

House Bill 374

In The House

January 20, 1981	Introduced and referred to Committee on Taxation
January 21, 1981	Fiscal note requested.
January 28, 1981	Fiscal note returned.
April 23, 1981	Died in Committee.

1 HOUSE BILL NO. 374
 2 INTRODUCED BY *Lillian Harvath Johnson*
 3 *Daily Instructed Carlene Randolph Moya Khan*
 4 *Overton*

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR A FEE IN
 6 LIEU OF PROPERTY TAX FOR AUTOMOBILES, LIGHT TRUCKS,
 7 MOTORCYCLES, AND MOTORBOATS; MAINTAINING A FLOOR AMOUNT FOR
 8 BONDING LIMITATIONS FOR LOCAL GOVERNMENTS; AMENDING SECTIONS
 9 7-1-2111, 7-3-1321, 7-4-2503, 7-6-2211, 7-6-4121, 7-6-4254,
 10 7-7-107, 7-7-108, 7-7-2101, 7-7-2202, 7-7-2203, 7-7-4201,
 11 7-7-4202, 7-13-4103, 7-14-236, 7-14-2524, 7-14-4402,
 12 7-16-2327, 7-16-4104, 7-31-106, 7-31-107, 7-34-2131,
 13 10-2-301, 15-6-138 THROUGH 15-6-140, 15-6-201, 15-8-201,
 14 15-8-202, 15-24-101 THROUGH 15-24-105, 15-24-301,
 15 15-30-121, 15-31-114, 15-50-207, 19-11-503, 19-11-504,
 16 19-11-512, 20-9-406, 20-9-502, 23-2-512, 23-2-513, 23-2-515,
 17 61-3-303, 61-3-317, 61-3-322, 61-3-332, 61-3-335, 61-3-342,
 18 61-3-501, 61-3-503, 61-3-504, 61-3-507, 61-3-509, 61-3-521,
 19 61-3-701, 61-10-233, AND 85-7-2001, MCA."

20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 21 Section 1. Section 7-1-2111, MCA, is amended to read:
 22 "7-1-2111. Classification of counties. For the purpose
 23 of regulating the compensation and salaries of all county
 24 officers, not otherwise provided for, and for fixing the
 25 penalties of officers' bonds, the several counties of this

1 state shall be classified according to that percentage of
 2 the true and full valuation of the property therein upon
 3 which the tax levy is made plus the taxable value as of
 4 December 31, 1980, of property within the county on which a
 5 fee in lieu of tax is charged, as follows:

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

24 Section 2. Section 7-3-1321, MCA, is amended to read:
 25 "7-3-1321. Authorization to incur indebtedness --

1 limitation. (1) The consolidated municipality may borrow
2 money or issue bonds for any municipal purpose to the extent
3 and in the manner provided by the constitution and laws of
4 Montana for the borrowing of money or issuing of bonds by
5 counties and cities and towns.

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

16 Section 3. Section 7-4-2503, MCA, is amended to read:
17 *7-4-2503. Salary schedule for certain county
18 officers. (1) The salary paid to the county treasurer,
19 county clerk and recorder, clerk of the district court,
20 county attorney, county assessor, county superintendent of
21 schools, and county sheriff; the county surveyor in counties
22 where county surveyors receive salaries as provided in
23 7-4-2812; and the county auditor in all counties wherein
24 such office is authorized is computed by adding the sum of
25 the salary shown in column A, based on population as of

1 January 1, 1979, to the salary shown in column B, based on
2 taxable valuation as of January 1, 1979, plus the taxable
3 value as of December 31, 1980, of property within the county
4 on which a fee in lieu of tax is charged, as follows:

5 (a) Population of County	Column A
6 Below 3,000.....	\$4,494
7 3,000 to 3,999.....	\$4,729
8 4,000 to 4,999.....	\$4,833
9 5,000 to 5,999.....	\$4,938
10 6,000 to 6,999.....	\$5,058
11 7,000 to 7,999.....	\$5,394
12 8,000 to 8,999.....	\$5,487
13 9,000 to 9,999.....	\$5,617
14 10,000 to 12,499.....	\$5,708
15 12,500 to 14,999.....	\$5,826
16 15,000 to 17,499.....	\$5,942
17 17,500 to 19,999.....	\$6,048
18 20,000 to 24,999.....	\$6,165
19 25,000 to 29,999.....	\$6,270
20 30,000 to 39,999.....	\$6,387
21 40,000 to 49,999.....	\$6,544
22 50,000 to 59,999.....	\$6,779
23 60,000 to 69,999.....	\$7,014
24 70,000 to 79,999.....	\$7,275
25 80,000 to 89,999.....	\$7,432

1	90,000 to 99,999.....	\$7,676
2	100,000 and over.....	\$7,902
3	(b) Taxable Valuation of County	
4	<u>Plus Taxable Value of Property</u>	
5	<u>Within the County</u>	
6	<u>Subject to Fee in Lieu of Tax</u>	Column B
7	Below \$2,000,000.....	\$4,593
8	2,000,000 to 2,999,999.....	\$4,729
9	3,000,000 to 3,999,999.....	\$4,833
10	4,000,000 to 4,999,999.....	\$4,938
11	5,000,000 to 5,999,999.....	\$5,069
12	6,000,000 to 6,999,999.....	\$5,394
13	7,000,000 to 7,999,999.....	\$5,487
14	8,000,000 to 9,999,999.....	\$5,617
15	10,000,000 to 11,999,999.....	\$5,708
16	12,000,000 to 13,999,999.....	\$5,826
17	14,000,000 to 15,999,999.....	\$5,942
18	16,000,000 to 17,999,999.....	\$6,047
19	18,000,000 to 19,999,999.....	\$6,165
20	20,000,000 to 22,499,999.....	\$6,270
21	22,500,000 to 24,999,999.....	\$6,387
22	25,000,000 to 29,999,999.....	\$6,544
23	30,000,000 to 34,999,999.....	\$6,779
24	35,000,000 to 39,999,999.....	\$7,014
25	40,000,000 to 44,999,999.....	\$7,275

1	45,000,000 to 49,999,999.....	\$7,432
2	50,000,000 to 54,999,999.....	\$7,667
3	55,000,000 to 59,999,999.....	\$7,902
4	60,000,000 to 64,999,999.....	\$8,138
5	65,000,000 to 69,999,999.....	\$8,372
6	70,000,000 to 74,999,999.....	\$8,607
7	75,000,000 to 79,999,999.....	\$8,843
8	80,000,000 to 84,999,999.....	\$9,078
9	85,000,000 to 89,999,999.....	\$9,313
10	90,000,000 to 94,999,999.....	\$9,548
11	95,000,000 to 99,999,999.....	\$9,783
12	100,000,000 to 109,999,999.....	\$10,019
13	110,000,000 to 119,999,999.....	\$10,195
14	120,000,000 to 129,999,999.....	\$10,398
15	130,000,000 to 139,999,999.....	\$10,606
16	140,000,000 to 149,999,999.....	\$10,817
17	150,000,000 to 159,999,999.....	\$11,035
18	160,000,000 and over.....	\$11,265

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

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

25 (c) Except in counties of population greater than

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1 30,000, the county attorney shall receive, in addition to
 2 the salary based upon the totals of column A and B above,
 3 the sum of \$1,200. In each county with a population in
 4 excess of 30,000, the salary of the county attorney shall be
 5 \$30,000 per year.

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

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

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

1 board.

2 (2) Nothing in this section restricts the right of the
 3 board to make the necessary tax levies for interest and
 4 sinking fund purposes, and nothing in this section affects
 5 the right of any creditor of the county to pursue any remedy
 6 now given him by law to obtain payment of his claim."

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

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

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

25 (b) In the event that payment is made in advance, the

1 city or town may require a cash deposit as collateral
 2 security and indemnity, equal in amount to such payment, and
 3 may hold the same as a special deposit with the city
 4 treasurer or town clerk, in package form, as a pledge for
 5 the fulfillment and performance of the contract or
 6 obligation for which the advance is made.

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

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

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

25 (2) The term "taxable property", as used herein, means

1 the percentage of the value at which such property is
 2 assessed and which percentage is used for the purposes of
 3 computing taxes and does not mean the assessed value of such
 4 property as the same appears on the assessment roll."

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

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

16 (2) The issuing of bonds for the purpose of funding or
 17 refunding outstanding warrants or bonds is not the incurring
 18 of a new or additional indebtedness but is merely the
 19 changing of the evidence of outstanding indebtedness."

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

21 "7-7-108. Authorization for additional indebtedness
 22 for water or sewer systems. (1) For the purpose of
 23 constructing a sewer system or procuring a water supply or
 24 constructing or acquiring a water system for a city-county
 25 consolidated government which shall own and control such

1 water supply and water system and devote the revenues
2 therefrom to the payment of the debt, a city-county
3 consolidated government may incur an additional indebtedness
4 by borrowing money or issuing bonds.

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

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

25 (2) No county may incur indebtedness or liability for

1 any single purpose to an amount exceeding \$40,000 without
2 the approval of a majority of the electors thereof voting at
3 an election to be provided by law, except as provided in
4 7-21-3413 and 7-21-3414."

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

15 (a) there are not sufficient funds available to pay
16 such judgment; and

17 (b) sufficient money cannot be raised to satisfy such
18 judgment by an annual tax levy of 10 mills levied on the sum
19 of all the taxable property within the county through a
20 period of 3 years plus the taxable value as of December 31,
21 1980, of property within the county on which a fee in lieu
22 of tax is charged.

23 (2) The resolution providing for the issue of such
24 bonds must recite the facts concerning the judgment to be
25 funded and the terms of any compromise agreement which may

1 have been entered into between the board and the judgment
2 creditor."

3 Section 11. Section 7-7-2203, MCA, is amended to read:

4 "7-7-2203. Limitation on amount of bonded
5 indebtedness. (1) Except as provided in subsections (2) and
6 (3), no county may issue general obligation bonds for any
7 purpose which, with all outstanding bonds and warrants
8 except county high school bonds and emergency bonds, will
9 exceed 9% of the taxable value of the property therein, to
10 be ascertained by the last assessment for state and county
11 taxes prior to the proposed issuance of bonds.

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

21 (3) The foregoing limitation shall not apply to
22 refunding bonds issued for the purpose of paying or retiring
23 county bonds lawfully issued prior to January 1, 1982."

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

25 "7-7-4201. Limitation on amount of bonded

1 indebtedness. (1) Except as otherwise provided, no city or
2 town may issue bonds or incur other indebtedness for any
3 purpose in an amount which with all outstanding and unpaid
4 indebtedness will exceed 18% of the sum of the taxable value
5 of the property therein subject to taxation, to be
6 ascertained by the last assessment for state and county
7 taxes plus the taxable value as of December 31, 1980, of
8 property within the city or town on which a fee in lieu of
9 tax is charged.

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

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

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

24 (2) The additional total indebtedness that may be
25 incurred by borrowing money or issuing bonds for the

1 construction of a sewer system, for the procurement of a
 2 water supply, or for both such purposes, including all
 3 indebtedness theretofore contracted which is unpaid or
 4 outstanding, may not in the aggregate exceed 36% over and
 5 above the 18%, referred to in 7-7-4201, of the sum of the
 6 taxable value of the property therein subject to taxation as
 7 ascertained by the last assessment for state and county
 8 taxes plus the taxable value as of December 31, 1980, of
 9 property within the city or town on which a fee in lieu of
 10 tax is charged."

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

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

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

23 "7-14-236. Limitation on bonded indebtedness. The
 24 amount of bonds issued to provide funds for the district and
 25 outstanding at any time shall not exceed 5% of the sum of

1 the taxable property therein as ascertained by the last
 2 assessment for state and county taxes previous to the
 3 issuance of such bonds plus the taxable value as of December
 4 31, 1980, of property within the district on which a fee in
 5 lieu of tax is charged."

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

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

19 (2) A county may issue bonds which, with all
 20 outstanding bonds and warrants except county high school
 21 bonds, will exceed 9% but will not exceed 18% of the sum of
 22 the taxable value of such property plus the taxable value as
 23 of December 31, 1980, of property within the county on which
 24 a fee in lieu of tax is charged when necessary for the
 25 purpose of replacing, rebuilding, or repairing county

1 buildings, bridges, or highways which have been destroyed or
2 damaged by an act of God, disaster, catastrophe, or
3 accident.

4 (3) The value of the bonds issued and all other
5 outstanding indebtedness of the county, except county high
6 school bonds, shall not exceed 18% of the sum of the taxable
7 value of the property within the county as ascertained by
8 the last preceding general assessment plus the taxable value
9 as of December 31, 1980, of property within the county on
10 which a fee in lieu of tax is charged."

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

13 "7-14-4402. Limit on indebtedness to provide bus
14 service. The total amount of indebtedness authorized under
15 7-14-4401(1) to be contracted in any form, including the
16 then-existing indebtedness, may not at any time exceed 18%
17 of the sum of the total taxable value of the property of the
18 city or town subject to taxation as ascertained by the last
19 assessment for state and county taxes plus the taxable value
20 as of December 31, 1980, of property within the county on
21 which a fee in lieu of tax is charged. No money may be
22 borrowed or bonds issued for the purposes specified in
23 7-14-4401(1) until the proposition has been submitted to the
24 vote of the taxpayers of the city or town and the majority
25 vote cast in its favor."

1 Section 18. Section 7-16-2327, MCA, is amended to
2 read:

3 "7-16-2327. Indebtedness for park purposes. (1)
4 Subject to the provisions of subsection (2), a county park
5 board, in addition to powers and duties now given under law,
6 shall have the power and duty to contract an indebtedness in
7 behalf of a county, upon the credit thereof, for the
8 purposes of 7-16-2321(1) and (2).

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

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

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

25 "7-16-4104. Authorization for municipal indebtedness

1 for various cultural, social, and recreational purposes. (1)
 2 A city or town council or commission may contract an
 3 indebtedness on behalf of the city or town, upon the credit
 4 thereof, by borrowing money or issuing bonds:

5 (a) for the purpose of purchasing and improving lands
 6 for public parks and grounds;

7 (b) for procuring by purchase, construction, or
 8 otherwise swimming pools, athletic fields, skating rinks,
 9 playgrounds, museums, a golf course, a site and building for
 10 a civic center, a youth center, or combination thereof; and

11 (c) for furnishing and equipping the same.

12 (2) The total amount of indebtedness authorized to be
 13 contracted in any form, including the then-existing
 14 indebtedness, may not at any time exceed 3% of the sum of
 15 the value of the taxable property of the city or town as
 16 ascertained by the last assessment for state and county
 17 taxes previous to the incurring of such indebtedness plus
 18 the taxable value as of December 31, 1980, of property
 19 within the city or town on which a fee in lieu of tax is
 20 charged. No money may be borrowed on bonds issued for the
 21 purchase of lands and improving the same for any such
 22 purpose until the proposition has been submitted to the vote
 23 of the qualified electors of the city or town and a
 24 majority vote is cast in favor thereof."

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

1 "7-31-106. Authorization for county to issue bonds --
 2 election required. (1) If the petition is presented to the
 3 board of county commissioners, it shall be the duty of the
 4 board, for the purpose of raising money to meet the payments
 5 under the terms and conditions of said contract and other
 6 necessary and proper expenses in and about the same and for
 7 the approval or disapproval thereof:

8 (a) to ascertain, within 30 days after submission of
 9 the petition, the existing indebtedness of the county in the
 10 aggregate; and

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

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

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

24 "7-31-107. Authorization for municipality to issue
 25 bonds -- election required. (1) If said petition is

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

6 (a) shall ascertain, within 30 days after submission
 7 of the petition, the aggregate indebtedness of such city or
 8 town; and

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

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

20 Section 22. Section 7-34-2131, MCA, is amended to
 21 read:

22 "7-34-2131. Hospital district bonds authorized. (1) A
 23 hospital district may borrow money by the issuance of its
 24 bonds to provide funds for payment of part or all of the
 25 cost of acquisition, furnishing, equipment, improvement,

1 extension, and betterment of hospital facilities and to
 2 provide an adequate working capital for a new hospital.

3 (2) The amount of bonds issued for such purpose and
 4 outstanding at any time shall not exceed 5% of the sum of
 5 the taxable property therein as ascertained by the last
 6 assessment for state and county taxes previous to the
 7 issuance of such bonds plus the taxable value as of December
 8 31, 1980, of property in the hospital district on which a
 9 fee in lieu of tax is charged.

10 (3) Such bonds shall be authorized, sold, and issued
 11 and provisions made for their payment in the manner and
 12 subject to the conditions and limitations prescribed for
 13 bonds of second- or third-class school districts by Title
 14 20, chapter 9, part 4.

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

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

19 "10-2-301. Free license plates to disabled veterans.
 20 Any person who is a veteran of the armed service of the
 21 United States and 100% disabled because of an injury which
 22 has been determined by the veterans administration to be
 23 service connected and who is a citizen and resident of the
 24 state of Montana and who is the owner of a passenger
 25 automobile or of a truck up to and including three-quarter

1 ton GVW-rated capacity shall be provided with free license
2 plates upon payment of personal property tax equal to 1% of
3 the taxable value for such automobile or truck and upon
4 proof of 100% service-connected disability."

5 Section 24. Section 15-6-138, MCA, is amended to read:

6 "15-6-138. Class eight property -- description --
7 taxable percentage. (1) Class eight property includes:

- 8 (a) all agricultural implements and equipment;
9 (b) all mining machinery, fixtures, equipment, tools,
10 and supplies except:
11 (i) those included in class five; and
12 (ii) coal and ore haulers;
13 (c) all manufacturing machinery, fixtures, equipment,
14 tools, and supplies except those included in class five;
15 ~~(d) motorcycles;~~
16 ~~(e)(d)~~ watercraft not subject to a fee in lieu of tax;
17 ~~(f)(e)~~ light utility and boat trailers;
18 ~~(g)(f)~~ aircraft;
19 ~~(h)(g)~~ ~~snowmobiles~~ and all-terrain vehicles;
20 ~~(i)(h)~~ harness, saddlery, and other tack equipment;
21 and
22 ~~(j)(i)~~ all other machinery except that specifically
23 included in another class.

24 (2) Class eight property is taxed at 11% of its market
25 value."

1 Section 25. Section 15-6-139, MCA, is amended to read:

2 "15-6-139. Class nine property -- description --
3 taxable percentage. (1) Class nine property includes:

- 4 (a) ~~automobiles, buses, and trucks weighing 1 1/2 tons~~
5 ~~or less with a GVW-rated capacity of more than three-quarter~~
6 ~~ton and equal to or less than 1 1/2 tons;~~
7 (b) ~~stock, camping, and travel~~ trailers;
8 ~~(c) truck campers and toppers weighing more than 300~~
9 ~~pounds, except those included in class five;~~
10 ~~(d) motor homes except those included in class five;~~
11 ~~(e)(c)~~ furniture, fixtures, and equipment, except that
12 specifically included in another class, used in commercial
13 establishments as defined in this section;
14 ~~(f)(d)~~ x-ray and medical and dental equipment; and
15 ~~(g)(e)~~ citizens' band radios and mobile telephones.

16 (2) "Commercial establishment" includes any hotel;
17 motel; office; petroleum marketing station; or service,
18 wholesale, retail, or food-handling business.

19 (3) Class nine property is taxed at 13% of its market
20 value."

21 Section 26. Section 15-6-140, MCA, is amended to read:

22 "15-6-140. Class ten property -- description --
23 taxable percentage. (1) Class ten property includes:

- 24 (a) radio and television broadcasting and transmitting
25 equipment;

1 (b) cable television systems;
 2 (c) centrally assessed utility allocations after
 3 deductions of locally assessed properties, except as
 4 provided in:

5 (i) class five for cooperative rural electrical and
 6 cooperative rural telephone associations; and

7 (ii) class seven for rural telephone and electrical
 8 organizations;

9 (d) coal and ore haulers;

10 (e) trucks ~~weighing with a GVW-rated capacity of~~ more
 11 than 1 1/2 tons, including those prorated under 15-24-102;

12 (f) trailers, except those included in classes five,
 13 eight, or nine, including those prorated under 15-24-102;

14 (g) theater projectors and sound equipment; and

15 (h) all other property not included in the preceding
 16 nine classes.

17 (2) Class ten property is taxed at 16% of its market
 18 value."

19 Section 27. Section 15-6-201, MCA, is amended to read:

20 "15-6-201. Exempt categories. (1) The following
 21 categories of property are exempt from taxation:

22 (a) the property of:

23 (i) the United States, the state, counties, cities,
 24 towns, school districts;

25 (ii) irrigation districts organized under the laws of

1 Montana and not operating for profit;

2 (iii) municipal corporations; and

3 (iv) public libraries;

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

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

12 (d) property that meets the following conditions:

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

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

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

22 (e) institutions of purely public charity;

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

25 (g) public art galleries and public observatories not

1 used or held for private or corporate profit;

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

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

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

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

14 ~~(l) a motorcycle rated at 2 horsepower or less. Such~~
15 ~~property is also exempt from the fee in lieu of tax.~~

16 ~~(m) a motorboat on which a fee in lieu of tax is~~
17 ~~charged.~~

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

22 (b) The terms "public art galleries" and "public
23 observatories" include only those art galleries and
24 observatories, whether of public or private ownership, that
25 are open to the public without charge at all reasonable

1 hours and are used for the purpose of education only.

2 (3) The following portions of the appraised value of a
3 capital investment made after January 1, 1979, in a
4 recognized nonfossil form of energy generation, as defined
5 in 15-32-102, are exempt from taxation for a period of 10
6 years following installation of the property:

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

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

11 Section 28. Section 15-8-201, NCA, is amended to read:
12 "15-8-201. General assessment day. (1) The department
13 of revenue or its agent must, between January 1 and the
14 second Monday of July in each year, ascertain the names of
15 all taxable inhabitants and assess all property subject to
16 taxation in each county. The department or its agent must
17 assess property to the person by whom it was owned or
18 claimed or in whose possession or control it was at midnight
19 of January 1 next preceding. It must also ascertain and
20 assess all mobile homes arriving in the county after
21 midnight of January 1 next preceding. No mistake in the name
22 of the owner or supposed owner of real property, however,
23 renders the assessment invalid.

24 (2) The procedure provided by this section may not
25 apply to:

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

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

7 (c) livestock;

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

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

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

16 Section 29. Section 15-8-202, MCA, is amended to read:

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

1 were at midnight of January 1 or the anniversary
2 registration date thereof, whichever is applicable.

3 (b) No tax may be assessed against motor vehicles that
4 constitute inventory of motor vehicle dealers as of January
5 1. These vehicles and all other motor vehicles brought into
6 the state subsequent to January 1 as motor vehicle dealers'
7 inventories shall be assessed to their respective purchasers
8 as of the dates the vehicles are registered by the
9 purchasers.

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

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

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

22 Section 30. Section 15-24-101, MCA, is amended to
23 read:

24 "15-24-101. Assessment of proportionally registered
25 interstate motor vehicle fleets -- tax payment required for

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

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

24 (3) Any fleet contained in a renewal application shall
 25 be assessed and taxed or be charged fees in lieu of taxes

1 for a full year.

2 (4) Vehicles contained in a fleet for which current
 3 taxes or fees in lieu of taxes have been assessed and paid
 4 shall not be assessed under this section upon presentation
 5 to the department of proof of payment of tax or the fee in
 6 lieu of tax for the current registration year. The payment
 7 of personal property taxes or fees in lieu of taxes is a
 8 condition precedent to proportional registration or
 9 reregistration of an interstate motor vehicle fleet."

10 Section 31. Section 15-24-102, MCA, is amended to
 11 read:

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

17 (1) The purchase price depreciated by a schedule as
 18 prescribed by the department shall determine the depreciated
 19 value.

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

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

1 (4) To determine the amount of tax due, the taxable
2 value of the entire fleet shall be multiplied by the
3 statewide average county mill levy plus state levies as
4 hereinafter provided.

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

7 Section 32. Section 15-24-103, MCA, is amended to
8 read:

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

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

25 (3) The original cost of each vehicle shall be

1 included on the application for proportional registration
2 under the provisions of 61-3-711 through 61-3-733. The
3 department shall determine the original cost when the owner
4 does not have this information on new or used vehicles or in
5 the case of rebuilt vehicles."

6 Section 33. Section 15-24-104, MCA, is amended to
7 read:

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

15 (2) The department or its designated agent shall
16 collect the personal property taxes or fees in lieu of taxes
17 prescribed herein."

18 Section 34. Section 15-24-105, MCA, is amended to
19 read:

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

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1 total state taxable valuation."

2 Section 35. Section 15-24-301, MCA, is amended to
3 read:

4 "15-24-301. Personal property brought into the state
5 -- assessment -- exceptions -- custom combine equipment. (1)
6 Property in the following cases is subject to fees in lieu
7 of taxes or taxation and assessment for all taxes levied
8 that year in the county in which it is located:

9 (a) any personal property (including livestock)
10 brought, driven, or coming into this state at any time
11 during the year that is used in the state for hire,
12 compensation, or profit;

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

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

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

23 (3) Nothing in this section shall be construed to levy
24 a tax against a merchant or dealer within this state on
25 goods, wares, or merchandise brought into the county to

1 replenish the stock of the merchant or dealer in addition to
2 the tax levied against the inventory of said merchant or
3 dealer on the regular assessment date.

4 (4) This section does not apply to any motor vehicle
5 brought, driven, or coming into this state by any
6 nonresident person temporarily employed in Montana for a
7 period not exceeding 90 days if the motor vehicle is used
8 exclusively for transportation of such person.

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

16 Section 36. Section 15-30-121, MCA, is amended to
17 read:

18 "15-30-121. Deductions allowed in computing net
19 income. In computing net income, there are allowed as
20 deductions:

21 (1) the items referred to in sections 161 and 211 of
22 the Internal Revenue Code of 1954, or as sections 161 and
23 211 shall be labeled or amended, subject to the following
24 exceptions which are not deductible:

25 (a) items provided for in 15-30-123;

1 (b) state income tax paid;

2 (2) federal income tax paid within the taxable year;

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

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

17 (5) in the case of an individual, political
18 contributions determined in accordance with the provisions
19 of section 216(a) and (b) of the Internal Revenue Code that
20 were in effect for the taxable year ended December 31,
21 1978;

22 ~~(6) fees in lieu of taxes on motor vehicles.~~

23 Section 37. Section 15-31-114, MCA, is amended to
24 read:

25 "15-31-114. Deductions allowed in computing income. In

1 computing the net income, the following deductions shall be
2 allowed from the gross income received by such corporation
3 within the year from all sources:

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

18 (2) (a) All losses actually sustained and charged off
19 within the year and not compensated by insurance or
20 otherwise, including a reasonable allowance for the wear and
21 tear and obsolescence of property used in the trade or
22 business, such allowance to be determined according to the
23 provisions of section 167 of the Internal Revenue Code in
24 effect with respect to the taxable year. All elections for
25 depreciation shall be the same as the elections made for

1 federal income tax purposes. No deduction shall be allowed
 2 for any amount paid out for any buildings, permanent
 3 improvements, or betterments made to increase the value of
 4 any property or estate, and no deduction shall be made for
 5 any amount of expense of restoring property or making good
 6 the exhaustion thereof for which an allowance is or has been
 7 made.

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

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

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

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

17 (B) The deduction for depletion shall not exceed the
 18 amount which would be allowable if computed under the cost
 19 method.

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

25 (iii) A net operating loss deduction shall be allowed

1 only with regard to losses attributable to the business
2 carried on within the state of Montana.

3 (iv) In the case of a merger of corporations, the
4 surviving corporation shall not be allowed a net operating
5 loss deduction for net operating losses sustained by the
6 merged corporations prior to the date of merger. In the case
7 of a consolidation of corporations, the new corporate entity
8 shall not be allowed a deduction for net operating losses
9 sustained by the consolidated corporations prior to the date
10 of consolidation.

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

14 (vi) The net operating loss deduction shall not be
15 allowed with respect to taxable periods which ended on or
16 before December 31, 1970, but shall be allowed only with
17 respect to taxable periods beginning on or after January 1,
18 1971.

19 (3) In the case of mines, other natural deposits, oil
20 and gas wells, and timber, a reasonable allowance for
21 depletion and for depreciation of improvements; such
22 reasonable allowance to be determined according to the
23 provisions of the Internal Revenue Code in effect for the
24 taxable year. All elections made under the Internal Revenue
25 Code with respect to capitalizing or expensing exploration

1 and development costs and intangible drilling expenses for
2 corporation license tax purposes shall be the same as the
3 elections made for federal income tax purposes.

4 (4) The amount of interest paid within the year on its
5 indebtedness incurred in the operation of the business from
6 which its income is derived; but no interest shall be
7 allowed as a deduction if paid on an indebtedness created
8 for the purchase, maintenance, or improvement of property or
9 for the conduct of business unless the income from such
10 property or business would be taxable under this part.

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

13 (i) Taxes imposed by this part.

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

16 (iii) Taxes on or according to or measured by net
17 income or profits imposed by authority of the government of
18 the United States.

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

21 (b) Taxes deductible under this part shall be
22 construed to include taxes or fees in lieu of taxes imposed
23 by any county, school district, or municipality of this
24 state.

25 (6) That portion of an energy-related investment

1 allowed as a deduction, under 15-32-103."

2 Section 36. Section 15-50-207, MCA, is amended to
3 read:

4 "15-50-207. Credit against other taxes -- credit for
5 personal property taxes. (1) The additional license fees
6 withheld or otherwise paid as provided herein may be used as
7 a credit on the contractor's corporation license tax
8 provided for in chapter 31 of this title or on the
9 contractor's income tax provided for in chapter 30,
10 depending upon the type of tax the contractor is required to
11 pay under the laws of the state.

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

23 Section 39. Section 19-11-503, MCA, is amended to
24 read:

25 "19-11-503. Special tax levy for fund required. (1)

1 The purpose of this section is to provide a means by which
2 each disability and pension fund may be maintained at a
3 level equal to 2% of the sum of the taxable valuation of all
4 taxable property within the limits of the city or town plus
5 the taxable value as of December 31, 1980, of property
6 within the city or town on which a fee in lieu of tax is
7 charged.

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

18 Section 40. Section 19-11-504, MCA, is amended to
19 read:

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

1 shall be:

2 (a) not less than 1 mill or more than 4 mills on each
3 dollar of the sum of the taxable valuation of all taxable
4 property within the limits of the city or town plus the
5 taxable value as of December 31, 1980, of property within
6 the city or town on which a fee in lieu of tax is charged;

7 and

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

16 (2) The special tax levy shall be a fractional part of
17 1 mill whenever:

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

23 (b) the special tax levy of a fractional part of 1
24 mill will produce sufficient revenue to cause the fund,
25 considering all sources of income to the fund and all

1 payments to be made out of the fund, to exceed 2% of the sum
2 of the taxable valuation of all taxable property within the
3 city or town plus the taxable value as of December 31, 1980,
4 of property within the city or town on which a fee in lieu
5 of tax is charged.

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

17 Section 41. Section 19-11-512, MCA, is amended to
18 read:

19 "19-11-512. State auditor to pay association out of
20 insurance premium taxes. (1) At the end of the fiscal year,
21 the state auditor shall issue and deliver the payment
22 described in this subsection to the board of investments to
23 be credited to the account of each fire department relief
24 association of any city or town of the first or second class
25 which has a fire department relief association entitled by

1 law to receive payments. The state auditor shall, at the
 2 same time, report to the treasurer of the association the
 3 amount of the payment. The payment shall be for the use and
 4 benefit of the association. It shall be paid out of the
 5 premium taxes on insurance risks enumerated in subsection
 6 (c) collected by the state auditor and shall be equal to 10%
 7 of the total annual compensation paid by the city or town to
 8 its paid or part-paid firefighters for services in the
 9 previous calendar year. The city clerk of the city or town
 10 shall certify in writing to the state auditor, on or before
 11 April 1 of each year, the amount paid by the city or town as
 12 compensation for services to paid or part-paid firefighters.

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

24 (3) If a city is not entitled to receive a sum equal
 25 to 1 1/2 mills of the sum of its total taxable value 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 under subsections (1) and (2), the payment shall be
 4 made in the amount provided in subsections (4) and (5) for
 5 cities of the third class and in the manner described in
 6 subsection (1).

7 (4) At the end of the fiscal year, the state auditor
 8 shall issue and deliver the warrant described in this
 9 subsection to the treasurer of every city or town, except
 10 cities and towns of the first or second class, which has a
 11 fire department relief association entitled by law to
 12 receive payments. The warrant shall be for the use and
 13 benefit of the association. It shall be for an amount equal
 14 to 1 1/2 mills of the sum of the total taxable value of the
 15 city or town plus the taxable value as of December 31, 1980,
 16 of property within the city or town on which a fee in lieu
 17 of tax is charged and shall be paid out of the premium taxes
 18 on insurance risks enumerated in subsection (6) collected by
 19 the state auditor.

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

23 (6) The risks referred to in subsections (1) and (4)
 24 are:

25 (a) insurance of houses, buildings, and all other

1 kinds of property against loss or damage by fire or other
2 casualty;

3 (b) all kinds of insurance on goods, merchandise, or
4 other property in the course of transportation, whether by
5 land, water, or air;

6 (c) insurance against loss or damage to motor vehicles
7 resulting from accident, collision, or marine and inland
8 navigation and transportation perils;

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

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

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

19 (g) insurance against theft of the whole or any part
20 of any vehicle."

21 Section 42. Section 20-9-406, MCA, is amended to read:

22 "20-9-406. Limitations on amount of bond issue. (1)
23 The maximum amount for which each school district may become
24 indebted by the issuance of bonds, including all
25 indebtedness represented by outstanding bonds of previous

1 issues and registered warrants, is 29% of the sum of the
2 taxable value of the property subject to taxation as
3 ascertained by the last completed assessment for state,
4 county, and school taxes previous to the incurring of such
5 indebtedness plus the taxable value as of December 31, 1980,
6 of property within the district on which a fee in lieu of
7 tax is charged. The 29% maximum, however, may not pertain
8 to indebtedness imposed by special improvement district
9 obligations or assessments against the school district. All
10 bonds issued in excess of such amount shall be null and
11 void, except as provided in this section.

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

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

23 Section 43. Section 20-9-502, MCA, is amended to read:

24 "20-9-502. Purpose and authorization of a building
25 reserve fund by an election. (1) The trustees of any

1 district, with the approval of the qualified electors of the
 2 district, may establish a building reserve for the purpose
 3 of raising money for the future construction, equipping, or
 4 enlarging of school buildings or for the purpose of
 5 purchasing land needed for school purposes in the district.
 6 In order to submit to the qualified electors of the district
 7 a building reserve proposition for the establishment of or
 8 addition to a building reserve, the trustees shall pass a
 9 resolution that specifies:

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

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

15 (c) the total amount of money that will be raised
 16 during the duration of time specified in subsection (1)(b);
 17 and

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

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

1 the manner provided in 20-9-406. A building reserve tax
 2 authorization shall not be for more than 20 years.

3 (3) The election shall be conducted in accordance with
 4 the school election laws of this title, and the electors
 5 qualified to vote in the election shall be qualified under
 6 the provisions of 20-20-301. The ballot for a building
 7 reserve proposition shall be substantially in the following
 8 form:

9 OFFICIAL BALLOT

10 SCHOOL DISTRICT BUILDING RESERVE ELECTION

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

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

24 BUILDING RESERVE--YES.

25 BUILDING RESERVE--NO.

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

17 Section 44. Section 23-2-512, MCA, is amended to read:
 18 "23-2-512. Identification number. (1) The owner of
 19 each motorboat requiring numbering by this state shall file
 20 an application for number in the office of the county
 21 treasurer where the motorboat is owned ~~or taxable~~ on forms
 22 prepared and furnished by the division of motor vehicles.
 23 The application must be signed by the owner of the motorboat
 24 and be accompanied by a fee of \$1. Any alteration, change,
 25 or false statement contained in the application will render

1 the certificate of number void. Upon receipt of the
 2 application in approved form, the county treasurer shall
 3 issue to the applicant a certificate of number prepared and
 4 furnished by the division of motor vehicles, stating the
 5 number assigned to the motorboat and the name and address of
 6 the owner.

7 ~~(2) Before filing the application with the county~~
 8 ~~treasurer, the applicant shall submit it to the county~~
 9 ~~assessor who shall enter on the application, in a space to~~
 10 ~~be provided for that purpose, the market value and taxable~~
 11 ~~value of the motorboat for the year for which the~~
 12 ~~application for registration is made.~~

13 ~~(3)~~(2) The applicant, upon the filing of the
 14 application, shall pay to the county treasurer the
 15 registration fee and the ~~personal property taxes assessed~~
 16 ~~against~~ fee in lieu of tax required for the motorboat or
 17 vessel for the current year of registration before the
 18 application for registration or reregistration may be
 19 accepted by the county treasurer.

20 ~~(4)~~(3) Should the ownership of a motorboat change, a
 21 new application form with registration fee must be filed
 22 within a reasonable time with the county treasurer and a new
 23 certificate of number assigned in the same manner as
 24 provided for in an original assignment of number.

25 ~~(5)~~(4) If an agency of the United States government

1 has in force a comprehensive system of identification
2 numbering for motorboats in the United States, the numbering
3 system employed pursuant to this part by the division of
4 motor vehicles must be in conformity.

5 ~~(6)~~(5) Every certificate of number and the license
6 decals assigned under this part continues in effect for a
7 period not to exceed 1 year unless terminated or
8 discontinued in accordance with the provisions of this part.
9 Certificates of number and license decals must show the date
10 of expiration and may be renewed by the owner in the same
11 manner provided for in the initial securing of the
12 certificate.

13 ~~(7)~~(6) Certificates of number expire on April 30 of
14 each year and may not be in effect unless renewed under this
15 part.

16 ~~(8)~~(7) In event of transfer of ownership, the
17 purchaser shall furnish the county treasurer notice within a
18 reasonable time of the acquisition of all or any part of his
19 interest, other than the creation of a security interest, in
20 a motorboat numbered in this state or of the loss, theft,
21 destruction, or abandonment of the motorboat. The transfer,
22 loss, theft, destruction, or abandonment terminates the
23 certificate of number for the motorboat. Recovery from theft
24 or transfer of a part interest that does not affect the
25 owner's right to operate the motorboat does not terminate

1 the certificate of number.

2 ~~(9)~~(8) A holder of a certificate of number shall
3 notify the county treasurer within reasonable time if his
4 address no longer conforms to the address appearing on the
5 certificate and furnish the county treasurer with his new
6 address. The division of motor vehicles may provide by rule
7 for the surrender of the certificate bearing the former
8 address and its replacement with a certificate bearing the
9 new address or the alteration of an outstanding certificate
10 to show the new address of the holder.

11 ~~(10)~~(9) (a) The number assigned must be painted on or
12 attached to each outboard side of the forward half of the
13 motorboat or, if there are no such sides, at a corresponding
14 location on both outboard sides of the foredeck of the
15 motorboat. The number assigned must read from left to right
16 in Arabic numerals and block characters of good proportion
17 at least 3 inches tall excluding border or trim of a color
18 that contrasts with the color of the background and be so
19 maintained as to be clearly visible and legible. The number
20 may not be placed on the obscured underside of the flared
21 bow where it cannot be easily seen from another vessel or
22 ashore. No numerals, letters, or devices other than those
23 used in connection with the identifying number issued may be
24 placed in the proximity of the identifying number. No
25 numerals, letters, or devices that might interfere with the

1 ready identification of the motorboat by its identifying
 2 number may be carried as to interfere with the motorboat's
 3 identification. No number other than the number and license
 4 decal assigned to a motorboat or granted reciprocity under
 5 this part may be painted, attached, or otherwise displayed
 6 on either side of the forward half of the motorboat.

7 (b) The certificate of number shall be pocket size and
 8 available to federal, state, or local law enforcement
 9 officers at all reasonable times for inspection on the
 10 motorboat whenever the motorboat is on waters of this state.

11 (c) Boat liveries are not required to have the
 12 certificate of number on board each motorboat, but a rental
 13 agreement must be carried on board livery motorboats in
 14 place of the certificate of number.

15 ~~(11)(10) Fees, other than the fee in lieu of tax,~~
 16 collected under this section shall be transmitted to the
 17 state treasurer who shall deposit the fees in the motorboat
 18 certificate identification account of an earmarked revenue
 19 fund. These fees shall be used only for the administration
 20 and enforcement of this part, as amended.

21 ~~(12)(111) An owner of a motorboat must within a~~
 22 reasonable time notify the division of motor vehicles,
 23 giving the motorboat's identifying number and the owner's
 24 name when that motorboat becomes documented as a vessel of
 25 the United States or is transferred, lost, destroyed,

1 abandoned, or frauded or within 60 days after change of
 2 state of principal use."

3 Section 45. Section 23-2-513, MCA, is amended to read:
 4 "23-2-513. Dealer's identification number. (1) A
 5 dealer or manufacturer may apply directly to the division of
 6 motor vehicles for one identifying number and one or more
 7 certificates of number. A dealer's or manufacturer's
 8 identifying number shall be displayed on his boat while the
 9 boat is operating for a purpose related to the buying,
 10 selling, or exchanging of the boat by the dealer or
 11 manufacturer.

12 (2) The application for a dealer's or manufacturer's
 13 identifying number must include his name and business
 14 address. Each dealer or manufacturer will have one
 15 identifying number assigned to his business.

16 (3) An application for dealer's or manufacturer's
 17 identifying number and certificate of number must be
 18 accompanied by the following fees:

19 (a) for the identifying number, first certificate of
 20 number, and set of license decals, \$5;

21 (b) for each additional certificate of number and set
 22 of license decals applied for in any application, \$2.

23 (4) The division of motor vehicles shall issue
 24 certificates of number for the identifying numbers assigned
 25 to a dealer or manufacturer in the same manner as provided

1 in 23-2-512(1) and ~~(10) (2)~~, as amended, except that no boat
 2 may be described in the certificate and each certificate
 3 must state that the identifying number has been assigned to
 4 a dealer or manufacturer. A dealer's or manufacturer's
 5 certificate of number expires on April 30 of the year for
 6 which it is issued.

7 (5) A dealer's or manufacturer's identifying number
 8 shall be displayed in the same manner as provided in
 9 23-2-512~~(10)~~(2), as amended, except that the number may be
 10 temporarily attached. The last three letters shall be "DLR"
 11 for dealer and "MFR" for manufacturer. These letters shall
 12 be included, respectively, in dealer or manufacturer
 13 identification numbers only.

14 (6) No person other than a dealer or manufacturer or
 15 an employee of a dealer or manufacturer may display or use a
 16 dealer's or manufacturer's identifying number. A dealer's or
 17 manufacturer's identifying number may be displayed only on
 18 motorboats owned by the dealer or manufacturer.

19 (7) No dealer or manufacturer or employee of a dealer
 20 or manufacturer may use a dealer's or manufacturer's
 21 identifying number for any purpose other than the purpose
 22 described in subsection (1) of this section."

23 Section 46. Section 23-2-515, MCA, is amended to read:

24 "23-2-515. License decals to be displayed. (1) Every
 25 Montana boat numbered in accordance with the provisions of

1 23-2-512 and 23-2-513 shall be required to display license
 2 decals. For this purpose the county treasurer, upon receipt
 3 of a certificate ~~of tax of personal property~~ showing payment
 4 of ~~the fee in lieu of~~ tax on the motorboat for the current
 5 year, shall issue a pair of decals prepared and furnished by
 6 the division of motor vehicles with all new certificates of
 7 number and renewals thereof.

8 (2) The decals shall be of a style and design
 9 prescribed by the division of motor vehicles and shall be a
 10 color differing from the preceding year. The license decal
 11 will be serially numbered and have the expiration date of
 12 April 30 of the appropriate year printed thereon.

13 (3) License decals shall be displayed only in the
 14 following manner: one valid license decal on each side of
 15 the forward half, 3 inches aft of the identifying numbers."

16 Section 47. Section 61-3-303, MCA, is amended to read:

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

1 (a) name and address of owner, giving county, school
2 district, and town or city within whose corporate limits the
3 motor vehicle is ~~taxable~~ owned;

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

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

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

12 (e) such other information as the division may
13 require.

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

18 (a) the registration fee, as provided in 61-3-311 and
19 61-3-321; and

20 (b) the personal property taxes assessed, the new
21 motor vehicle sales tax against the vehicle for the current
22 year of registration, or in the case of a motor home, travel
23 trailer, or camper, light truck, automobile, or motorcycle,
24 the fee in lieu of property tax for the current year of
25 registration, unless the same shall have been theretofore

1 paid for the year, before the application for registration
2 or reregistration may be accepted by the county treasurer.

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

8 Section 48. Section 61-3-317, MCA, is amended to read:

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

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

10 Section 49. Section 61-3-322, MCA, is amended to read:

11 "61-3-322. Certificates of registration -- issuance.
 12 (1) Upon completion of the application for registration on
 13 forms furnished by the division, the county treasurer shall
 14 file one copy in his office and issue to the applicant two
 15 copies of the application marked "Owner's Certificate of
 16 Registration and ~~tax~~ Payment Receipt", one of which shall be
 17 marked "file copy".

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

20 (3) Every owner, upon receiving a registration
 21 receipt, shall write his signature thereon with pen and ink
 22 in the space provided. Every registration receipt or a
 23 notarized photostatic copy or a duplicate thereof furnished
 24 by the division shall at all times be carried in the vehicle
 25 to which it refers or shall be carried by the person driving

1 or in control of such vehicle, who shall display it upon
 2 demand of a police officer or any officer or employee of the
 3 division or the highway department.

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

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

11 Section 50. Section 61-3-332, MCA, is amended to read:

12 "61-3-332. Number plates. (1) Every motor vehicle
 13 which shall be driven upon the streets or highways of this
 14 state shall display both front and rear a number plate,
 15 bearing the distinctive number assigned such vehicle. Such
 16 number plate shall be in eight series: one series for owners
 17 of motorcars, one for owners of motor vehicles of the
 18 motorcycle type, one for trailers, one for trucks, one for
 19 dealers in vehicles of the motorcycle type which shall bear
 20 the distinctive letters "MCD" or the letters "MC" and the
 21 word "DEALER", one for franchised dealers in new motorcars
 22 (including trucks and trailers) or new and used motorcars
 23 (including trucks and trailers) which shall bear the
 24 distinctive letter "D" or the word "DEALER", one for dealers
 25 in used motorcars only (including used trucks and trailers)

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

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

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

25 (4) The distinctive registration numbers shall begin

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

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

18 (a) For vehicles owned by the state the division may
 19 designate the prefix number for the various state
 20 departments, and all numbered plates issued to state
 21 departments shall bear the words "State Owned" and no year
 22 number will be indicated thereon as these numbered plates
 23 will be of a permanent nature, and will be replaced by the
 24 division at such time when the physical condition of
 25 numbered plates requires same.

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

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

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

7 (8) For the purpose of this chapter, the several
 8 counties of the state shall be assigned numbers as follows:
 9 Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4;
 10 Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8;
 11 Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12;
 12 Ravalli, 13; Custer, 14; Lake, 15; Dawson, 16; Roosevelt,
 13 17; Beaverhead, 18; Chouteau, 19; Valley, 20; Toole, 21; Big
 14 Horn, 22; Musselshell, 23; Blaine, 24; Madison, 25; Pondera,
 15 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30;
 16 Teton, 31; Stillwater, 32; Treasure, 33; Sheridan, 34;
 17 Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38;
 18 Fallon, 39; Sweet Grass, 40; McCone, 41; Carter, 42;
 19 Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46;
 20 Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson,
 21 51; Wibaux, 52; Golden Valley, 53; Mineral, 54; Petroleum,
 22 55; Lincoln, 56. Any new counties shall be assigned numbers
 23 by the division as they may be formed, beginning with the
 24 number 57."

25 Section 51. Section 61-3-335, MCA, is amended to read:

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

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

20 (3) Upon transfer of the license plates, the
 21 registration of the motor vehicle from which the license
 22 plates were transferred expires. The certificate of
 23 registration for such vehicle must be surrendered to the
 24 county treasurer with the application for transfer."

25 Section 52. Section 61-3-342, MCA, is amended to read:

1 "61-3-342. Temporary windshield sticker. Any purchaser
 2 of a motor vehicle who is unable to obtain license plates
 3 from the county treasurer at the time he makes application
 4 for registration or reregistration of said vehicle because
 5 the certificate of ownership is lost, in the possession of
 6 third parties, or in the process of reissuance in this state
 7 or elsewhere may, upon making affidavit to that effect upon
 8 a form prescribed by the division and upon the payment of a
 9 fee of \$2 to be collected by the county treasurer and
 10 remitted to the division, obtain from the county treasurer
 11 of the county in which said vehicle is subject to tax or a
 12 fee in lieu of tax a temporary windshield sticker of such
 13 size, color, and design as the division may prescribe, to be
 14 validated by the county treasurer for a period of 60 days
 15 from the date of issuance. Such purchaser, upon displaying
 16 such sticker on the lower right-hand corner of the
 17 windshield of such motor vehicle, shall be entitled to
 18 operate such vehicle during the period for which such
 19 windshield sticker has been validated without displaying the
 20 registration certificate or number plates or plate for the
 21 current year. Provided, however, the county treasurer shall
 22 not sell, and no person shall purchase, more than one 60-day
 23 temporary windshield sticker for any vehicle, the ownership
 24 of which has not changed since the issuance of the previous
 25 60-day windshield sticker."

1 Section 53. Section 61-3-501, MCA, is amended to read:

2 "61-3-501. When vehicle property tax is due. (1)
3 Property taxes, new car taxes, and fees in lieu of tax on a
4 ~~motor-home-or-travel-trailer~~ vehicles listed in 61-3-521
5 must be paid on the date of registration or reregistration
6 of the vehicle.

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

15 (3) In the event a vehicle's registration period is
16 changed under 61-3-315, all taxes and other fees due thereon
17 shall be prorated and paid from the last day of the old
18 period until the first day of the new period in which the
19 vehicle shall be registered. Thereafter taxes and other fees
20 must be paid from the first day of the new period for a
21 minimum period of 1 year. When the change is to a later
22 registration period, taxes and fees shall be prorated and
23 paid based on the same tax year as the original registration
24 period. Thereafter, during the appropriate anniversary
25 registration period, each vehicle shall again register or

1 reregister and shall pay all taxes and fees due thereon for
2 a 12-month period."

3 Section 54. Section 61-3-503, MCA, is amended to read:

4 "61-3-503. Assessment. (1) A person who files an
5 application for registration or reregistration of a motor
6 vehicle, other than a ~~motor-homey-travel-trailer~~ vehicle on
7 which a fee in lieu of tax is charged, or a mobile home as
8 defined in 15-1-101(1), shall before filing such application
9 with the county treasurer submit the application to the
10 county assessor. The county assessor shall enter on the
11 application in a space to be provided for that purpose the
12 market value and taxable value of the vehicle for the year
13 for which the application for registration is made.

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

24 (3) Vehicles subject to the provisions of 61-3-313
25 through 61-3-316 shall be assessed as of the first day of

1 the registration period, and a lien for taxes and fees due
2 thereon shall occur on the anniversary date of the
3 registration and shall continue until such fees and taxes
4 have been paid."

5 Section 55. Section 61-3-504, MCA, is amended to read:

6 "61-3-504. Computation of tax. The amount of taxes on
7 a motor vehicle, other than a ~~motor--home--travel--trailer~~
8 ~~vehicle on which a fee in lieu of tax is charged~~, or a
9 mobile home as defined in 15-1-101(1), is computed and
10 determined by the county treasurer on the basis of the levy
11 of the year preceding the current year of application for
12 registration or reregistration. The determination is entered
13 on the application form in a space provided therefor."

14 Section 56. Section 61-3-507, MCA, is amended to read:

15 "61-3-507. Exemption. Motor vehicles subject to
16 anniversary date registration as provided in 61-3-313
17 through 61-3-316 ~~and vehicles subject to a fee in lieu of~~
18 ~~tax~~ are exempt from the provisions of 61-3-503(2) and
19 61-3-505."

20 Section 57. Section 61-3-509, MCA, is amended to read:

21 "61-3-509. Disposition of taxes and fees in lieu of
22 tax. The county treasurer shall credit all taxes on motor
23 vehicles and fees in lieu of tax on motor homes, ~~and travel~~
24 ~~trailers, automobiles, light trucks, motorcycles, and~~
25 ~~motorboats~~ collected to a motor vehicle suspense fund, and

1 at some time between March 1 and March 10 of each year and
2 every 60 days thereafter, the county treasurer shall
3 distribute the money in the motor vehicle suspense fund in
4 the relative proportions required by the levies for state,
5 county, school district, and municipal purposes in the same
6 manner as other personal property taxes are distributed."

7 Section 58. Section 61-3-521, MCA, is amended to read:

8 "61-3-521. Fee in lieu of tax for certain vehicles.
9 (1) There is a fee in lieu of property tax imposed on motor
10 homes, travel trailers, ~~and campers, light trucks,~~
11 ~~automobiles, and motorcycles.~~ The fee is in addition to
12 annual registration fees.

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

16 Section 59. Section 61-3-701, MCA, is amended to read:

17 "61-3-701. Foreign vehicles used in gainful occupation
18 to be registered -- reciprocity. (1) Before any foreign
19 licensed motor vehicle may be operated on the highways of
20 this state for hire, compensation, or profit or before the
21 owner ~~and/or~~ user thereof uses the vehicle if such owner
22 ~~and/or~~ user is engaged in gainful occupation or business
23 enterprise in the state, including highway work, the owner
24 of the vehicle shall make application to a county treasurer
25 for registration upon an application form furnished by the

1 division. Upon satisfactory evidence of ownership submitted
 2 to the county treasurer and the payment of property taxes as
 3 required by 15-8-201, ~~through 15-8-203~~ 15-8-202, or
 4 15-24-301 or the fee in lieu of taxes, the treasurer shall
 5 accept the application for registration and shall collect
 6 the regular license fee required for the vehicle.

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

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

20 (4) This section is not applicable to any vehicle
 21 covered by a valid and existing reciprocal agreement or
 22 declaration entered into under the provisions of the laws of
 23 Montana."

24 Section 60. Section 61-10-233, MCA, is amended to
 25 read:

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

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

8 (b) the gross vehicle weight receipt issued under
 9 61-10-227.

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

16 Section 61. Section 85-7-2001, MCA, is amended to
 17 read:

18 "85-7-2001. Limitations on debt-incurring power. (1)
 19 The board of commissioners or other officers of the district
 20 may not incur any debt or liability, either by issuing bonds
 21 or otherwise, except as provided in this chapter. No
 22 irrigation district may become indebted, in any manner or
 23 for any purpose in any one year, in an amount exceeding 15%
 24 of the sum of the assessed valuation of the district plus
 25 the taxable value as of December 31, 1990, of property

1 ~~within the district on which a fee in lieu of tax is~~
2 ~~charged,~~ except as provided in subsection (2).

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

11 (b) For the purpose of organization, for any of the
12 immediate purposes of this chapter, or to meet the expenses
13 occasioned by any calamity or other unforeseen contingency,
14 the board of commissioners may, in any one year, incur (in
15 addition to the 15% limitation of subsection (1)) an
16 additional indebtedness not exceeding 10% of ~~the sum of~~ the
17 assessed valuation of the district ~~plus the taxable value as~~
18 ~~of December 31, 1930, of property within the district on~~
19 ~~which a fee in lieu of tax is charged~~ and may cause warrants
20 of the district to issue therefor.

21 (c) The limitation of subsection (1) does not apply to
22 warrants issued for unpaid interest on the valid bonds of
23 any irrigation district.

24 (d) The limitation of subsection (1) does not apply to
25 any bonds issued under this chapter pursuant to a provision

1 which expressly supersedes the limitation.

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

5 NEW SECTION. Section 62. Light truck. "Light truck"
6 means a truck whose GVW-rated capacity is three-quarters of
7 a ton or less.

8 NEW SECTION. Section 63. Fees for automobiles and
9 light trucks. (1) The owner of an automobile or a light
10 truck weighing more than 3,000 pounds, manufacturer's
11 shipping weight, shall pay a fee in lieu of property tax
12 based on the age of the vehicle according to the following
13 schedule:

14	less than 2 years old	\$125
15	2 years old and less than 3 years old	110
16	3 years old and less than 4 years old	95
17	4 years old and less than 5 years old	80
18	5 years old and less than 6 years old	65
19	6 years old and less than 7 years old	50
20	7 years old and less than 8 years old	35
21	8 years old and less than 9 years old	20
22	9 years old and older	15

23 (2) The owner of an automobile or light truck weighing
24 3,000 pounds or less, manufacturer's shipping weight, shall
25 pay a fee in lieu of property tax based on the age of the

HB 374

1 vehicle according to the following schedule:

2	less than 2 years old	\$115
3	2 years old and less than 3 years old	100
4	3 years old and less than 4 years old	85
5	4 years old and less than 5 years old	70
6	5 years old and less than 6 years old	55
7	6 years old and less than 7 years old	40
8	7 years old and less than 8 years old	25
9	8 years old and older	15

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 NEW SECTION. Section 64. Fees for motorcycles. (1)
14 Except as provided in 15-6-201, the owner of a motorcycle
15 with a piston displacement of more than 100 cubic
16 centimeters shall pay a fee in lieu of property tax based on
17 the age of the motorcycle according to the following
18 schedule:

19	less than 3 years old	\$25
20	3 years old and less than 4 years old	20
21	4 years old and less than 5 years old	10
22	5 years old and older	5

23 (2) Except as provided in 15-6-201, the owner of a
24 motorcycle with a piston displacement of 100 cubic
25 centimeters or less shall pay a fee in lieu of property tax

1 of one-half of the amount required for the use of the
2 motorcycle under the schedule in subsection (1), except that
3 the minimum property tax for a motorcycle under this
4 subsection is \$5.

5 NEW SECTION. Section 65. Fee in lieu of tax for
6 motorboats. (1) There is a fee in lieu of property tax
7 imposed on motorboats. The fee is in addition to the fee
8 required by 23-2-512 for filing the annual application for a
9 certificate of number.

10 (2) Subsection (1) does not apply to dealership
11 inventory of a motorboat dealer.

12 NEW SECTION. Section 66. Motorboat fees. The owner of
13 a motorboat shall pay a fee based on the length of a
14 motorboat as follows:

15 (1) for a motorboat 14 feet in length or less, \$2 per
16 foot or fraction of a foot;

17 (2) for a motorboat more than 14 feet in length but
18 less than 18 feet in length, \$3 per foot or fraction of a
19 foot;

20 (3) for a motorboat 18 feet in length or longer, \$4
21 per foot or fraction of a foot.

22 NEW SECTION. Section 67. Disposition of fees in lieu
23 of taxes. The county treasurer shall distribute all fees in
24 lieu of taxes collected on motorboats pursuant to [sections
25 65 and 66] in the manner provided in 61-3-509.

1 Section 68. Codification instruction. (1) Section 62
2 is intended to be codified as an integral part of Title 61,
3 chapter 1, part 1, and section 62 applies to Title 61, and
4 Title 61 applies to section 62.

5 (2) Sections 63 and 64 are intended to be codified as
6 an integral part of Title 61, chapter 3, part 5, and the
7 provisions of Title 61 apply to sections 63 and 64.

8 (3) Sections 65 through 67 are intended to be codified
9 as an integral part of Title 23, chapter 2, part 5, and the
10 provisions of Title 23 apply to sections 65 through 67.

11 Section 69. Severability. If a part of this act is
12 invalid, all valid parts that are severable from the invalid
13 part remain in effect. If a part of this act is invalid in
14 one or more of its applications, the part remains in effect
15 in all valid applications that are severable from the
16 invalid applications.

17 Section 70. Applicability. This act is applicable to
18 automobiles, light trucks, motorcycles, and motorboats
19 registered during and after 1982.

-End-

FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, 19 81, there is hereby submitted a Fiscal Note for HB 374 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.

IMPACT ON REVENUE (cont)

	Proposed	Current	Increase
	Law	Law	(Decrease)
FY 82			
Local gov't	\$24.876 M	\$33.128 M	(\$8.252 M)
University	\$ 0.666 M	\$ 0.887 M	(\$0.221 M)
FY 83			
Local gov't	\$27.025 M	\$35.991 M	(\$8.966 M)
University	\$ 0.724 M	\$ 0.964 M	(\$0.240 M)

There is a possibility of some cost savings due to reduced workload in certain County Assessor's Offices.

EFFECT ON LOCAL GOVERNMENTS

A county-by-county list of the effect of this proposal is attached. (This list does not include motorboats. It deals only with motor vehicles)

LONG-RANGE EFFECTS

The measure would produce a decrease in local government and state revenues of about the same order in FY 84 and FY 85.

TECHNICAL NOTE

The proposal uses "the taxable value as of December 31, 1980, of property within the county on which a fee in lieu of tax is charged". There are items of property (for example: motorhomes, travel trailers, and campers) which fit this definition but were not assessed in 1980 and consequently could not be included in the augmented taxable value envisioned in the proposal.

PREPARED BY THE DEPARTMENT OF REVENUE

Syle Manley, Jr.
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-28-81

STATE OF MONTANA

REQUEST NO. 175-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, 19 81, there is hereby submitted a Fiscal Note for House Bill 374 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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, motorcycles, motorboats, and light trucks with a system of fess based on the age and weight of the vehicle.

TECHNIQUE OF ESTIMATION

The data from the 1980 plate year Motor Vehicle Division computer tapes are 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 expanded to the whole file under the assumption that the 87.3% portion constitutes a representative sample.

IMPACT OF REVENUE

	TAX PAID (1980)	PROPOSED FEE IN LIEU OF TAX	INCREASE (DECREASE)
Automobiles & Light Trucks	\$29,817,729	\$21,713,182	(\$8,104,547)
Motorcycles	51,510	37,890	(13,620)
Motorboats	484,000	1,041,333	557,333
TOTAL	\$30,353,239	\$22,792,405	(\$7,560,834)

In 1980 motor vehicles constituted about 7.1% 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 bill, 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 1982	\$2.083 B X .071 X .006 = \$ 887,358
FY 1983	\$2.263 B X .071 X .006 = \$ 964,038

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 57). Assume that: 1) the proposal raises 75.09% as much as current law; 2) motor vehicles and motorboats constitute about 7.1% of the tax base (and the proportion remain constant for 1981 and 1982; 3) the average mill levy on vehicles and motorboats in 230 mills and the university levy is 6 mills

(continued page two)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

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	1,019,853	(783,322)
Cascade	49,101	3,698,285	2,277,720	(1,420,565)
Yellowstone	64,361	4,679,057	3,363,524	(1,315,533)
Missoula	43,746	3,030,741	2,090,097	(940,641)
Lewis & Clark	26,204	1,976,865	1,275,306	(701,559)
Gallatin	24,752	1,778,438	1,177,809	(600,629)
Flathead	32,635	2,039,345	1,554,251	(485,094)
Fergus	7,818	490,220	346,650	(143,570)
Powder River	1,586	81,825	101,253	19,428
Carbon	3,970	230,972	187,519	(43,453)
Phillips	2,868	152,094	148,415	(3,679)
Hill	6,586	472,681	354,473	(118,208)
Ravalli	13,659	656,037	601,467	(54,570)
Custer	7,804	584,256	367,925	(216,331)
Lake	11,280	589,713	523,539	(66,174)
Dawson	7,048	509,827	364,672	(145,155)
Roosevelt	4,158	306,305	246,290	(60,015)
Beaverhead	3,700	225,160	193,240	(31,920)
Chouteau	3,115	178,175	168,317	(9,858)
Valley	4,800	327,289	249,411	(77,878)
Toole	3,692	232,092	184,226	(47,866)
Big Horn	5,363	257,518	317,081	59,563
Musselshell	2,376	121,629	114,385	(7,244)
Blaine	2,715	171,020	154,938	(16,082)
Madison	3,032	171,604	155,837	(15,767)
Pondera	2,554	150,343	131,492	(18,851)
Richland	6,429	360,738	377,524	16,786
Powell	3,768	223,502	178,230	(45,272)
Rosebud	4,270	203,810	238,902	35,092
Deer Lodge	5,879	569,473	266,718	(302,755)
Teton	3,776	217,897	176,403	(41,494)
Stillwater	2,956	165,404	146,353	(19,051)
Treasure	537	28,272	29,918	1,646
Sheridan	3,329	182,736	181,718	(1,018)
Sanders	3,934	198,926	187,141	(11,785)
Judith Basin	1,758	94,151	86,243	(7,908)
Daniels	1,089	71,925	59,824	(12,101)
Glacier	5,557	327,780	306,692	(21,088)
Fallon	2,121	116,480	119,883	3,403
Sweetgrass	1,931	103,374	86,535	(16,839)
McCone	999	60,946	55,426	(5,520)
Carter	635	43,169	36,819	(6,350)
Broadwater	1,732	99,823	90,687	(9,136)
Wheatland	939	54,988	42,191	(12,797)
Prairie	944	54,109	45,873	(8,236)
Granite	1,704	100,489	79,955	(20,534)
Meagher	1,326	76,797	62,642	(14,155)
Liberty	1,449	83,154	82,555	599
Park	8,646	539,305	397,666	(141,639)
Garfield	700	36,133	34,826	(1,307)
Jefferson	3,516	236,793	168,196	(68,597)
Wibaux	683	36,338	36,143	(195)
Golden Valley	480	25,479	24,786	(693)
Mineral	1,624	119,556	73,088	(46,468)
Petroleum	234	10,879	12,296	1,417
Lincoln	7,563	388,137	358,258	(29,879)

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.