salary shown in column B, based on
25 taxable valuation as of January 1, 1979, plus the taxable

1 value as of December 31, 1980, of property within the county
2 on which a fee in lieu of tax is charged, as follows:

3 (a) Population of County	Column A
4 Below 3,000.....	\$4,494
5 3,000 to 3,999.....	\$4,729
6 4,000 to 4,999.....	\$4,833
7 5,000 to 5,999.....	\$4,938
8 6,000 to 6,999.....	\$5,058
9 7,000 to 7,999.....	\$5,394
10 8,000 to 8,999.....	\$5,487
11 9,000 to 9,999.....	\$5,617
12 10,000 to 12,499.....	\$5,708
13 12,500 to 14,999.....	\$5,826
14 15,000 to 17,499.....	\$5,943
15 17,500 to 19,999.....	\$6,048
16 20,000 to 24,999.....	\$6,165
17 25,000 to 29,999.....	\$6,270
18 30,000 to 39,999.....	\$6,387
19 40,000 to 49,999.....	\$6,544
20 50,000 to 59,999.....	\$6,779
21 60,000 to 69,999.....	\$7,014
22 70,000 to 79,999.....	\$7,275
23 80,000 to 89,999.....	\$7,432
24 90,000 to 99,999.....	\$7,676
25 100,000 and over.....	\$7,902

1	(b) Taxable Valuation of County	
2	<u>Plus Taxable Value of Property</u>	
3	<u>within The County Subject to Fee in</u>	
4	<u>Lieu of Tax</u>	Column B
5	Below \$2,000,000.....	\$4,598
6	2,000,000 to 2,999,999.....	\$4,729
7	3,000,000 to 3,999,999.....	\$4,833
8	4,000,000 to 4,999,999.....	\$4,938
9	5,000,000 to 5,999,999.....	\$5,069
10	6,000,000 to 6,999,999.....	\$5,394
11	7,000,000 to 7,999,999.....	\$5,487
12	8,000,000 to 9,999,999.....	\$5,617
13	10,000,000 to 11,999,999.....	\$5,708
14	12,000,000 to 13,999,999.....	\$5,826
15	14,000,000 to 15,999,999.....	\$5,942
16	16,000,000 to 17,999,999.....	\$6,047
17	18,000,000 to 19,999,999.....	\$6,165
18	20,000,000 to 22,499,999.....	\$6,270
19	22,500,000 to 24,999,999.....	\$6,387
20	25,000,000 to 29,999,999.....	\$6,544
21	30,000,000 to 34,999,999.....	\$6,779
22	35,000,000 to 39,999,999.....	\$7,014
23	40,000,000 to 44,999,999.....	\$7,275
24	45,000,000 to 49,999,999.....	\$7,432
25	50,000,000 to 54,999,999.....	\$7,667

1	55,000,000 to 59,999,999.....	\$7,902
2	60,000,000 to 64,999,999.....	\$8,138
3	65,000,000 to 69,999,999.....	\$8,372
4	70,000,000 to 74,999,999.....	\$8,607
5	75,000,000 to 79,999,999.....	\$8,843
6	80,000,000 to 84,999,999.....	\$9,078
7	85,000,000 to 89,999,999.....	\$9,313
8	90,000,000 to 94,999,999.....	\$9,548
9	95,000,000 to 99,999,999.....	\$9,783
10	100,000,000 to 109,999,999.....	\$10,019
11	110,000,000 to 119,999,999.....	\$10,195
12	120,000,000 to 129,999,999.....	\$10,398
13	130,000,000 to 139,999,999.....	\$10,606
14	140,000,000 to 149,999,999.....	\$10,817
15	150,000,000 to 159,999,999.....	\$11,035
16	160,000,000 and over.....	\$11,265

17 (2) (a) The county superintendent of schools shall
 18 receive, in addition to the salary based upon the totals of
 19 columns A and B above, the sum of \$400 per year.

20 (b) The county sheriff shall receive, in addition to
 21 the salary based upon the totals of columns A and B above,
 22 the sum of \$2,000 per year.

23 (c) Except in counties of population greater than
 24 30,000, the county attorney shall receive, in addition to
 25 the salary based upon the totals of column A and B above,

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1 the sum of \$1,200. In each county with a population in
2 excess of 30,000, the salary of the county attorney shall be
3 \$30,000 per year.

4 (d) In those counties where the office of the county
5 attorney has been established as a full-time position
6 pursuant to 7-4-2706, the salary of the county attorney
7 shall be set by resolution of the county commission but it
8 shall not exceed the salary of the county attorney in a
9 county with a population in excess of 30,000."

10 Section 4. Section 7-6-2211, MCA, is amended to read:

11 "7-6-2211. Authorization to conduct county business on
12 a cash basis. (1) In case the total indebtedness of a
13 county, lawful when incurred, exceeds the limit of 18%
14 established in 7-7-2101 by reason of great diminution of ~~the~~
15 ~~sum of taxable value, plus the taxable value as of December~~
16 ~~31, 1980, of property within the county on which a fee in~~
17 ~~lieu of tax is charged,~~ the county may conduct its business
18 affairs on a cash basis and pay the reasonable and necessary
19 current expenses of the county out of the cash in the county
20 treasury derived from its current revenue and under such
21 restrictions and regulations as may be imposed by the board
22 of county commissioners of the county by a resolution duly
23 adopted and included in the minutes of the board.

24 (2) Nothing in this section restricts the right of the
25 board to make the necessary tax levies for interest and

1 sinking fund purposes, and nothing in this section affects
2 the right of any creditor of the county to pursue any remedy
3 now given him by law to obtain payment of his claim."

4 Section 5. Section 7-6-4121, MCA, is amended to read:

5 "7-6-4121. Authorization to conduct municipal business
6 on a cash basis. (1) In case the total indebtedness of a
7 city or town has reached 11% of ~~the sum of~~ the total taxable
8 value of the property of the city or town subject to
9 taxation, as ascertained by the last assessment for state
10 and county taxes ~~plus the taxable value as of December 31,~~
11 ~~1980, of property within the city or town on which a fee in~~
12 ~~lieu of tax is charged,~~ the city or town may conduct its
13 affairs and business on a cash basis as provided by
14 subsection (2).

15 (2) (a) Whenever a city or town is conducting its
16 business affairs on a cash basis, the reasonable and
17 necessary current expenses of the city or town may be paid
18 out of the cash in the city or town treasury and derived
19 from its current revenues, under such restrictions and
20 regulations as the city or town council may by ordinance
21 prescribe.

22 (b) In the event that payment is made in advance, the
23 city or town may require a cash deposit as collateral
24 security and indemnity, equal in amount to such payment, and
25 may hold the same as a special deposit with the city

1 treasurer or town clerk, in package form, as a pledge for
2 the fulfillment and performance of the contract or
3 obligation for which the advance is made.

4 (c) Before the payment of the current expenses
5 mentioned above, the city or town council shall first set
6 apart sufficient money to pay the interest upon its legal,
7 valid, and outstanding bonded indebtedness and any sinking
8 funds therein provided for and shall be authorized to pay
9 all valid claims against funds raised by tax especially
10 authorized by law for the purpose of paying such claims."

11 Section 6. Section 7-6-4254, MCA, is amended to read:

12 "7-6-4254. Limitation on amount of emergency budgets
13 and appropriations. (1) The total of all emergency budgets
14 and appropriations made therein in any one year and to be
15 paid from any city fund shall not exceed 25% of the sum of
16 the total amount which could be produced for such city fund
17 by a maximum levy authorized by law to be made for such
18 fund, as shown by the last completed assessment roll of the
19 county plus the taxable value as of December 31, 1980, of
20 property within the city on which a fee in lieu of tax is
21 charged.

22 (2) The term "taxable property", as used herein, means
23 the percentage of the value at which such property is
24 assessed and which percentage is used for the purposes of
25 computing taxes and does not mean the assessed value of such

1 property as the same appears on the assessment roll."

2 Section 7. Section 7-7-107, MCA, is amended to read:

3 "7-7-107. Limitation on amount of bonds for
4 city-county consolidated units. (1) Except as provided in
5 7-7-108, no city-county consolidated local government may
6 issue bonds for any purpose which, with all outstanding
7 indebtedness, may exceed 27% of the sum of the taxable value
8 of the property therein subject to taxation as ascertained
9 by the last assessment for state and county taxes plus the
10 taxable value as of December 31, 1980, of property therein
11 on which a fee in lieu of tax is charged.

12 (2) The issuing of bonds for the purpose of funding or
13 refunding outstanding warrants or bonds is not the incurring
14 of a new or additional indebtedness but is merely the
15 changing of the evidence of outstanding indebtedness."

16 Section 8. Section 7-7-108, MCA, is amended to read:

17 "7-7-108. Authorization for additional indebtedness
18 for water or sewer systems. (1) For the purpose of
19 constructing a sewer system or procuring a water supply or
20 constructing or acquiring a water system for a city-county
21 consolidated government which shall own and control such
22 water supply and water system and devote the revenues
23 therefrom to the payment of the debt, a city-county
24 consolidated government may incur an additional indebtedness
25 by borrowing money or issuing bonds.

1 (2) The additional indebtedness which may be incurred
2 by borrowing money or issuing bonds for the construction of
3 a sewer system or for the procurement of a water supply or
4 for both such purposes may not in the aggregate exceed 10%
5 over and above the 27% referred to in 7-7-107 of the sum of
6 the taxable value of the property therein subject to
7 taxation as ascertained by the last assessment for state and
8 county taxes plus the taxable value as of December 31, 1980,
9 of property therein on which a fee in lieu of tax is
10 charged."

11 Section 9. Section 7-7-2101, MCA, is amended to read:
12 "7-7-2101. Limitation on amount of county
13 indebtedness. (1) No county may become indebted in any
14 manner or for any purpose to an amount, including existing
15 indebtedness, in the aggregate exceeding 18% of the sum of
16 the taxable value of the property therein subject to
17 taxation as ascertained by the last assessment for state and
18 county taxes previous to the incurring of such indebtedness
19 plus the taxable value as of December 31, 1980, of property
20 within the county on which a fee in lieu of tax is charged.

21 (2) No county may incur indebtedness or liability for
22 any single purpose to an amount exceeding \$40,000 without
23 the approval of a majority of the electors thereof voting at
24 an election to be provided by law, except as provided in
25 7-21-3413 and 7-21-3414."

1 Section 10. Section 7-7-2202, MCA, is amended to read:
2 "7-7-2202. Authority to issue general obligation bonds
3 to satisfy judgments. (1) The board of county commissioners
4 of every county of the state is hereby vested with the power
5 and authority to issue, negotiate, and sell coupon bonds on
6 the credit of the county, as more specifically provided in
7 this part, for the purpose of funding, paying in full, or
8 compromising, settling, and satisfying any judgment which
9 may have been rendered against the county in a court of
10 competent jurisdiction when:

11 (a) there are not sufficient funds available to pay
12 such judgment; and

13 (b) sufficient money cannot be raised to satisfy such
14 judgment by an annual tax levy of 10 mills levied on the sum
15 of all the taxable property within the county through a
16 period of 3 years plus the taxable value as of December 31,
17 1980, of property within the county on which a fee in lieu
18 of tax is charged.

19 (2) The resolution providing for the issue of such
20 bonds must recite the facts concerning the judgment to be
21 funded and the terms of any compromise agreement which may
22 have been entered into between the board and the judgment
23 creditor."

24 Section 11. Section 7-7-2203, MCA, is amended to read:
25 "7-7-2203. Limitation on amount of bonded

1 indebtedness. (1) Except as provided in subsections (2) and
 2 (3), no county may issue general obligation bonds for any
 3 purpose which, with all outstanding bonds and warrants
 4 except county high school bonds and emergency bonds, will
 5 exceed 9% of the taxable value of the property therein, to
 6 be ascertained by the last assessment for state and county
 7 taxes prior to the proposed issuance of bonds.

8 (2) A county may issue bonds which, with all
 9 outstanding bonds and warrants, will exceed 9% but will not
 10 exceed 29% of the sum of the taxable value of such property
 11 plus the taxable value as of December 31, 1980, of property
 12 within the county on which a fee in lieu of tax is charged,
 13 when necessary to do so, for the purpose of acquiring land
 14 for a site for county high school buildings and for erecting
 15 or acquiring buildings thereon and furnishing and equipping
 16 the same for county high school purposes.

17 (3) The foregoing limitation shall not apply to
 18 refunding bonds issued for the purpose of paying or retiring
 19 county bonds lawfully issued prior to January 1, 1932."

20 Section 12. Section 7-7-4201, MCA, is amended to read:

21 "7-7-4201. Limitation on amount of bonded
 22 indebtedness. (1) Except as otherwise provided, no city or
 23 town may issue bonds or incur other indebtedness for any
 24 purpose in an amount which with all outstanding and unpaid
 25 indebtedness will exceed 18% of the sum of the taxable value

1 of the property therein subject to taxation, to be
 2 ascertained by the last assessment for state and county
 3 taxes plus the taxable value as of December 31, 1980, of
 4 property within the city or town on which a fee in lieu of
 5 tax is charged.

6 (2) The issuing of bonds for the purpose of funding or
 7 refunding outstanding warrants or bonds is not the incurring
 8 of a new or additional indebtedness but is merely the
 9 changing of the evidence of outstanding indebtedness."

10 Section 13. Section 7-7-4202, MCA, is amended to read:

11 "7-7-4202. Special provisions relating to water and
 12 sewer systems. (1) Notwithstanding the provisions of
 13 7-7-4201, for the purpose of constructing a sewer system,
 14 procuring a water supply, or constructing or acquiring a
 15 water system for a city or town which owns and controls the
 16 water supply and water system and devotes the revenues
 17 therefrom to the payment of the debt, a city or town may
 18 incur an additional indebtedness by borrowing money or
 19 issuing bonds.

20 (2) The additional total indebtedness that may be
 21 incurred by borrowing money or issuing bonds for the
 22 construction of a sewer system, for the procurement of a
 23 water supply, or for both such purposes, including all
 24 indebtedness theretofore contracted which is unpaid or
 25 outstanding, may not in the aggregate exceed 36% over and

1 above the 18%, referred to in 7-7-4201, of the sum of the
 2 taxable value of the property therein subject to taxation as
 3 ascertained by the last assessment for state and county
 4 taxes plus the taxable value as of December 31, 1980, of
 5 property within the city or town on which a fee in lieu of
 6 tax is charged."

7 Section 14. Section 7-13-4103, MCA, is amended to
 8 read:

9 "7-13-4103. Limitation on indebtedness for acquisition
 10 of natural gas system. The total amount of indebtedness
 11 authorized to be contracted in any form, including the
 12 then-existing indebtedness, must not at any time exceed 11%
 13 of the sum of the total taxable value of the property of the
 14 city or town subject to taxation as ascertained by the last
 15 assessment for state and county taxes plus the taxable value
 16 as of December 31, 1980, of property within the city or town
 17 on which a fee in lieu of tax is charged."

18 Section 15. Section 7-14-236, MCA, is amended to read:

19 "7-14-236. Limitation on bonded indebtedness. The
 20 amount of bonds issued to provide funds for the district and
 21 outstanding at any time shall not exceed 5% of the sum of
 22 the taxable property therein as ascertained by the last
 23 assessment for state and county taxes previous to the
 24 issuance of such bonds plus the taxable value as of December
 25 31, 1980, of property within the district on which a fee in

1 lieu of tax is charged."

2 Section 16. Section 7-14-2524, MCA, is amended to
 3 read:

4 "7-14-2524. Limitation on amount of bonds issued --
 5 excess void. (1) Except as otherwise provided hereafter and
 6 in 7-7-2203 and 7-7-2204, no county shall issue bonds which,
 7 with all outstanding bonds and warrants except county high
 8 school bonds and emergency bonds, will exceed 9% of the sum
 9 of the taxable value of the property therein plus the
 10 taxable value as of December 31, 1980, of property within
 11 the county on which a fee in lieu of tax is charged. The
 12 taxable property shall be ascertained by the last assessment
 13 for state and county taxes prior to the issuance of such
 14 bonds.

15 (2) A county may issue bonds which, with all
 16 outstanding bonds and warrants except county high school
 17 bonds, will exceed 9% but will not exceed 18% of the sum of
 18 the taxable value of such property plus the taxable value as
 19 of December 31, 1980, of property within the county on which
 20 a fee in lieu of tax is charged when necessary for the
 21 purpose of replacing, rebuilding, or repairing county
 22 buildings, bridges, or highways which have been destroyed or
 23 damaged by an act of God, disaster, catastrophe, or
 24 accident.

25 (3) The value of the bonds issued and all other

1 outstanding indebtedness of the county, except county high
2 school bonds, shall not exceed 18% of the sum of the taxable
3 value of the property within the county as ascertained by
4 the last preceding general assessment plus the taxable value
5 as of December 31, 1980, of property within the county on
6 which a fee in lieu of tax is charged."

7 Section 17. Section 7-14-4402, MCA, is amended to
8 read:

9 "7-14-4402. Limit on indebtedness to provide bus
10 service. (1) The total amount of indebtedness authorized
11 under 7-14-4401(1) to be contracted in any form, including
12 the then-existing indebtedness, may not at any time exceed
13 18% of the sum of the total taxable value of the property of
14 the city or town subject to taxation as ascertained by the
15 last assessment for state and county taxes plus the taxable
16 value as of December 31, 1980, of property within the city
17 or town on which a fee in lieu of tax is charged.

18 (2) No money may be borrowed or bonds issued for the
19 purposes specified in 7-14-4401(1) until the proposition has
20 been submitted to the vote of the taxpayers of the city or
21 town and the majority vote cast in its favor."

22 Section 18. Section 7-16-2327, MCA, is amended to
23 read:

24 "7-16-2327. Indebtedness for park purposes. (1)
25 Subject to the provisions of subsection (2), a county park

1 board, in addition to powers and duties now given under law,
2 shall have the power and duty to contract an indebtedness in
3 behalf of a county, upon the credit thereof, for the
4 purposes of 7-16-2321(1) and (2).

5 (2) (a) The total amount of indebtedness authorized to
6 be contracted in any form, including the then-existing
7 indebtedness, must not at any time exceed 3% of the sum of
8 the value of the taxable property of the county ascertained
9 by the last assessment for state and county taxes previous
10 to the incurring of such indebtedness plus the taxable value
11 as of December 31, 1980, of property within the county on
12 which a fee in lieu of tax is charged.

13 (b) No money must be borrowed on bonds issued for the
14 purchase of lands and improving same for any such purpose
15 until the proposition has been submitted to the vote of
16 those qualified under the provisions of the state
17 constitution to vote at such election in the county affected
18 thereby and a majority vote is cast in favor thereof."

19 Section 19. Section 7-16-4104, MCA, is amended to
20 read:

21 "7-16-4104. Authorization for municipal indebtedness
22 for various cultural, social, and recreational purposes. (1)
23 A city or town council or commission may contract an
24 indebtedness on behalf of the city or town, upon the credit
25 thereof, by borrowing money or issuing bonds:

1 (a) for the purpose of purchasing and improving lands
2 for public parks and grounds;

3 (b) for procuring by purchase, construction, or
4 otherwise swimming pools, athletic fields, skating rinks,
5 playgrounds, museums, a golf course, a site and building for
6 a civic center, a youth center, or combination thereof; and

7 (c) for furnishing and equipping the same.

8 (2) The total amount of indebtedness authorized to be
9 contracted in any form, including the then-existing
10 indebtedness, may not at any time exceed 3% of the sum of
11 the value of the taxable property of the city or town as
12 ascertained by the last assessment for state and county
13 taxes previous to the incurring of such indebtedness plus
14 the taxable value as of December 31, 1980, of property
15 within the city or town on which a fee in lieu of tax is
16 charged.

17 (3) No money may be borrowed on bonds issued for the
18 purchase of lands and improving the same for any such
19 purpose until the proposition has been submitted to the vote
20 of the qualified electors of the city or town and a
21 majority vote is cast in favor thereof."

22 Section 20. Section 7-31-106, MCA, is amended to read:

23 "7-31-106. Authorization for county to issue bonds --
24 election required. (1) If the petition is presented to the
25 board of county commissioners, it shall be the duty of the

1 board, for the purpose of raising money to meet the payments
2 under the terms and conditions of said contract and other
3 necessary and proper expenses in and about the same and for
4 the approval or disapproval thereof:

5 (a) to ascertain, within 30 days after submission of
6 the petition, the existing indebtedness of the county in the
7 aggregate; and

8 (b) to submit, within 60 days after ascertaining the
9 same, to the electors of such county the proposition to
10 approve or disapprove the contract and the issuance of bonds
11 necessary to carry out the same.

12 (2) The amount of the bonds authorized by this section
13 shall not exceed 5% of the sum of the value of the taxable
14 property therein, inclusive of the existing indebtedness
15 thereof, to be ascertained by the last assessment for state
16 and county taxes previous to the issuance of said bonds and
17 incurring of said indebtedness plus the taxable value as of
18 December 31, 1980, of property within the county on which a
19 fee in lieu of tax is charged."

20 Section 21. Section 7-31-107, MCA, is amended to read:

21 "7-31-107. Authorization for municipality to issue
22 bonds -- election required. (1) If said petition is
23 presented to the council of any incorporated city or town,
24 the council, for the purpose of raising money to meet the
25 payments under the terms and conditions of said contract and

1 other necessary and proper expenses in and about the same
2 and for the approval or disapproval thereof:

3 (a) shall ascertain, within 30 days after submission
4 of the petition, the aggregate indebtedness of such city or
5 town; and

6 (b) shall submit, within 60 days after ascertaining
7 the same, to the electors of such city or town the
8 proposition to approve or disapprove said contract and the
9 issuance of bonds necessary to carry out the same.

10 (2) The amount of the bonds authorized by this section
11 shall not exceed 3% of the sum of the value of the taxable
12 property therein, inclusive of the existing indebtedness
13 thereof, to be ascertained in the manner provided in this
14 part plus the taxable value as of December 31, 1980, of
15 property within the city or town on which a fee in lieu of
16 tax is charged."

17 Section 22. Section 7-34-2131, MCA, is amended to
18 read:

19 "7-34-2131. Hospital district bonds authorized. (1) A
20 hospital district may borrow money by the issuance of its
21 bonds to provide funds for payment of part or all of the
22 cost of acquisition, furnishing, equipment, improvement,
23 extension, and betterment of hospital facilities and to
24 provide an adequate working capital for a new hospital.

25 (2) The amount of bonds issued for such purpose and

1 outstanding at any time shall not exceed 5% of the sum of
2 taxable property therein as ascertained by the last
3 assessment for state and county taxes previous to the
4 issuance of such bonds plus the taxable value as of December
5 31, 1980, of property located in the hospital district on
6 which a fee in lieu of tax is charged.

7 (3) Such bonds shall be authorized, sold, and issued
8 and provisions made for their payment in the manner and
9 subject to the conditions and limitations prescribed for
10 bonds of second- or third-class school districts by Title
11 20, chapter 9, part 4.

12 (4) Nothing herein shall be construed to preclude the
13 provisions of Title 50, chapter 6, part 1, allowing the
14 state to apply for and accept federal funds."

15 Section 23. Section 10-2-301, MCA, is amended to read:

16 "10-2-301. Free license plates to disabled veterans.
17 Any person who is a veteran of the armed service of the
18 United States and 100% disabled because of an injury which
19 has been determined by the veterans administration to be
20 service connected and who is a citizen and resident of the
21 state of Montana and who is the owner of a passenger
22 automobile or of a truck up to and including three-quarter
23 ton GVW-rated capacity shall be provided with free license
24 plates ~~upon payment of personal property tax equal to 1% of~~
25 ~~the taxable value~~ for such automobile or truck and upon

1 proof of 100% service-connected disability."

2 Section 24. Section 15-6-139, MCA, is amended to read:

3 "15-6-139. Class nine property -- description --

4 taxable percentage. (1) Class nine property includes:

5 (a) ~~automobiles, buses, and trucks weighing 1-1/2 tons~~

6 ~~or less with a GVW-rated capacity of more than 3/4 ton and~~

7 ~~equal to or less than 1 1/2 tons;~~

8 (b) ~~stocky, camping, and travel trailers;~~

9 ~~(c) truck campers and toppers weighing more than 300~~

10 ~~pounds, except those included in class five;~~

11 ~~(d) motor homes except those included in class five;~~

12 (e)(c) furniture, fixtures, and equipment, except that

13 specifically included in another class, used in commercial

14 establishments as defined in this section;

15 (f)(d) x-ray and medical and dental equipment; and

16 (g)(e) citizens' band radios and mobile telephones.

17 (2) "Commercial establishment" includes any hotel;

18 motel; office; petroleum marketing station; or service,

19 wholesale, retail, or food-handling business.

20 (3) Class nine property is taxed at 13% of its market

21 value."

22 Section 25. Section 15-6-140, MCA, is amended to read:

23 "15-6-140. Class ten property -- description --

24 taxable percentage. (1) Class ten property includes:

25 (a) radio and television broadcasting and transmitting

1 equipment;

2 (b) cable television systems;

3 (c) centrally assessed utility allocations after

4 deductions of locally assessed properties, except as

5 provided in:

6 (i) class five for cooperative rural electrical and

7 cooperative rural telephone associations; and

8 (ii) class seven for rural telephone and electrical

9 organizations;

10 (d) coal and ore haulers;

11 (e) trucks weighing with a GVW-rated capacity of more

12 than 1 1/2 tons, including those prorated under 15-24-102;

13 (f) trailers, except those included in classes ~~five~~

14 ~~eighty~~ or nine, including those prorated under 15-24-102;

15 (g) theater projectors and sound equipment; and

16 (h) all other property not included in the preceding

17 nine classes.

18 (2) Class ten property is taxed at 16% of its market

19 value."

20 Section 26. Section 15-6-201, MCA, is amended to read:

21 "15-6-201. Exempt categories. (1) The following

22 categories of property are exempt from taxation:

23 (a) the property of:

24 (i) the United States, the state, counties, cities,

25 towns, school districts;

1 (ii) irrigation districts organized under the laws of
2 Montana and not operating for profit;

3 (iii) municipal corporations; and

4 (iv) public libraries;

5 (b) buildings, with land they occupy and furnishings
6 therein, owned by a church and used for actual religious
7 worship or for residences of the clergy, together with
8 adjacent land reasonably necessary for convenient use of
9 such buildings;

10 (c) property used exclusively for agricultural and
11 horticultural societies, for educational purposes, and for
12 hospitals;

13 (d) property that meets the following conditions:

14 (i) is owned and held by any association or
15 corporation organized under Title 35, chapter 2, 3, 20, or
16 21;

17 (ii) is devoted exclusively to use in connection with a
18 cemetery or cemeteries for which a permanent care and
19 improvement fund has been established as provided for in
20 Title 35, chapter 20, part 3; and

21 (iii) is not maintained and operated for private or
22 corporate profit;

23 (e) institutions of purely public charity;

24 (f) evidence of debt secured by mortgages of record
25 upon real or personal property in the state of Montana;

1 (g) public art galleries and public observatories not
2 used or held for private or corporate profit;

3 (h) all household goods and furniture, including but
4 not limited to clocks, musical instruments, sewing machines,
5 and wearing apparel of members of the family, used by the
6 owner for personal and domestic purposes or for furnishing
7 or equipping the family residence;

8 (i) a truck canopy cover or topper weighing less than
9 300 pounds and having no accommodations attached. Such
10 property is also exempt from the fee in lieu of tax.

11 (j) a bicycle, as defined in 61-1-123, used by the
12 owner for personal transportation purposes;

13 ~~(k) a vehicle listed in 61-3-521 on which a fee in~~
14 ~~lieu of tax is charged.~~

15 (2) (a) The term "institutions of purely public
16 charity" includes organizations owning and operating
17 facilities for the care of the retired or aged or
18 chronically ill, which are not operated for gain or profit.

19 (b) The terms "public art galleries" and "public
20 observatories" include only those art galleries and
21 observatories, whether of public or private ownership, that
22 are open to the public without charge at all reasonable
23 hours and are used for the purpose of education only.

24 (3) The following portions of the appraised value of a
25 capital investment made after January 1, 1979, in a

1 recognized nonfossil form of energy generation, as defined
2 in 15-32-102, are exempt from taxation for a period of 10
3 years following installation of the property:

4 (a) \$20,000 in the case of a single family residential
5 dwelling;

6 (b) \$100,000 in the case of a multifamily residential
7 dwelling or a nonresidential structure."

8 Section 27. Section 15-8-201, MCA, is amended to read:

9 "15-8-201. General assessment day. (1) The department
10 of revenue or its agent must, between January 1 and the
11 second Monday of July in each year, ascertain the names of
12 all taxable inhabitants and assess all property subject to
13 taxation in each county. The department or its agent must
14 assess property to the person by whom it was owned or
15 claimed or in whose possession or control it was at midnight
16 of January 1 next preceding. It must also ascertain and
17 assess all mobile homes arriving in the county after
18 midnight of January 1 next preceding. No mistake in the name
19 of the owner or supposed owner of real property, however,
20 renders the assessment invalid.

21 (2) The procedure provided by this section may not
22 apply to:

23 (a) motor vehicles that are required by 15-8-202 to be
24 assessed on January 1 or upon their anniversary registration
25 date;

1 (b) motor ~~homes---and---travel---trailers~~ vehicles
2 enumerated in 61-3-521, subject to a fee in lieu of property
3 tax;

4 (c) livestock;

5 (d) property defined in 61-1-104(2) as "special mobile
6 equipment" that is subject to assessment for personal
7 property taxes on the date that application is made for a
8 special mobile equipment plate; and

9 (e) mobile homes held by a distributor or dealer of
10 mobile homes as a part of his stock-in-trade.

11 (3) Credits must be assessed as provided in
12 15-1-101(1)(c)."

13 Section 28. Section 15-8-202, MCA, is amended to read:

14 "15-8-202. Motor vehicle assessment. (1) (a) The
15 department or its agent must, in each year, ascertain and
16 assess all motor vehicles, other than ~~motor-homes, travel~~
17 ~~trailers, or mobile-homes~~ vehicles listed in 61-3-521, in
18 each county subject to taxation as of January 1 or as of the
19 anniversary registration date of those vehicles subject to
20 61-3-313 through 61-3-316 and 61-3-501. The motor vehicles
21 shall be assessed in each year to the persons by whom owned
22 or claimed or in whose possession or control they were at
23 midnight of January 1 or the anniversary registration date
24 thereof, whichever is applicable.

25 (b) No tax may be assessed against motor vehicles that

1 constitute inventory of motor vehicle dealers as of January
 2 1. These vehicles and all other motor vehicles brought into
 3 the state subsequent to January 1 as motor vehicle dealers'
 4 inventories shall be assessed to their respective purchasers
 5 as of the dates the vehicles are registered by the
 6 purchasers.

7 (c) "Purchasers" includes dealers who apply for
 8 registration or reregistration of motor vehicles, except as
 9 otherwise provided by 61-3-502.

10 (d) Goods, wares, and merchandise of motor vehicle
 11 dealers, other than new motor vehicles and new mobile homes,
 12 shall be assessed at market value as of January 1.

13 (2) In all cases where taxes or a fee in lieu of tax
 14 were required to be paid, the applicant for registration or
 15 reregistration of a motor vehicle, other than a mobile home,
 16 is not relieved of the duty of paying taxes or the fee in
 17 lieu of tax if the taxes or fees have not been paid by a
 18 prior applicant or owner."

19 Section 29. Section 15-24-101, MCA, is amended to
 20 read:

21 "15-24-101. Assessment of proportionally registered
 22 interstate motor vehicle fleets -- tax payment required for
 23 registration. (1) The department of revenue shall assess,
 24 for the purpose of personal property taxes, unless subject
 25 to a fee in lieu of tax, interstate motor vehicle fleets

1 proportionally registered under the provisions of 61-3-711
 2 through 61-3-733, and said assessment shall be apportioned
 3 on the ratio of total miles traveled to in-state miles
 4 traveled formula as prescribed by 61-3-721. Interstate motor
 5 vehicle fleets are hereby declared assessable for taxation
 6 purposes, unless subject to a fee in lieu of tax, upon
 7 application for proportional registration and shall be
 8 assessed to the persons who own or claim or in whose
 9 possession or control the fleet is at the time of the
 10 application.

11 (2) Any fleet contained in an original application
 12 which has a situs for purpose of property taxation or fees
 13 in lieu of taxes in Montana by the terms of this part or any
 14 other provision of the laws of Montana between January 1 and
 15 April 1 shall be taxed or charged for a full year. Any fleet
 16 contained in an original application which acquires a situs
 17 for the purpose of property taxation or fees in lieu of
 18 taxes in Montana under the provisions of this part or any
 19 other law of the state of Montana after April 1 shall have
 20 taxes apportioned as provided in 15-24-303.

21 (3) Any fleet contained in a renewal application shall
 22 be assessed and taxed or be charged fees in lieu of taxes
 23 for a full year.

24 (4) Vehicles contained in a fleet for which current
 25 taxes or fees in lieu of taxes have been assessed and paid

1 shall not be assessed under this section upon presentation
 2 to the department of proof of payment of tax or fee in lieu
 3 of tax for the current registration year. The payment of
 4 personal property taxes or fees in lieu of taxes is a
 5 condition precedent to proportional registration or
 6 reregistration of an interstate motor vehicle fleet.*

7 Section 30. Section 15-24-102, MCA, is amended to
 8 read:

9 "15-24-102. Valuation of interstate fleets --
 10 determination of aggregate tax due. The department of
 11 revenue shall assess any interstate motor vehicle fleets, not
 12 subject to a fee in lieu of tax, making application for
 13 proportional registration as follows:

14 (1) The purchase price depreciated by a schedule as
 15 prescribed by the department shall determine the depreciated
 16 value.

17 (2) The depreciated value multiplied by the percent of
 18 miles traveled in Montana as prescribed by 61-3-721 shall be
 19 the assessed value.

20 (3) The sum of the assessed value of all vehicles
 21 included in the fleet multiplied by 16% shall be the taxable
 22 value for the entire fleet.

23 (4) To determine the amount of tax due, the taxable
 24 value of the entire fleet shall be multiplied by the
 25 statewide average county mill levy plus state levies as

1 hereinafter provided.

2 ~~(5) On vehicles subject to a fee in lieu of tax, the~~
 3 ~~sum of the applicable fees shall be charged."~~

4 Section 31. Section 15-24-103, MCA, is amended to
 5 read:

6 "15-24-103. Determination of average levy in state --
 7 application to interstate fleets -- cost stated in
 8 application for registration. (1) The department of revenue
 9 shall determine the aggregate tax in the entire state for
 10 state, county, and local purposes levied on the general
 11 property of the state in the previous year, excluding
 12 special levies on property for local improvements and
 13 special state levies on livestock for bounties, inspection,
 14 and protection purposes.

15 (2) From the total taxable valuation of the general
 16 property of the state including net proceeds and the
 17 aggregate tax as determined, the department shall compute
 18 the average levy by dividing the aggregate tax by the total
 19 state taxable valuation. The rate so determined shall
 20 constitute the rate of taxation on the taxable value of all
 21 interstate trucks not subject to a fee in lieu of tax.

22 (3) The original cost of each vehicle shall be
 23 included on the application for proportional registration
 24 under the provisions of 61-3-711 through 61-3-733. The
 25 department shall determine the original cost when the owner

1 does not have this information on new or used vehicles or in
2 the case of rebuilt vehicles."

3 Section 32. Section 15-24-104, MCA, is amended to
4 read:

5 "15-24-104. Situs in state of proportionally
6 registered fleets. (1) For the purposes of this part, any
7 vehicle previously registered or which has had application
8 for registration made under the provisions of 61-3-711
9 through 61-3-733 is hereby declared to have a situs in the
10 state for the purposes of taxation or fees in lieu of tax.

11 (2) The department or its designated agent shall
12 collect the personal property taxes or fees in lieu of tax
13 prescribed herein."

14 Section 33. Section 15-24-105, MCA, is amended to
15 read:

16 "15-24-105. Deposit and distribution of taxes and fees
17 on proportionally registered fleets. The personal property
18 taxes or fees in lieu of taxes described herein and
19 collected shall be deposited with the state treasurer for
20 distribution to the general fund of each county according to
21 the ratio of the taxable valuation of each county to the
22 total state taxable valuation."

23 Section 34. Section 15-24-301, MCA, is amended to
24 read:

25 "15-24-301. Personal property brought into the state

1 -- assessment -- exceptions -- custom combine equipment. (1)
2 Property in the following cases is subject to fees in lieu
3 of taxes or taxation and assessment for all taxes levied
4 that year in the county in which it is located:

5 (a) any personal property (including livestock)
6 brought, driven, or coming into this state at any time
7 during the year that is used in the state for hire,
8 compensation, or profit;

9 (b) property whose owner or user is engaged in gainful
10 occupation or business enterprise in the state; or

11 (c) property which comes to rest and becomes a part of
12 the general property of the state.

13 (2) The taxes or fees in lieu of taxes on this
14 property are levied in the same manner and to the same
15 extent, except as otherwise provided, as though the property
16 had been in the county on the regular assessment date,
17 provided that the property has not been regularly assessed
18 for the year in some other county of the state.

19 (3) Nothing in this section shall be construed to levy
20 a tax against a merchant or dealer within this state on
21 goods, wares, or merchandise brought into the county to
22 replenish the stock of the merchant or dealer in addition to
23 the tax levied against the inventory of said merchant or
24 dealer on the regular assessment date.

25 (4) This section does not apply to any motor vehicle

1 brought, driven, or coming into this state by any
2 nonresident person temporarily employed in Montana for a
3 period not exceeding 90 days if the motor vehicle is used
4 exclusively for transportation of such person.

5 (5) Agricultural harvesting machinery classified under
6 class eight, licensed in other states, and operated on the
7 lands of persons other than the owner of the machinery under
8 contracts for hire shall be subject to a fee in lieu of
9 taxation of \$35 per machine for a 60-day period. The
10 machines shall be subject to taxation under class eight only
11 if they are sold in Montana."

12 Section 35. Section 15-30-121, MCA, is amended to
13 read:

14 "15-30-121. Deductions allowed in computing net
15 income. In computing net income, there are allowed as
16 deductions:

17 (1) the items referred to in sections 161 and 211 of
18 the Internal Revenue Code of 1954, or as sections 161 and
19 211 shall be labeled or amended, subject to the following
20 exceptions which are not deductible:

- 21 (a) items provided for in 15-30-123;
22 (b) state income tax paid;
23 (2) federal income tax paid within the taxable year;
24 (3) child and dependent care expenses determined in
25 accordance with the provisions of section 214 of the

1 Internal Revenue Code of 1954 that were in effect for the
2 taxable year that began January 1, 1974. However, the
3 limitation set forth in section 214(e)(4) of the Internal
4 Revenue Code of 1954 as that section was in effect for the
5 taxable year that began January 1, 1974, applies only to
6 payments made to a child of the taxpayer who is under 19
7 years of age at the close of the taxable year and to
8 payments made to an individual with respect to whom a
9 deduction is allowable under 15-30-112(5) to the taxpayer or
10 the taxpayer's spouse.

11 (4) that portion of an energy-related investment
12 allowed as a deduction under 15-32-103;

13 (5) in the case of an individual, political
14 contributions determined in accordance with the provisions
15 of section 218(a) and (b) of the Internal Revenue Code that
16 were in effect for the taxable year ended December 31,
17 1978;

18 ~~(6) fees in lieu of tax on motor vehicles."~~

19 Section 36. Section 15-31-114, MCA, is amended to
20 read:

21 "15-31-114. Deductions allowed in computing income. In
22 computing the net income, the following deductions shall be
23 allowed from the gross income received by such corporation
24 within the year from all sources:

- 25 (1) All the ordinary and necessary expenses paid or

1 incurred during the taxable year in the maintenance and
 2 operation of its business and properties, including
 3 reasonable allowance for salaries for personal services
 4 actually rendered, subject to the limitation hereinafter
 5 contained, rentals or other payments required to be made as
 6 a condition to the continued use or possession of property
 7 to which the corporation has not taken or is not taking
 8 title or in which it has no equity. No deduction shall be
 9 allowed for salaries paid upon which the recipient thereof
 10 has not paid Montana state income tax; provided, however,
 11 that where domestic corporations are taxed on income derived
 12 from without the state, salaries of officers paid in
 13 connection with securing such income shall be deductible.

14 (2) (a) All losses actually sustained and charged off
 15 within the year and not compensated by insurance or
 16 otherwise, including a reasonable allowance for the wear and
 17 tear and obsolescence of property used in the trade or
 18 business, such allowance to be determined according to the
 19 provisions of section 167 of the Internal Revenue Code in
 20 effect with respect to the taxable year. All elections for
 21 depreciation shall be the same as the elections made for
 22 federal income tax purposes. No deduction shall be allowed
 23 for any amount paid out for any buildings, permanent
 24 improvements, or betterments made to increase the value of
 25 any property or estate, and no deduction shall be made for

1 any amount of expense of restoring property or making good
 2 the exhaustion thereof for which an allowance is or has been
 3 made.

4 (b) (i) There shall be allowed as a deduction for the
 5 taxable period a net operating loss deduction determined
 6 according to the provisions of this subsection. The net
 7 operating loss deduction is the aggregate of net operating
 8 loss carryovers to such taxable period plus the net
 9 operating loss carrybacks to such taxable period. The term
 10 "net operating loss" means the excess of the deductions
 11 allowed by this section, 15-31-114, over the gross income,
 12 with the modifications specified in (ii) of this subsection.
 13 If for any taxable period beginning after December 31, 1970,
 14 a net operating loss is sustained, such loss shall be a net
 15 operating loss carryback to each of the three taxable
 16 periods preceding the taxable period of such loss and shall
 17 be a net operating loss carryover to each of the five
 18 taxable periods following the taxable period of such loss. A
 19 net operating loss for any taxable period ending after
 20 December 31, 1975, in addition to being a net operating loss
 21 carryback to each of the three preceding taxable periods,
 22 shall be a net operating loss carryover to each of the seven
 23 taxable periods following the taxable period of such loss.
 24 The portion of such loss which shall be carried to each of
 25 the other taxable years shall be the excess, if any, of the

1 amount of such loss over the sum of the net income for each
 2 of the prior taxable periods to which such loss was carried.
 3 For purposes of the preceding sentence, the net income for
 4 such prior taxable period shall be computed with the
 5 modifications specified in (ii)(B) of this subsection and by
 6 determining the amount of the net operating loss deduction
 7 without regard to the net operating loss for the loss period
 8 or any taxable period thereafter, and the net income so
 9 computed shall not be considered to be less than zero.

10 (ii) The modifications referred to in (i) of this
 11 subsection shall be as follows:

12 (A) No net operating loss deduction shall be allowed.

13 (3) The deduction for depletion shall not exceed the
 14 amount which would be allowable if computed under the cost
 15 method.

16 (C) Any net operating loss carried over to any taxable
 17 years beginning after December 31, 1978, must be calculated
 18 under the provisions of this section effective for the
 19 taxable year for which the return claiming the net operating
 20 loss carryover is filed.

21 (iii) A net operating loss deduction shall be allowed
 22 only with regard to losses attributable to the business
 23 carried on within the state of Montana.

24 (iv) In the case of a merger of corporations, the
 25 surviving corporation shall not be allowed a net operating

1 loss deduction for net operating losses sustained by the
 2 merged corporations prior to the date of merger. In the case
 3 of a consolidation of corporations, the new corporate entity
 4 shall not be allowed a deduction for net operating losses
 5 sustained by the consolidated corporations prior to the date
 6 of consolidation.

7 (v) Notwithstanding the provisions of 15-31-531,
 8 interest shall not be paid with respect to a refund of tax
 9 resulting from a net operating loss carryback or carryover.

10 (vi) The net operating loss deduction shall not be
 11 allowed with respect to taxable periods which ended on or
 12 before December 31, 1970, but shall be allowed only with
 13 respect to taxable periods beginning on or after January 1,
 14 1971.

15 (3) In the case of mines, other natural deposits, oil
 16 and gas wells, and timber, a reasonable allowance for
 17 depletion and for depreciation of improvements; such
 18 reasonable allowance to be determined according to the
 19 provisions of the Internal Revenue Code in effect for the
 20 taxable year. All elections made under the Internal Revenue
 21 Code with respect to capitalizing or expensing exploration
 22 and development costs and intangible drilling expenses for
 23 corporation license tax purposes shall be the same as the
 24 elections made for federal income tax purposes.

25 (4) The amount of interest paid within the year on its

1 indebtedness incurred in the operation of the business from
2 which its income is derived; but no interest shall be
3 allowed as a deduction if paid on an indebtedness created
4 for the purchase, maintenance, or improvement of property or
5 for the conduct of business unless the income from such
6 property or business would be taxable under this part.

7 (5) (a) Taxes or fees in lieu of taxes paid within the
8 year except the following:

9 (i) Taxes imposed by this part.

10 (ii) Taxes assessed against local benefits of a kind
11 tending to increase the value of the property assessed.

12 (iii) Taxes on or according to or measured by net
13 income or profits imposed by authority of the government of
14 the United States.

15 (iv) Taxes imposed by any other state or country upon
16 or measured by net income or profits.

17 (b) Taxes deductible under this part shall be
18 construed to include taxes or fees in lieu of taxes imposed
19 by any county, school district, or municipality of this
20 state.

21 (6) That portion of an energy-related investment
22 allowed as a deduction under 15-32-103."

23 Section 37. Section 15-50-207, MCA, is amended to
24 read:

25 "15-50-207. Credit against other taxes -- credit for

1 personal property taxes. (1) The additional license fees
2 withheld or otherwise paid as provided herein may be used as
3 a credit on the contractor's corporation license tax
4 provided for in chapter 31 of this title or on the
5 contractor's income tax provided for in chapter 30,
6 depending upon the type of tax the contractor is required to
7 pay under the laws of the state.

8 (2) Personal property taxes or fees in lieu of taxes
9 paid in Montana on any personal property of the contractor
10 which is used in the business of the contractor and is
11 located within this state may be credited against the
12 license fees required under this chapter. However, in
13 computing the tax credit allowed by this section against the
14 contractor's corporation license tax or income tax, the
15 personal property tax credit against the license fees herein
16 required shall not be considered as license fees paid for
17 the purpose of such income tax or corporation license tax
18 credit."

19 Section 38. Section 19-11-503, MCA, is amended to
20 read:

21 "19-11-503. Special tax levy for fund required. (1)
22 The purpose of this section is to provide a means by which
23 each disability and pension fund may be maintained at a
24 level equal to 2% of the sum of the taxable valuation of all
25 taxable property within the limits of the city or town plus

1 the taxable value as of December 31, 1980, of property
 2 within the city or town on which a fee in lieu of tax is
 3 charged.

4 (2) Whenever the fund contains less than 2% of the sum
 5 of the taxable valuation of all taxable property within the
 6 limits of the city or town plus the taxable value as of
 7 December 31, 1980, of property within the city or town on
 8 which a fee in lieu of tax is charged, the governing body of
 9 the city or town shall, at the time of the levy of the
 10 annual tax, levy a special tax as provided in 19-11-504. The
 11 special tax shall be collected as other taxes are collected
 12 and, when so collected, shall be paid into the disability
 13 and pension fund."

14 Section 39. Section 19-11-504, MCA, is amended to
 15 read:

16 "19-11-504. Amount of special tax levy. (1) Whenever
 17 the total amount of the fund is less than 2% of the sum of
 18 the taxable valuation of all taxable property within the
 19 limits of the city or town plus the taxable value as of
 20 December 31, 1980, of property within the city or town on
 21 which a fee in lieu of tax is charged, the special tax levy
 22 shall be:

23 (a) not less than 1 mill or more than 4 mills on each
 24 dollar of the sum of taxable valuation of all taxable
 25 property within the limits of the city or town plus the

1 taxable value as of December 31, 1980, of property within
 2 the city or town on which a fee in lieu of tax is charged;
 3 and

4 (b) an amount sufficient to provide a growth per year
 5 in the fund, considering all sources of income to the fund
 6 and the payment of obligations out of the fund, equal to the
 7 sum produced by 1 mill levied on the sum of the taxable
 8 valuation of all the taxable property in the city or town
 9 plus the taxable value as of December 31, 1980, of property
 10 within the city or town on which a fee in lieu of tax is
 11 charged.

12 (2) The special tax levy shall be a fractional part of
 13 1 mill whenever:

14 (a) the total amount of the fund is less than 2% but
 15 more than 1% of the sum of the taxable valuation of all
 16 taxable property within the city or town plus the taxable
 17 value as of December 31, 1980, of property within the city
 18 or town on which a fee in lieu of tax is charged; and

19 (b) the special tax levy of a fractional part of 1
 20 mill will produce sufficient revenue to cause the fund,
 21 considering all sources of income to the fund and all
 22 payments to be made out of the fund, to exceed 2% of the sum
 23 of the taxable valuation of all taxable property within the
 24 city or town plus the taxable value as of December 31, 1980,
 25 of property within the city or town on which a fee in lieu

1 of tax is charged.

2 (3) In cities of the third class, when the fund
3 contains an amount which is less than 2% of the sum of the
4 taxable valuation of all taxable property in the city or
5 town plus the taxable value as of December 31, 1980, of
6 property within the city or town on which a fee in lieu of
7 tax is charged, the city council shall levy an annual
8 special tax of not less than 1 mill and not more than 4
9 mills on each dollar of the sum of taxable valuation of all
10 taxable property within the city or town plus the taxable
11 value as of December 31, 1980, of property within the city
12 or town on which a fee in lieu of tax is charged."

13 Section 40. Section 19-11-512, MCA, is amended to
14 read:

15 "19-11-512. State auditor to pay association out of
16 insurance premium taxes. (1) At the end of the fiscal year,
17 the state auditor shall issue and deliver the payment
18 described in this subsection to the board of investments to
19 be credited to the account of each fire department relief
20 association of any city or town of the first or second class
21 which has a fire department relief association entitled by
22 law to receive payments. The state auditor shall, at the
23 same time, report to the treasurer of the association the
24 amount of the payment. The payment shall be for the use and
25 benefit of the association. It shall be paid out of the

1 premium taxes on insurance risks enumerated in subsection
2 (6) collected by the state auditor and shall be equal to 10%
3 of the total annual compensation paid by the city or town to
4 its paid or part-paid firefighters for services in the
5 previous calendar year. The city clerk of the city or town
6 shall certify in writing to the state auditor, on or before
7 April 1 of each year, the amount paid by the city or town as
8 compensation for services to paid or part-paid firefighters.

9 (2) When there is a disaster resulting in death or
10 injury sufficient to draw the pensions of 10% of the active
11 force and the fund, after receiving all moneys provided for
12 in 19-11-501, 19-11-503, 19-11-504, and subsection (1) of
13 this section, does not show at least the 1-mill growth
14 referred to in 19-11-504, the treasurer of the association
15 shall request and the state auditor shall issue and deliver
16 an additional payment under the same conditions described in
17 subsection (1). The payment shall be in an amount sufficient
18 to cause at least the above-mentioned 1-mill growth in the
19 fund.

20 (3) If a city is not entitled to receive a sum equal
21 to 1 1/2 mills of the sum of its total taxable value plus
22 the taxable value as of December 31, 1980, of property
23 within the city on which a fee in lieu of tax is charged
24 under subsections (1) and (2), the payment shall be made in
25 the amount provided in subsections (4) and (5) for cities of

1 the third class and in the manner described in subsection
2 (1).

3 (4) At the end of the fiscal year, the state auditor
4 shall issue and deliver the warrant described in this
5 subsection to the treasurer of every city or town, except
6 cities and towns of the first or second class, which has a
7 fire department relief association entitled by law to
8 receive payments. The warrant shall be for the use and
9 benefit of the association. It shall be for an amount equal
10 to 1 1/2 mills of the sum of the total taxable value of the
11 city or town plus the taxable value as of December 31, 1990,
12 of property within the city or town on which a fee in lieu
13 of tax is charged and shall be paid out of the premium taxes
14 on insurance risks enumerated in subsection (6) collected by
15 the state auditor.

16 (5) If the payment provided for in subsection (4) is
17 less than \$100, an additional payment shall be made from the
18 same tax moneys so that the total amount received is \$100.

19 (6) The risks referred to in subsections (1) and (4)
20 are:

21 (a) insurance of houses, buildings, and all other
22 kinds of property against loss or damage by fire or other
23 casualty;

24 (b) all kinds of insurance on goods, merchandise, or
25 other property in the course of transportation, whether by

1 land, water, or air;

2 (c) insurance against loss or damage to motor vehicles
3 resulting from accident, collision, or marine and inland
4 navigation and transportation perils;

5 (d) insurance of growing crops against loss or damage
6 resulting from hail or the elements;

7 (e) insurance against loss or damage by water to any
8 goods or premises arising from the breakage or leakage of
9 sprinklers, pumps, or other apparatus;

10 (f) insurance against loss or legal liability for loss
11 because of damage to property caused by the use of teams or
12 vehicles, whether by accident or collision or by explosion
13 of any engine, tank, boiler, pipe, or tire of any vehicle;
14 and

15 (g) insurance against theft of the whole or any part
16 of any vehicle."

17 Section 41. Section 20-9-406, MCA, is amended to read:

18 "20-9-406. Limitations on amount of bond issue. (1)
19 The maximum amount for which each school district may become
20 indebted by the issuance of bonds, including all
21 indebtedness represented by outstanding bonds of previous
22 issues and registered warrants, is 29% of the sum of the
23 taxable value of the property subject to taxation as
24 ascertained by the last completed assessment for state,
25 county, and school taxes previous to the incurring of such

1 indebtedness plus the taxable value as of December 31, 1980,
2 of property within the district on which a fee in lieu of
3 tax is charged.

4 (2) The 29% maximum, however, may not pertain to
5 indebtedness imposed by special improvement district
6 obligations or assessments against the school district. All
7 bonds issued in excess of such amount shall be null and
8 void, except as provided in this section.

9 (3) When the total indebtedness of a school
10 district has reached the 29% limitation prescribed in this
11 section, the school district may pay all reasonable and
12 necessary expenses of the school district on a cash basis in
13 accordance with the financial administration provisions of
14 this chapter.

15 (4) Whenever bonds are issued for the purpose of
16 refunding bonds, any moneys to the credit of the debt
17 service fund for the payment of the bonds to be refunded are
18 applied towards the payment of such bonds and the refunding
19 bond issue is decreased accordingly."

20 Section 42. Section 20-9-502, MCA, is amended to read:

21 "20-9-502. Purpose and authorization of a building
22 reserve fund by an election. (1) The trustees of any
23 district, with the approval of the qualified electors of the
24 district, may establish a building reserve for the purpose
25 of raising money for the future construction, equipping, or

1 enlarging of school buildings or for the purpose of
2 purchasing land needed for school purposes in the district.
3 In order to submit to the qualified electors of the district
4 a building reserve proposition for the establishment of or
5 addition to a building reserve, the trustees shall pass a
6 resolution that specifies:

7 (a) the purpose or purposes for which the new or
8 addition to the building reserve will be used;

9 (b) the duration of time over which the new or
10 addition to the building reserve will be raised in annual,
11 equal installments;

12 (c) the total amount of money that will be raised
13 during the duration of time specified in subsection (1)(b);
14 and

15 (d) any other requirements under 20-20-201 for the
16 calling of an election.

17 (2) The total amount of building reserve when added to
18 the outstanding indebtedness of the district shall not be
19 more than 5% of the sum of the value of the taxable property
20 of the district plus the taxable value as of December 31,
21 1980, of property within the district on which a fee in lieu
22 of tax is charged. Such limitation shall be determined in
23 the manner provided in 20-9-406. A building reserve tax
24 authorization shall not be for more than 20 years.

25 (3) The election shall be conducted in accordance with

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1 the school election laws of this title, and the electors
2 qualified to vote in the election shall be qualified under
3 the provisions of 20-20-301. The ballot for a building
4 reserve proposition shall be substantially in the following
5 form:

6 OFFICIAL BALLOT

7 SCHOOL DISTRICT BUILDING RESERVE ELECTION

8 INSTRUCTIONS TO VOTERS: Make an X or similar mark in
9 the vacant square before the words "BUILDING RESERVE--YES"
10 if you wish to vote for the establishment of a building
11 reserve (addition to the building reserve); if you are
12 opposed to the establishment of a building reserve (addition
13 to the building reserve) make an X or similar mark in the
14 square before the words "BUILDING RESERVE--NO".

15 Shall the trustees be authorized to impose an
16 additional levy each year for years to establish a
17 building reserve (add to the building reserve) of this
18 school district to raise a total amount of dollars
19 (\$.....), for the purpose(s) (here state the purpose or
20 purposes for which the building reserve will be used)?

21 BUILDING RESERVE--YES.

22 BUILDING RESERVE--NO.

23 (4) The building reserve proposition shall be approved
24 if a majority of those electors voting at the election
25 approve the establishment of or addition to such building

1 reserve. The annual budgeting and taxation authority of the
2 trustees for a building reserve shall be computed by
3 dividing the total authorized amount by the specified number
4 of years. The authority of the trustees to budget and
5 impose the taxation for the annual amount to be raised for
6 the building reserve shall lapse when, at a later time, a
7 bond issue is approved by the qualified electors of the
8 district for the same purpose or purposes for which the
9 building reserve fund of the district was established.
10 Whenever a subsequent bond issue is made for the same
11 purpose or purposes of a building reserve, the money in the
12 building reserve shall be used for such purpose or purposes
13 before any money realized by the bond issue is used."

14 Section 43. Section 61-3-303, MCA, is amended to read:

15 "61-3-303. Application for registration. (1) Every
16 owner of a motor vehicle operated or driven upon the public
17 highways of this state shall for each motor vehicle owned,
18 except as herein otherwise expressly provided, file or cause
19 to be filed in the office of the county treasurer where the
20 motor vehicle is owned ~~or--taxable~~ an application for
21 registration or reregistration upon a blank form to be
22 prepared and furnished by the division. The application
23 shall contain:

24 (a) name and address of owner, giving county, school
25 district, and town or city within whose corporate limits the

1 motor vehicle is ~~taxable~~ owned;

2 (b) name and address of the holder of any security
3 interest in the motor vehicle;

4 (c) description of motor vehicle, including make, year
5 model, engine or serial number, manufacturer's model or
6 letter, gross weight, type of body, and if truck, the rated
7 capacity;

8 (d) in case of reregistration, the license number for
9 the preceding year; and

10 (e) such other information as the division may
11 require.

12 (2) A person who files an application for registration
13 or reregistration of a motor vehicle, except of a mobile
14 home as defined in 15-1-101(1), shall upon the filing of the
15 application pay to the county treasurer:

16 (a) the registration fee, as provided in 61-3-311 and
17 61-3-321; and

18 (b) the personal property taxes assessed, the new
19 motor vehicle sales tax against the vehicle for the current
20 year of registration, or in the case of a motor home, travel
21 trailer, or camper, light truck, or automobile, the fee in
22 lieu of property tax for the current year of registration,
23 unless the same shall have been theretofore paid for the
24 year, before the application for registration or
25 reregistration may be accepted by the county treasurer.

1 (3) The county treasurer may make full and complete
2 investigation of the tax status of the vehicle. Any
3 applicant for registration or reregistration must submit
4 proof from the tax records of the proper county at the
5 request of the county treasurer."

6 Section 44. Section 61-3-317, MCA, is amended to read:
7 "61-3-317. New registration required for transferred
8 vehicle -- grace period -- penalty -- display of proof of
9 purchase. Except as otherwise provided herein, the new owner
10 of a transferred motor vehicle shall have a grace period of
11 20 calendar days from the date of purchase to make
12 application and pay the taxes, ~~as provided by part 5 of this~~
13 ~~chapter~~ or the fee in lieu of tax as provided by ~~61-3-521~~
14 part 5 of this chapter unless the tax or fee has been paid
15 for the year, as if the vehicle were being registered for
16 the first time in that registration year. If the motor
17 vehicle was not purchased from a duly licensed motor vehicle
18 dealer as provided in this chapter, it is not a violation of
19 this chapter or any other law for the purchaser to operate
20 the vehicle upon the streets and highways of this state
21 without a certificate of registration during the 20-day
22 period, provided that at all times during that period a bill
23 of sale or other proof of purchase reciting the date of
24 purchase is clearly displayed in the rear window of the
25 motor vehicle. Registration and license fees collected under

1 61-3-321 are not required to be paid when a license plate is
 2 transferred under this section and 61-3-335. Failure to make
 3 application within the time provided herein subjects the
 4 purchaser to a penalty of \$10. The penalty shall be
 5 collected by the county treasurer at the time of
 6 registration and shall be in addition to the fees otherwise
 7 provided by law."

8 Section 45. Section 61-3-321, MCA, is amended to read:

9 "61-3-321. Registration fees of vehicles --
 10 public-owned vehicles exempt from license or registration
 11 fees -- disposition of fees. (1) Registration or license
 12 fees shall be paid upon registration or reregistration of
 13 motor vehicles, trailers, housetrailers, and semitrailers,
 14 in accordance with this chapter, as follows:

15 (a) motor vehicles weighing 2,850 pounds or under
 16 (other than motortrucks), ~~\$5~~ \$12.50;

17 (b) motor vehicles weighing over 2,850 pounds (other
 18 than motortrucks), ~~\$10~~ \$12.50;

19 (c) electrically driven passenger vehicles, \$10;

20 (d) all motorcycles, \$2;

21 (e) tractors and/or trucks, ~~\$10~~ \$12.50;

22 (f) buses shall be classed as motortrucks and licensed
 23 accordingly;

24 (g) trailers and semitrailers less than 2,500 pounds
 25 maximum gross loaded weight and housetrailers of all

1 weights, \$2;

2 (h) trailers and semitrailers over 2,500 up to 6,000
 3 pounds maximum gross loaded weight (except housetrailers),
 4 \$5;

5 (i) trailers and semitrailers over 6,000 pounds
 6 maximum gross loaded weight, \$10;

7 (j) trailers used exclusively in the transportation of
 8 logs in the forest or in the transportation of oil and gas
 9 well machinery, road machinery, or bridge materials, new and
 10 secondhand, shall pay a fee of \$15 annually, regardless of
 11 size or capacity.

12 (2) All rates shall be 25% higher for motor vehicles,
 13 trailers, and semitrailers not equipped with pneumatic
 14 tires.

15 (3) "Tractor", as specified in this section, means any
 16 motor vehicle except passenger cars used for towing a
 17 trailer or semitrailer.

18 (4) If any motor vehicle, housetrailer, trailer, or
 19 semitrailer is originally registered 6 months after the time
 20 of registration as set by law, the registration or license
 21 fee for the remainder of the year shall be one-half of the
 22 regular fee.

23 (5) An additional fee of \$2 per year for each
 24 registration of a vehicle shall be collected as a
 25 registration fee. Revenue from this fee shall be forwarded

1 by the respective county treasurers to the state treasurer
2 for deposit in the motor vehicle recording account of the
3 earmarked revenue fund.

4 (6) The provisions of this part with respect to the
5 payment of registration fees shall not apply to or be
6 binding upon motor vehicles, trailers or semitrailers, or
7 tractors owned or controlled by the United States of America
8 or any state, county, or city.

9 (7) The provisions of this section relating to the
10 payment of registration fees do not apply when number plates
11 are transferred to a replacement vehicle under 61-3-317(1),
12 61-3-332(7), or 61-3-335.*

13 Section 46. Section 61-3-322, MCA, is amended to read:

14 *61-3-322. Certificates of registration -- issuance.

15 (1) Upon completion of the application for registration on
16 forms furnished by the division, the county treasurer shall
17 file one copy in his office and issue to the applicant two
18 copies of the application marked "Owner's Certificate of
19 Registration and ~~Fee~~ Payment Receipt", one of which shall be
20 marked "file copy".

21 (2) The certificate of registration shall contain upon
22 the face thereof the information described in 61-3-202(2).

23 (3) Every owner, upon receiving a registration
24 receipt, shall write his signature thereon with pen and ink
25 in the space provided. Every registration receipt or a

1 notarized photostatic copy or a duplicate thereof furnished
2 by the division shall at all times be carried in the vehicle
3 to which it refers or shall be carried by the person driving
4 or in control of such vehicle, who shall display it upon
5 demand of a police officer or any officer or employee of the
6 division or the highway department.

7 (4) The county treasurer shall daily forward to the
8 division one copy of all applications for registration
9 received that day.

10 (5) It shall not be necessary for the county treasurer
11 to segregate the amount of taxes or fees in lieu of taxes
12 for state, county, school district, and municipal purposes
13 in the receipt."

14 Section 47. Section 61-3-332, MCA, is amended to read:

15 *61-3-332. Number plates. (1) Every motor vehicle
16 which shall be driven upon the streets or highways of this
17 state shall display both front and rear a number plate,
18 bearing the distinctive number assigned such vehicle. Such
19 number plate shall be in eight series: one series for owners
20 of motorcars, one for owners of motor vehicles of the
21 motorcycle type, one for trailers, one for trucks, one for
22 dealers in vehicles of the motorcycle type which shall bear
23 the distinctive letters "MCD" or the letters "MC" and the
24 word "DEALER", one for franchised dealers in new motorcars
25 (including trucks and trailers) or new and used motorcars

1 (including trucks and trailers) which shall bear the
 2 distinctive letter "D" or the word "DEALER", one for dealers
 3 in used motorcars only (including used trucks and trailers)
 4 which shall bear the distinctive letters "UD" or the letter
 5 "U" and the word "DEALER", and one for dealers in trailers
 6 and/or semitrailers (new or used) which shall bear the
 7 distinctive letters "DTR" or the letters "TR" and the word
 8 "DEALER". All such markings for the aforementioned kinds of
 9 dealers' plates shall be placed on the number plates
 10 assigned thereto in such position thereon as the division
 11 may designate.

12 (2) All number plates for motor vehicles shall be
 13 issued for a minimum period of 4 years, shall bear a
 14 distinctive marking, and shall be furnished by the state.
 15 In years when number plates are not issued, the division
 16 shall provide nonremovable stickers bearing appropriate
 17 registration numbers which shall be affixed to the license
 18 plates in use.

19 (3) In the case of motorcars and trucks, number plates
 20 shall be of metal 6 inches wide and 12 inches in length. For
 21 number plates issued after 1976, the outline of the state
 22 of Montana shall be used as a distinctive border on such
 23 license plates, and the word "Montana" with the year shall
 24 be placed across the bottom of the plate. Such registration
 25 plate shall be treated with a reflectorized background

1 material according to specifications prescribed by the
 2 division.

3 (4) The distinctive registration numbers shall begin
 4 with a number one or with a letter-number combination such
 5 as "A 1" or "AA 1", or any other similar combination of
 6 letters and numbers and be numbered consecutively for each
 7 series of plates. The distinctive registration number or
 8 letter-number combination assigned to the vehicle shall
 9 appear on the plate preceded by the number of the county and
 10 appearing in horizontal order on the same horizontal
 11 baseline, and the county number shall be separated from the
 12 distinctive registration number by a separation mark unless
 13 a letter-number combination is used. The dimensions of such
 14 numerals and letters shall be determined by the division,
 15 provided that all county and registration numbers shall be
 16 of equal height.

17 (5) For the use of ~~tax-exempt~~ motor vehicles ~~exempt~~
 18 ~~from taxes and fees in lieu of taxes~~, in addition to the
 19 markings herein provided, number plates shall have thereon
 20 the following distinctive markings:

21 (a) For vehicles owned by the state the division may
 22 designate the prefix number for the various state
 23 departments, and all numbered plates issued to state
 24 departments shall bear the words "State Owned" and no year
 25 number will be indicated thereon as these numbered plates

1 will be of a permanent nature, and will be replaced by the
2 division at such time when the physical condition of
3 numbered plates requires same.

4 (b) For vehicles owned by the counties,
5 municipalities, irrigation districts organized under the
6 laws of Montana and not operating for profit, and school
7 districts and used and operated by officials and employees
8 thereof in line of duty as such, and for vehicles on loan
9 from the United States government or the state of Montana,
10 to, or owned by, the civil air patrol and used and operated
11 by officials and employees thereof in the line of duty as
12 such, there shall be placed on the number plates assigned
13 thereto, in such position thereon as the division may
14 designate, the letter "X" or the word "EXEMPT". Distinctive
15 registration numbers for plates assigned to motor vehicles
16 of each of the counties in the state and those of the
17 municipalities and school districts situated within each of
18 said counties and those of the irrigation districts which
19 obtain plates within each county shall begin with number one
20 and be numbered consecutively.

21 (6) On all number plates assigned to motor vehicles of
22 the truck and trailer type, other than tax-exempt trucks and
23 trailers, there shall appear the letter "T" or the word
24 "TRUCK" for plates assigned to trucks and the letters "TR"
25 or the word "TRAILER" for plates assigned to trailers and

1 housetrailers. The letters "MC" or the word "CYCLE" shall
2 appear for plates assigned to vehicles of the motorcycle
3 type.

4 (7) Number plates issued to a passenger car, truck,
5 trailer, or vehicle of the motorcycle type may be
6 transferred only to a replacement passenger car, truck,
7 trailer, or motorcycle type vehicle. No registration or
8 license fee may be assessed upon a transfer of a number
9 plate under 61-3-317 and 61-3-335.

10 (8) For the purpose of this chapter, the several
11 counties of the state shall be assigned numbers as follows:
12 Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4;
13 Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8;
14 Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12;
15 Ravalli, 13; Custer, 14; Lake, 15; Dawson, 16; Roosevelt,
16 17; Beaverhead, 18; Chouteau, 19; Valley, 20; Toole, 21; Big
17 Horn, 22; Musselshell, 23; Blaine, 24; Madison, 25; Pondera,
18 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30;
19 Teton, 31; Stillwater, 32; Treasure, 33; Sheridan, 34;
20 Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38;
21 Fallon, 39; Sweet Grass, 40; McCone, 41; Carter, 42;
22 Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46;
23 Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson,
24 51; Wibaux, 52; Golden Valley, 53; Mineral, 54; Petroleum,
25 55; Lincoln, 56. Any new counties shall be assigned numbers

1 by the division as they may be formed, beginning with the
2 number 57."

3 Section 48. Section 61-3-335, MCA, is amended to read:

4 "61-3-335. Transfer of license plates to another motor
5 vehicle. (1) Should the transferor make application for the
6 registration of another motor vehicle at any time during the
7 remainder of the current registration year as shown on the
8 original certificate of registration, he may file an
9 application in the office of the county treasurer where the
10 motor vehicle is taxable or where the fee in lieu of tax is
11 payable, upon a form to be prepared and furnished by the
12 division, accompanied by the original certificate of
13 registration, for the transfer of the license plates. The
14 application for transfer of the license plates from the
15 motor vehicle for which originally issued to a motor vehicle
16 acquired by the same person in whose name the original
17 license plates were issued shall be made within 20 days from
18 date of acquiring the vehicle. The use of the license plates
19 shall not be legalized until proper transfer of license
20 plates has been made.

21 (2) License plates may be transferred pursuant to this
22 section without transferring ownership of the first vehicle.

23 (3) Upon transfer of the license plates, the
24 registration of the motor vehicle from which the license
25 plates were transferred expires. The certificate of

1 registration for such vehicle must be surrendered to the
2 county treasurer with the application for transfer."

3 Section 49. Section 61-3-342, MCA, is amended to read:

4 "61-3-342. Temporary windshield sticker. Any purchaser
5 of a motor vehicle who is unable to obtain license plates
6 from the county treasurer at the time he makes application
7 for registration or reregistration of said vehicle because
8 the certificate of ownership is lost, in the possession of
9 third parties, or in the process of reissuance in this state
10 or elsewhere may, upon making affidavit to that effect upon
11 a form prescribed by the division and upon the payment of a
12 fee of \$2 to be collected by the county treasurer and
13 remitted to the division, obtain from the county treasurer
14 of the county in which said vehicle is subject to tax or a
15 fee in lieu of tax a temporary windshield sticker of such
16 size, color, and design as the division may prescribe, to be
17 validated by the county treasurer for a period of 60 days
18 from the date of issuance. Such purchaser, upon displaying
19 such sticker on the lower right-hand corner of the
20 windshield of such motor vehicle, shall be entitled to
21 operate such vehicle during the period for which such
22 windshield sticker has been validated without displaying the
23 registration certificate or number plates or plate for the
24 current year. Provided, however, the county treasurer shall
25 not sell, and no person shall purchase, more than one 60-day

1 temporary windshield sticker for any vehicle, the ownership
2 of which has not changed since the issuance of the previous
3 60-day windshield sticker."

4 Section 50. Section 61-3-501, MCA, is amended to read:

5 "61-3-501. When vehicle property tax is due. (1)
6 Property taxes, new car taxes, and fees in lieu of tax on a
7 ~~motor-home-or-travel-trailer~~ vehicles listed in 61-3-521
8 must be paid on the date of registration or reregistration
9 of the vehicle.

10 (2) If the anniversary date for reregistration of a
11 vehicle passes while the vehicle is owned and held for sale
12 by a licensed new or used car dealer, property taxes or the
13 fee in lieu of property taxes abate on such vehicle properly
14 reported with the department of revenue until the vehicle is
15 sold and thereafter the purchaser shall pay the pro rata
16 balance of the taxes or the fee in lieu of tax due and owing
17 on the vehicle.

18 (3) In the event a vehicle's registration period is
19 changed under 61-3-315, all taxes and other fees due thereon
20 shall be prorated and paid from the last day of the old
21 period until the first day of the new period in which the
22 vehicle shall be registered. Thereafter taxes and other fees
23 must be paid from the first day of the new period for a
24 minimum period of 1 year. When the change is to a later
25 registration period, taxes and fees shall be prorated and

1 paid based on the same tax year as the original registration
2 period. Thereafter, during the appropriate anniversary
3 registration period, each vehicle shall again register or
4 reregister and shall pay all taxes and fees due thereon for
5 a 12-month period."

6 Section 51. Section 61-3-503, MCA, is amended to read:

7 "61-3-503. Assessment. (1) A person who files an
8 application for registration or reregistration of a motor
9 vehicle, other than a ~~motor-homey-travel-trailer~~ vehicle on
10 which a fee in lieu of tax is charged, or a mobile home as
11 defined in 15-1-101(1), shall before filing such application
12 with the county treasurer submit the application to the
13 county assessor. The county assessor shall enter on the
14 application in a space to be provided for that purpose the
15 market value and taxable value of the vehicle for the year
16 for which the application for registration is made.

17 (2) Except as provided in subsection (3), motor
18 vehicles, other than ~~motor-homesy-travel--trailers~~ vehicles
19 on which a fee in lieu of tax is charged, or mobile homes as
20 defined in 15-1-101(1), are assessed for taxes on January 1
21 in each year irrespective of the time fixed by law for the
22 assessment of other classes of personal property and
23 irrespective of whether the levy and tax may be a lien upon
24 real property within the state. In no event may any motor
25 vehicle be subject to assessment, levy, and taxation more

1 than once in each year.

2 (3) Vehicles subject to the provisions of 61-3-313
3 through 61-3-316 shall be assessed as of the first day of
4 the registration period, and a lien for taxes and fees due
5 thereon shall occur on the anniversary date of the
6 registration and shall continue until such fees and taxes
7 have been paid."

8 Section 52. Section 61-3-504, MCA, is amended to read:

9 "61-3-504. Computation of tax. The amount of taxes on
10 a motor vehicle, other than a ~~motor-home, travel-trailer~~
11 vehicle on which a fee in lieu of tax is charged, or a
12 mobile home as defined in 15-1-101(1), is computed and
13 determined by the county treasurer on the basis of the levy
14 of the year preceding the current year of application for
15 registration or reregistration. The determination is entered
16 on the application form in a space provided therefor."

17 Section 53. Section 61-3-507, MCA, is amended to read:

18 "61-3-507. Exemption. Motor vehicles subject to
19 anniversary date registration as provided in 61-3-313
20 through 61-3-316 and vehicles subject to a fee in lieu of
21 tax are exempt from the provisions of 61-3-503(2) and
22 61-3-505."

23 Section 54. Section 61-3-509, MCA, is amended to read:

24 "61-3-509. Disposition of taxes and fees in lieu of
25 tax. The county treasurer shall credit all taxes on motor

1 vehicles and fees in lieu of tax on ~~motor homes--and--travel~~
2 ~~trailers~~ vehicles collected to a motor vehicle suspense
3 fund, and at some time between March 1 and March 10 of each
4 year and every 60 days thereafter, the county treasurer
5 shall distribute the money in the motor vehicle suspense
6 fund in the relative proportions required by the levies for
7 state, county, school district, and municipal purposes in
8 the same manner as other personal property taxes are
9 distributed."

10 Section 55. Section 61-3-521, MCA, is amended to read:

11 "61-3-521. Fee in lieu of tax for certain vehicles.
12 (1) There is a fee in lieu of property tax imposed on motor
13 homes, travel trailers, ~~and campers, light trucks, and~~
14 automobiles. The fee is in addition to annual registration
15 fees.

16 (2) The fee imposed by subsection (1) need not be paid
17 by a dealer for vehicles that constitute inventory of the
18 dealership."

19 Section 56. Section 61-3-701, MCA, is amended to read:

20 "61-3-701. Foreign vehicles used in gainful occupation
21 to be registered -- reciprocity. (1) Before any foreign
22 licensed motor vehicle may be operated on the highways of
23 this state for hire, compensation, or profit or before the
24 owner ~~and/or~~ user thereof uses the vehicle if such owner
25 ~~and/or~~ user is engaged in gainful occupation or business

1 enterprise in the state, including highway work, the owner
 2 of the vehicle shall make application to a county treasurer
 3 for registration upon an application form furnished by the
 4 division. Upon satisfactory evidence of ownership submitted
 5 to the county treasurer and the payment of property taxes as
 6 required by 15-3-201 ~~through 15-8-203, 15-8-202,~~ or
 7 15-24-301 ~~or the fee in lieu of taxes,~~ the treasurer shall
 8 accept the application for registration and shall collect
 9 the regular license fee required for the vehicle.

10 (2) The treasurer shall thereupon issue to the
 11 applicant a copy of the application entitled "Owner's
 12 Certificate of Registration and ~~Fee~~ Payment Receipt" and
 13 forward a duplicate copy of the certificate to the division.
 14 The treasurer shall at the same time issue to the applicant
 15 the proper license plates or other identification markers,
 16 which shall at all times be displayed upon the vehicle when
 17 operated or driven upon roads and highways of this state
 18 during the period of the life of the license.

19 (3) The registration receipt shall not constitute
 20 evidence of ownership but shall be used only for
 21 registration purposes. No Montana certificate of ownership
 22 shall be issued for this type of registration.

23 (4) This section is not applicable to any vehicle
 24 covered by a valid and existing reciprocal agreement or
 25 declaration entered into under the provisions of the laws of

1 Montana."

2 Section 57. Section 61-10-233, MCA, is amended to
 3 read:

4 "61-10-233. Excess weight -- penalties. (1) The
 5 operator is subject to the penalties stated in 61-10-232
 6 whenever the gross loaded weight of any trucks, truck
 7 tractor, trailer, or semitrailer operated upon any highway
 8 in this state exceeds the gross vehicle weight shown on:

9 (a) the owner's certificate of registration and ~~tax~~
 10 ~~payment~~ receipt issued under 61-3-322; or

11 (b) the gross vehicle weight receipt issued under
 12 61-10-227.

13 (2) In addition, the operator shall immediately pay to
 14 the nearest county treasurer or to the department the
 15 difference between the fee already paid and that applicable
 16 to the gross weight of his vehicle before unloading the
 17 excess, provided that it does not exceed the legal axle
 18 weight."

19 Section 58. Section 85-7-2001, MCA, is amended to
 20 read:

21 "85-7-2001. Limitations on debt-incurring power. (1)
 22 The board of commissioners or other officers of the district
 23 may not incur any debt or liability, either by issuing bonds
 24 or otherwise, except as provided in this chapter. ~~No~~ Except
 25 as provided in subsection (2), no irrigation district may

1 become indebted, in any manner or for any purpose in any one
 2 year, in an amount exceeding 15% of the sum of the assessed
 3 valuation of the district, ~~except as provided in subsection~~
 4 ~~(2) plus the taxable value as of December 31, 1980, of~~
 5 ~~property within the district on which a fee in lieu of tax~~
 6 ~~is charged.~~

7 (2) (a) For the purpose of organization; for any of
 8 the immediate purposes of this chapter; to make or purchase
 9 surveys, plans, and specifications; for stream gauging and
 10 gathering data; or to make any repairs occasioned by any
 11 calamity or other unforeseen contingency, the board of
 12 commissioners may, in any one year, incur the indebtedness
 13 of as many dollars as there are acres in the district and
 14 may cause warrants of the district to issue therefor.

15 (b) For the purpose of organization, for any of the
 16 immediate purposes of this chapter, or to meet the expenses
 17 occasioned by any calamity or other unforeseen contingency,
 18 the board of commissioners may, in any one year, incur (in
 19 addition to the 15% limitation of subsection (1)) an
 20 additional indebtedness not exceeding 10% of the sum of the
 21 assessed valuation of the district plus the taxable value as
 22 of December 31, 1980, of property within the district on
 23 which a fee in lieu of tax is charged and may cause warrants
 24 of the district to issue therefor.

25 (c) The limitation of subsection (1) does not apply to

1 warrants issued for unpaid interest on the valid bonds of
 2 any irrigation district.

3 (d) The limitation of subsection (1) does not apply to
 4 any bonds issued under this chapter pursuant to a provision
 5 which expressly supersedes the limitation.

6 (3) Any debt or liability incurred in excess of the
 7 limitations provided by the irrigation district laws is
 8 void."

9 NEW SECTION. Section 59. Light truck defined. "Light
 10 truck" means a truck whose GVW-rated capacity is
 11 three-quarters of a ton or less.

12 NEW SECTION. Section 60. Fees for automobiles and
 13 light trucks. (1) The owner of an automobile or light truck
 14 weighing more than 3,000 pounds, manufacturer's shipping
 15 weight, shall pay a fee in lieu of property tax based on the
 16 age of the vehicle according to the following schedule:

17	less than 2 years old	\$115
18	2 years old and less than 3 years old	100
19	3 years old and less than 4 years old	85
20	4 years old and less than 5 years old	70
21	5 years old and less than 6 years old	55
22	6 years old and less than 7 years old	40
23	7 years old and older	25

24 (2) The owner of an automobile or light truck weighing
 25 3,000 pounds or less, manufacturer's shipping weight, shall

1 pay a fee in lieu of property tax based on the age of the
2 vehicle according to the following schedule:

3	less than 2 years old	\$100
4	2 years old and less than 3 years old	85
5	3 years old and less than 4 years old	70
6	4 years old and less than 5 years old	55
7	5 years old and less than 6 years old	40
8	6 years old and less than 7 years old	30
9	7 years old and older	25

10 (3) The age of a vehicle is determined by subtracting
11 the manufacturer's designated model year from the current
12 calendar year.

13 Section 61. Codification instruction. (1) Section 59
14 is intended to be codified as an integral part of Title 61,
15 chapter 1, part 1, and section 59 applies to Title 61 and
16 Title 61 applies to section 59.

17 (2) Section 60 is intended to be codified as an
18 integral part of Title 61, chapter 3, part 5, and the
19 provisions of Title 61 apply to section 60.

-End-

STATE OF MONTANA

REQUEST NO. 66-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 9, 19 81, there is hereby submitted a Fiscal Note for House Bill 113 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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

DESCRIPTION

This proposal would replace the present ad valorem tax on automobiles and light trucks with a system of fees based on the age and weight of the vehicle. It also raises the registration fee for automobiles and trucks to \$12.50

TECHNIQUE OF ESTIMATION

The data from the 1980 plate year Motor Vehicle Division computer tapes is used in deriving the estimates. About 12.7% of the records in the data file are flawed in a way that renders them unusable for computation purposes. Consequently, the estimates are made, based on the 87.3% of the data which is usable and the results are expanded to the whole file under the assumption that the 87.3% constitutes a representative sample. This process yields the following results for the 1980 plate year:

	<u>Tax Paid</u>	<u>Proposed Fee in lieu of tax</u>	<u>Increase (Decrease)</u>
Automobiles under 3000 lbs.	\$ 6,448,383	\$ 4,242,544	(\$ 2,206,280)
Automobiles 3000 lbs. and over	\$13,816,009	\$ 9,596,029	(\$ 4,219,980)
Light Trucks	\$ 8,516,322	\$ 6,456,912	(\$ 2,059,410)
Personal Plates	\$ 1,026,565	\$ 684,027	(\$ 352,527)
NET CHANGE	\$29,817,729	\$20,979,512	(\$ 8,838,206)

The fee schedule would result in a 29.64% decrease in revenue from the tax on motor vehicles following to local governments statewide.

IMPACT ON STATE REVENUE

In 1980 motor vehicles constituted about 7% of the state's tax base. Assuming that this proportion would remain constant and that the total taxable value of the state, in the absence of this legislation, would be \$2.083 B for 1981 and \$2.263 B for 1982, the potential impact on the revenue from the six mill university levy would be a decrease of:

FY 82	\$2.083 B	X .07	X .006	= \$ 874,860
FY 83	\$2.263 B	X .07	X .006	= \$ 950,460

(Continued on page two)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

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IMPACT ON STATE REVENUE (continued)

This loss would be partially offset by the state's share of the fee in lieu of tax which is distributed in proportion to the mill levies imposed by the various jurisdictions involved (section 46). Assuming that the average levy statewide is 250 mills, it appears that the 6-mill levy fund would be credited with about \$500,000 each year of the biennium. Thus, the net loss to the 6-mill levy fund would be:

FY 82	\$ 374,860
FY 83	\$ 450,460

EFFECT ON LOCAL GOVERNMENT UNITS

Section 45. increases the registration fee for all automobiles to a flat \$12.50. This will produce approximately \$1,593,000 in additional registration fees each year statewide. This revenue goes to the counties in which the registration takes place.

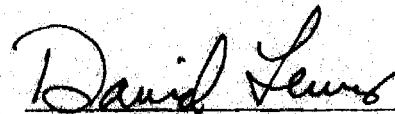
LONG-RANGE EFFECTS

The measure would produce a decrease of the same order in revenue from the six mill levy in subsequent fiscal years.

FISCAL IMPACT

	FY 82	FY 83
6 Mill University	(.937 M)	(1.018 M)
Allocation from fee in lieu of tax	.500 M	.500 M
Estimated Decrease	(.437 M)	(.518 M)

PREPARED BY THE DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-16-81

IMPACT OF FEE SYSTEM
APPLIED TO 1980 PLATE YEAR DATA

COUNTY	# OF VEHICLES	\$ COUNTY TAX	\$ UNIFORM FEE	INCREASE (DECREASE) IN COUNTY REVENUE
Silver Bow	21,484	1,803,175	992,517	(810,658)
Cascade	49,101	3,698,285	2,227,241	(1,471,047)
Yellowstone	64,361	4,679,057	3,212,990	(1,466,067)
Missoula	43,746	3,030,741	2,038,852	(991,889)
Lewis & Clark	26,204	1,976,865	1,231,413	(245,452)
Gallatin	24,752	1,778,438	1,142,404	(636,334)
Flathead	32,635	2,039,345	1,516,057	(518,288)
Fergus	7,818	490,220	341,306	(148,914)
Powder River	1,586	81,825	94,317	12,492
Carbon	3,970	230,972	181,797	(49,175)
Phillips	2,868	152,094	142,436	(9,658)
Hill	6,586	472,681	334,244	(138,437)
Ravalli	13,659	656,037	597,686	(58,351)
Custer	7,804	584,256	359,197	(225,059)
Lake	11,280	589,713	510,539	(79,174)
Dawson	7,048	509,827	348,682	(161,145)
Roosevelt	4,158	306,305	228,839	(77,466)
Beaverhead	3,700	225,160	184,976	(40,184)
Chouteau	3,115	178,175	158,729	(19,446)
Valley	4,800	327,289	237,704	(89,585)
Toole	3,692	232,092	178,785	(103,307)
Big Horn	5,363	257,518	297,105	37,587
Musselshell	2,376	121,629	111,057	(10,567)
Blaine	2,715	171,020	145,437	(25,583)
Madison	3,032	171,604	149,549	(22,055)
Pondera	2,554	150,343	125,203	(25,140)
Richland	6,429	360,738	355,200	(5,538)
Powell	3,768	223,502	174,135	(49,367)
Rosebud	4,270	203,810	225,334	(21,524)
Deer Lodge	5,879	569,473	260,738	(308,735)
Teton	3,776	217,897	170,464	(47,433)
Stillwater	2,956	165,404	140,809	(24,595)
Treasure	537	28,272	27,913	(359)
Sheridan	3,329	182,736	171,374	(11,362)
Sanders	3,934	198,926	182,760	(16,166)
Judith Basin	1,758	94,151	82,932	(11,219)
Daniels	1,089	71,925	56,124	(15,801)
Glacier	5,557	327,780	289,585	(37,895)
Fallon	2,121	116,480	112,970	(3,510)
Sweetgrass	1,931	103,374	86,277	(17,097)
McCone	999	60,946	51,096	(9,850)
Carter	635	43,169	34,487	(8,682)
Broadwater	1,732	99,823	86,300	(13,523)
Wheatland	139	54,988	41,474	(16,514)
Prairie	944	54,104	44,212	(9,897)
Granite	1,704	100,489	78,024	(22,457)
Meagher	1,326	76,797	61,656	(15,141)
Liberty	1,449	83,154	77,623	(5,531)
Park	8,646	539,305	391,182	(148,123)
Garfield	700	36,133	33,417	(2,716)
Jefferson	3,516	236,793	163,242	(73,551)
Wibaux	683	36,338	33,858	(2,480)
Golden Valley	480	25,479	23,515	(1,964)
Mineral	1,624	119,556	72,280	(47,276)
Petroleum	234	10,879	11,665	786
Lincoln	7,563	388,137	349,776	(38,361)

The numbers and amounts appearing in this table were obtained by expanding a sample from the motor vehicle data file. The reader is cautioned that they will not coincide precisely with actual numbers of vehicles and tax collections data obtained from local sources. This information is presented for the purpose of allowing comparison between the present system and the proposed system and is valid for this purpose only.