

SENATE BILL NO. 126

INTRODUCED BY SEVERSON, HIMSL, McCALLUM, BOYLAN, KOLSTAD,
GALT, ELLIOTT, KEATING, OCHSNER, HAGER, J. O'HARA,
HAFFERMAN, CONOVER, HAZELBAKER, NELSON, AKLESTAD,
GRAHAM, DOVER, MANLEY, STORY

IN THE SENATE

January 14, 1981	Introduced and referred to Committee on Taxation. Fiscal note requested.
January 20, 1981	Fiscal note returned.
March 23, 1981	Committee recommend bill do pass. Report adopted. On motion taken from Com- mittee on Bills and Journal and rereferred to Committee on Taxation. Motion adopted.
March 25, 1981	Committee recommend bill do pass. Report adopted. Statement of intent attached.
March 26, 1981	Bill printed and placed on members' desks.
March 27, 1981	Second reading, do pass.
March 28, 1981	Correctly engrossed. Third reading, passed. Ayes, 47; Noes, 0. Transmitted to House.

IN THE HOUSE

March 30, 1981	Introduced and referred to Committee on Taxation.
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April 11, 1981	Committee recommend bill be concurred in as amended. Report adopted.
April 13, 1981	Motion pass consideration until the 84th legislative day.
April 16, 1981	Second reading, pass consideration.
April 17, 1981	Second reading, pass consideration.
April 20, 1981	Second reading, pass consideration until the 89th legislative day.
April 22, 1981	Second reading, pass consideration.
April 23, 1981	Second reading, concurred in as amended. On motion rules suspended and bill placed on third reading this day. Third reading, concurred in as amended. Ayes, 87; Noes, 5.

IN THE SENATE

April 23, 1981	Returned from House with amendments. Second reading, amendments concurred in. Third reading, amendments concurred in. Ayes, 47; Noes, 2. Sent to enrolling. Reported correctly enrolled.
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1 *Senators Elliott, Spitznagel, Klotz*
 2 *Senators Nelson, Hager, O'Hara, W. Hoffmann, Darr, Combs, Story*
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 4 INTRODUCTION BY *Senators Nelson, Hager, O'Hara, W. Hoffmann, Darr, Combs, Story*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT SPECIFYING THE BASIS
 6 FOR ASSESSING AGRICULTURAL MACHINERY, AUTOMOBILES, TRUCKS
 7 AND OTHER MOTOR VEHICLES; AMENDING SECTIONS 15-1-101 AND
 8 15-8-111, MCA."

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

10 Section 1. Section 15-1-101, MCA, is amended to read:

11 "15-1-101. Definitions. (1) When terms mentioned in
12 this section are used in connection with taxation, they are
13 defined in the following manner:

14 (a) The term "agricultural" refers to the raising of
15 livestock, swine, poultry, field crops, fruit, and other
16 animal and vegetable matter for food or fiber.

17 (b) The term "assessed value" means the value of
18 property as defined in 15-8-111.

19 ~~(c) The term "average wholesale value" means the value~~
20 ~~to a dealer prior to reconditioning and profit margin shown~~
21 ~~in national appraisal guides and manuals or the valuation~~
22 ~~schedules of the department of revenue.~~

23 (c)(i) The term "credit" means solvent debts, secured
24 or unsecured, owing to a person.

25 (c)(ii) The term "improvements" includes all buildings,

1 structures, fixtures, fences, and improvements situated
2 upon, erected upon, or affixed to land. When the department
3 of revenue or its agent determines that the permanency of
4 location of a mobile home or housetrailer has been
5 established, the mobile home or housetrailer is presumed to
6 be an improvement to real property. If the mobile home or
7 housetrailer is an improvement located on land not owned by
8 the owner of such improvement, the improvement is assessed
9 as a leasehold improvement to real property and delinquent
10 taxes can be a lien only on the leasehold improvement.

11 (c)(ii) The term "mobile home" means forms of housing
12 known as "trailers", "housetrailers", or "trailer coaches",
13 exceeding 8 feet in width or 32 feet in length, designed to
14 be moved from one place to another by an independent power
15 connected to them.

16 (c)(iii) The term "personal property" includes
17 everything that is the subject of ownership but that is not
18 included within the meaning of the terms "real estate" and
19 "improvements".

20 (c)(iv) The term "poultry" includes all chickens,
21 turkeys, geese, ducks, and other birds raised in
22 domestication to produce food or feathers.

23 (c)(v) The term "property" includes moneys, credits,
24 bonds, stocks, franchises, and all other matters and things,
25 real, personal, and mixed, capable of private ownership.

1 This definition must not be construed to authorize the
2 taxation of the stocks of any company or corporation when
3 the property of such company or corporation represented by
4 the stocks is within the state and has been taxed.

5 ~~(j)~~(j) The term "real estate" includes:

6 (i) the possession of, claim to, ownership of, or
7 right to the possession of land;

8 (ii) all mines, minerals, and quarries in and under the
9 land subject to the provisions of 15-23-501 and 15-23-801;
10 all timber belonging to individuals or corporations growing
11 or being on the lands of the United States; and all rights
12 and privileges appertaining thereto.

13 ~~(k)~~(k) The term "taxable value" means the percentage
14 of market or assessed value as provided for in 15-6-131
15 through 15-6-140.

16 (2) The phrase "municipal corporation" or
17 "municipality" or "taxing unit" shall be deemed to include a
18 county, city, incorporated town, township, school district,
19 irrigation district, drainage district, or any persons,
20 persons, or organized body authorized by law to establish
21 tax levies for the purpose of raising public revenue.

22 (3) The term "state board" or "board" when used
23 without other qualification shall mean the state tax appeal
24 board."

25 Section 2. Section 15-8-111, MCA, is amended to read:

1 "15-8-111. Assessment -- market value standard --
2 exceptions. (1) All taxable property must be assessed at
3 100% of its market value except as provided in subsection
4 (5) of this section and in 15-7-111 through 15-7-114.

5 (2) (a) Market value is the value at which property
6 would change hands between a willing buyer and a willing
7 seller, neither being under any compulsion to buy or to sell
8 and both having reasonable knowledge of relevant facts.

9 ~~(b) The market value of all automobiles, motor
10 trucks, and other power-driven cars; agricultural tools,
11 implements, and machinery; and vehicles of all kinds,
12 including but not limited to motorcycles, aircraft, and
13 boats and all watercraft, is the average wholesale value
14 shown in national appraisal guides and manuals or the value
15 of the vehicle before reconditioning and profit margin. The
16 department of revenue shall prepare valuation schedules
17 showing the average wholesale value when no national
18 appraisal guide exists.~~

19 (3) The department of revenue or its agents may not
20 adopt a lower or different standard of value from market
21 value in making the official assessment and appraisal of the
22 value of property in subsection (1)(a) of 15-6-131 and
23 15-6-134 through 15-6-140. For purposes of taxation,
24 assessed value is the same as appraised value.

25 (4) The taxable value for all property in subsection

1 (1)(a) of 15-6-131 and classes four through ten [class
2 twenty, and class twenty-one] is the percentage of market
3 value established for each class of property in subsection
4 (2)(a) of 15-6-131 and 15-6-134 through 15-6-141 [and
5 15-6-121].

6 (5) The assessed value of properties in subsection
7 (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

8 (a) Properties in subsection (1)(b) of 15-6-131, under
9 class one, are assessed at 100% of the annual net proceeds
10 after deducting the expenses specified and allowed by
11 15-23-503.

12 (b) Properties in 15-6-132 under class two are
13 assessed at 100% of the annual gross proceeds.

14 (c) Properties in 15-6-133, under class three, are
15 assessed at 100% of the productive capacity of the lands
16 when valued for agricultural purposes. All lands that meet
17 the qualifications of 15-7-202 are valued as agricultural
18 lands for tax purposes.

19 (6) Land and the improvements thereon are separately
20 assessed when any of the following conditions occur:

21 (a) ownership of the improvements is different from
22 ownership of the land;

23 (b) the taxpayer makes a written request; or

24 (c) the land is outside an incorporated city or town.

25 (7) The taxable value of all property in subsection

1 (1)(b) of 15-6-131 and classes two and three is the
2 percentage of assessed value established in 15-6-131(2)(b),
3 15-6-132, and 15-6-133 [and 15-6-120] for each class of
4 property.*

-End-

STATE OF MONTANA

REQUEST NO. 96

FISCAL NOTE

Form BD-15

In compliance with a written request received January 17, 19 81, there is hereby submitted a Fiscal Note for SENATE BILL 126 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

An act specifying the basis for assessing agricultural machinery, automobiles, trucks and other motor vehicles.

ASSUMPTIONS

- 1. The property tax on these type of vehicles remain in effect for the biennium.
2. The proposed legislation becomes effective Jan. 1, 1982. No effect in FY 82. Effective for tax year 1982 -fiscal impact in FY 83.
3. The effect of HB 119 is not considered. (reduce tax on some motor vehicles from 13% to 11%).
4. The decrease in taxable value of this type of property will be at least 20% in FY 83 due to the change in assessment basis. (The actual decreases vary from 20% to 50% so the 20% decrease is a lower bound estimate of the decrease in taxable valuation of this type of property.)
5. Taxable valuations for tax year 1980 will remain the same for tax year 1982.
6. University levy - 6 mills.
7. Average statewide levy - 220 mills.

FISCAL IMPACT

Table with 3 columns: Item, FY 82, FY 83. Rows include University Levy, Under current law, Under proposed law, and Estimated Decrease.

EFFECT ON LOCAL GOVERNMENTS

The proposed legislation would decrease revenues by at least \$9.5 million in FY 83 to local governments. The legislation would decrease the statewide tax base by at least 2.4%.

LONG RANGE EFFECTS

The proposed legislation would decrease revenues to the university fund by at least \$260,000 and \$9.5 million to local governments for each year.

Handwritten signature of David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-20-81

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TECHNICAL NOTE

If HB 119 passes, the combined effect with this proposed legislation would be to add to the decrease in revenues to the university fund and local governments.

PREPARED BY THE DEPARTMENT OF REVENUE

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

REQUEST NO. 96-81

FISCAL NOTE

Form BD-15

In compliance with a written request received April 13, 19 81, there is hereby submitted a Fiscal Note for SB 126 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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DESCRIPTION

This proposal defines market value for a broad class of property including motor vehicles of all kinds, aircraft, watercraft, and agricultural machinery as average wholesale value. It removes the 25 mill elementary school levy, the 15 mill secondary school levy, and the 6 mill university levy from automobiles and trucks with a GVW capacity of three-quarter ton or less. Finally, it reallocates the proceeds from the individual income tax and corporation license tax.

ASSUMPTIONS

1. Department of Revenue individual income tax and corporation license tax estimates for FY82 and 83 are used. A base personal exemption amount of \$800 is assumed.
2. Individual income tax FY82: \$161.556 M, FY83: \$167.993 M; Total Corporation license tax FY82: \$45.7 M, FY83: \$46.4 M, Corporation license tax from financial institutions allocated to counties: FY82: \$4.0 M; FY83: \$4.0 M. Net Corporation License Tax subject to distribution FY82: \$41.7 M; FY83: \$42.4 M
3. Motor Vehicle Data from Motor Vehicle Division computer run of March 26-27, 1981 was used in this estimate.
4. Average mill levy: motor vehicles: 260 mills, other property affected: 200 mills.
5. Average trade-in for motor vehicles is 75% of retail value used under present law.
6. Average trade-in value of other property affected is 80% of retail value used under present law.
7. Taxable value of cars and light trucks (under current law) 82: \$138.2 M ; 83: \$141.01 M
Taxable value of other property affected (under current law) 82: \$80 M ; 83: \$84 M.

FISCAL IMPACT

	<u>FY82</u>	<u>FY83</u>
State		
Total to be allocated	\$203.256 M	\$210.393 M

Fund Information:

	<u>FY82</u>	<u>FY83</u>
General Fund		
Current Law	\$130.084 M	\$134.652 M
Proposed Law	<u>\$123.986 M</u>	<u>\$128.340 M</u>
Incr/(decr)	(\$ 6.098 M)	(\$ 6.312 M)
Earmarked Revenue Fund		
Current Law	\$ 50.814 M	\$ 52.598 M
Proposed Law	<u>\$ 56.912 M</u>	<u>\$ 58.910 M</u>
Incr/(decr)	\$ 6.098 M	\$ 6.312 M

David M. Lamb
Office of Budget and Program Planning
Date: 4-16-81

(continued on page 2)

STATE OF MONTANA

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FISCAL IMPACT (cont.)

	<u>FY82</u>	<u>FY83</u>
Sinking Fund*		
Current Law	\$ 22.358 M	\$ 23.143 M
Proposed Law	<u>\$ 22.358 M</u>	<u>\$ 23.143 M</u>
Incr/(decr)	0	0

*A portion of this account may be transferred to the General Fund as Long Range Bond Excess.

TOTAL IMPACT ON PROPERTY TAX REVENUE

	Current Law	Proposed Law	Inc/ (Decr)
1982			
Local Revenue	\$41.895M	\$32.036M	(\$9.859M)
State			
University Levy	\$ 1.309M	\$ 0.384M	(\$0.925M)
School Foundation	\$ 8.726M	\$ 2.560M	(\$6.166M)
Total	<u>\$51.930M</u>	<u>\$34.980M</u>	<u>(\$16.950M)¹</u>
1983			
Local Revenue	\$43.728M	\$32.967M	(\$10.761M)
State			
University Levy	\$ 1.374M	\$ 0.403M	(\$ 0.971M)
School Foundation	\$ 9.159M	\$ 2.688M	(\$ 6.471M)
Total	<u>\$54.261M</u>	<u>\$36.058M</u>	<u>(\$18.203M)¹</u>

¹The total estimate of impact is somewhat higher than that found on the original fiscal note because automobile and light truck data from the Motor Vehicle Division are used for this calculation while data from County Assessor's Reports were used for the original estimate. This change in data results in an increase of about 25% in the amount of value attributable to automobiles and light trucks.

(continued on page 3)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

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ANALYSIS OF IMPACT - PROPERTY TAX REVENUE

A. Motor Vehicles (Automobiles and Light Trucks)

1982

	Current Law	Proposed Law	Increase/(Decrease)
Local Share	\$29.575 M	\$22.180 M	(\$ 7.395 M)
State			
University Levy	\$ 0.829 M	0	(\$ 0.829 M)
School Foundation	\$ 5.526 M	0	(\$ 5.526 M)
<u>Total</u>	<u>\$35.930 M</u>	<u>\$22.180 M</u>	<u>(\$13.750 M)</u>

1983

	Current Law	Proposed Law	Increase/(Decrease)
Local Share	\$30.176 M	\$22.618 M	(\$ 7.558 M)
State			
University levy	\$ 0.846 M	0	(\$ 0.846 M)
School Foundation	\$ 5.639 M	0	(\$ 5.639 M)
<u>Total</u>	<u>\$36.661 M</u>	<u>\$22.618 M</u>	<u>(\$14.043 M)</u>

B. Other Property Affected

1982

	Current Law	Proposed Law	Increase/(Decrease)
Local Share	\$12.320 M	\$ 9.856 M	(\$2.464 M)
State			
University Levy	\$ 0.489 M	\$ 0.384 M	(\$0.096 M)
School Foundation	\$ 3.200 M	\$ 2.560 M	(\$0.064 M)
<u>Total</u>	<u>\$16.000 M</u>	<u>\$12.800 M</u>	<u>(\$3.200 M)</u>

(continued page 4)

BUDGET DIRECTOR

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B. Other Property Affected (cont.)

1983

	Current Law	Proposed Law	Increase/(Decrease)
Local Share State	\$13.552 M	\$10.349 M	(\$3.203 M)
University Levy	\$ 0.528 M	\$ 0.403 M	(\$0.125 M)
School Foundation	\$ 3.520 M	\$ 2.688 M	(\$0.832 M)
<u>Total</u>	<u>\$17.600 M</u>	<u>\$13.440 M</u>	<u>(\$4.160 M)</u>

PREPARED BY THE DEPARTMENT OF REVENUE

BUDGET DIRECTOR
Office of Budget and Program Planning
Date: _____

STATEMENT OF INTENT

SENATE BILL 126

Senate Taxation Committee

Section 2 of Senate Bill No. 126 requires that the Department of Revenue adopt rules to implement the provisions relating to "average wholesale value" contained in sections 1 and 2.

Since different national appraisal guides use various language to describe "average wholesale value" it is the intent of the Legislature that in preparing "average wholesale value" tables, in instructing departmental employees on the use of national appraisal guides and in establishing rules to govern the administration of sections 1 and 2, the following terms shall be used:

<p>16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31</p>	<p><u>National appraisal guide</u> <u>Aircraft Blue Book</u>, (Aircraft Dealers Assn., P.O. Box 621, Aurora, Colo.) <u>National Automobile Dealers Association: Official Used Car Guide</u> (McLean, Va.: National Automobile Dealers Used Car Guide) <u>Green Guide: The Handbook of New and Used Construction Equipment Values</u> (Palo Alto, California: Equipment Guidebook Company)</p>	<p>Column that denotes "average wholesale value" is marked Approximate Wholesale Average Trade-In Wholesale</p>
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<p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33</p>	<p><u>Blue Book: Outboard Motor Trade-In Guide:</u> <u>Fresh Water and Salt Water</u> (Overland Park, Kansas: ABOS Marine Publications Division) <u>Blue Book: Boat Trailer Trade-In Guide</u> (Overland Park, Kansas: ABOS Marine Publications Division) <u>Blue Book: Outboard Boat Trade-In Guide</u> (Overland Park, Kansas: ABOS Marine Publications Division) <u>Blue Book: Inboard/Outdrive Boat Trade-In Guide</u> (Overland Park, Kansas: ABOS Marine Publications Division) <u>Motorcycle, Moped and Mini-Bike Trade-In Guide</u> (Overland Park, Kansas: ABOS Marine Publications Division) <u>Official Guide: Tractors and Farm Equipment</u> (St. Louis, Mo. National Farm and Power Services, Inc.) <u>Truck Blue Book</u> (Chicago, Ill.: National Market Reports, Inc.) It is the intent of the legislature that the department will use a factor of 80% of the "Average Retail Value" indicated in the <u>Truck Blue Book</u> cited above. First adopted by the Senate Taxation Committee on the 23rd day of March 1981.</p>	<p>Estimated Current Value Less Repairs: High Estimated Current Value Less Repairs: High Estimated Current Value Less Repairs: High Estimated Current Value Less Repairs: High Estimated Current Value Less Repairs: High Average As Is Average Retail Value*</p>
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Approved by Committee
on Taxation

Ellett *Salby*
Robert
BILL NO. 126

INTRODUCED BY

Sweeney *Shinal* *Malcolm* *Boyer*
Dehmer *Hager* *O'Hara* *Ally* *Hoffman*
Hall *NELSON* *AKRESTAD* *Strand* *Daw* *Conroy* *Stroy*
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16		Column that denotes
17		"average wholesale
18	<u>National appraisal guide</u>	value" is marked
19	<u>Aircraft Blue Book,</u>	Approximate Wholesale
20	(Aircraft Dealers Assn.,	
21	P.O. Box 621, Aurora, Colo.)	
22	<u>National Automobile Dealers</u>	Average Trade-In
23	<u>Association: Official Used</u>	
24	<u>Car Guide</u> (McLean, Va.:	
25	National Automobile Dealers	
26	Used Car Guide)	
27	<u>Green Guide: The Handbook</u>	Wholesale
28	<u>of New and Used Construction</u>	
29	<u>Equipment Values</u> (Palo Alto,	
30	California: Equipment	
31	Guidebook Company)	

1 Blue Book: Outboard Estimated Current
 2 Motor Trade-In Guide: Value Less Repairs:
 3 Fresh Water and Salt Water High
 4 (Overland Park, Kansas: ABOS
 5 Marine Publications Division)

6 Blue Book: Boat Trailer Estimated Current
 7 Trade-In Guide (Overland Value Less Repairs:
 8 Park, Kansas: ABOS Marine High
 9 Publications Division)

10 Blue Book: Outboard Boat Estimated Current
 11 Trade-In Guide (Overland Value Less Repairs:
 12 Park, Kansas: ABOS Marine High
 13 Publications Division)

14 Blue Book: Inboard/Outdrive Estimated Current
 15 Boat Trade-In Guide (Overland Value Less Repairs:
 16 Park, Kansas: ABOS Marine High
 17 Publications Division)

18 Motorcycle, Moped and Estimated Current
 19 Mini-Bike Trade-In Guide Value Less Repairs:
 20 (Overland Park, Kansas: ABOS High
 21 Marine Publications Division)

22 Official Guide: Tractors Average As Is
 23 and Farm Equipment (St. Louis,
 24 Mo. National Farm and Power
 25 Services, Inc.)

26 Truck Blue Book (Chicago, Average Retail
 27 Ill.: National Market Value*
 28 Reports, Inc.)

29 It is the intent of the legislature that the department
 30 will use a factor of 80% of the "Average Retail Value"
 31 indicated in the Truck Blue Book cited above.

32 First adopted by the Senate Taxation Committee on the
 33 23rd day of March 1981.

1 *Ellott* *Walters*
 2 *Amata* BILL NO. *126*
 3 INTRODUCED BY *Sweeney* *Shinn* *Maballa* *Boyer*
 4 *Bohmer* *Hager* *T. O'Hara* *W. H. Hoffner*
 5 *Nelson* *AKAESTAD* *Stray*
 6 A BILL FOR AN ACT ENTITLED: "AN ACT SPECIFYING THE BASIS
 7 FOR ASSESSING AGRICULTURAL MACHINERY, AUTOMOBILES, TRUCKS
 8 AND OTHER MOTOR VEHICLES; AMENDING SECTIONS 15-1-101 AND
 9 15-8-111, MCA."

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

11 Section 1. Section 15-1-101, MCA, is amended to read:

12 "15-1-101. Definitions. (1) When terms mentioned in
13 this section are used in connection with taxation, they are
14 defined in the following manner:

15 (a) The term "agricultural" refers to the raising of
16 livestock, swine, poultry, field crops, fruit, and other
17 animal and vegetable matter for food or fiber.

18 (b) The term "assessed value" means the value of
19 property as defined in 15-8-111.

20 (c) The term "average wholesale value" means the value
21 to a dealer prior to reconditioning and profit margin shown
22 in national appraisal guides and manuals or the valuation
23 schedules of the department of revenue.

24 (d) The term "credit" means solvent debts, secured
25 or unsecured, owing to a person.

(e) The term "improvements" includes all buildings,

1 structures, fixtures, fences, and improvements situated
2 upon, erected upon, or affixed to land. When the department
3 of revenue or its agent determines that the permanency of
4 location of a mobile home or housetrailer has been
5 established, the mobile home or housetrailer is presumed to
6 be an improvement to real property. If the mobile home or
7 housetrailer is an improvement located on land not owned by
8 the owner of such improvement, the improvement is assessed
9 as a leasehold improvement to real property and delinquent
10 taxes can be a lien only on the leasehold improvement.

11 (f) The term "mobile home" means forms of housing
12 known as "trailers", "housetrailers", or "trailer coaches",
13 exceeding 8 feet in width or 32 feet in length, designed to
14 be moved from one place to another by an independent power
15 connected to them.

16 (g) The term "personal property" includes
17 everything that is the subject of ownership but that is not
18 included within the meaning of the terms "real estate" and
19 "improvements".

20 (h) The term "poultry" includes all chickens,
21 turkeys, geese, ducks, and other birds raised in
22 domestication to produce food or feathers.

23 (i) The term "property" includes moneys, credits,
24 bonds, stocks, franchises, and all other matters and things,
25 real, personal, and mixed, capable of private ownership.

1 This definition must not be construed to authorize the
2 taxation of the stocks of any company or corporation when
3 the property of such company or corporation represented by
4 the stocks is within the state and has been taxed.

5 ~~(j)~~(l) The term "real estate" includes:

6 (i) the possession of, claim to, ownership of, or
7 right to the possession of land;

8 (ii) all mines, minerals, and quarries in and under the
9 land subject to the provisions of 15-23-501 and 15-23-801;
10 all timber belonging to individuals or corporations growing
11 or being on the lands of the United States; and all rights
12 and privileges appertaining thereto.

13 ~~(j)(k)~~ The term "taxable value" means the percentage
14 of market or assessed value as provided for in 15-6-131
15 through 15-6-140.

16 (2) The phrase "municipal corporation" or
17 "municipality" or "taxing unit" shall be deemed to include a
18 county, city, incorporated town, township, school district,
19 irrigation district, drainage district, or any person,
20 persons, or organized body authorized by law to establish
21 tax levies for the purpose of raising public revenue.

22 (3) The term "state board" or "board" when used
23 without other qualification shall mean the state tax appeal
24 board."

25 Section 2. Section 15-8-111, MCA, is amended to read:

1 "15-8-111. Assessment -- market value standard --
2 exceptions. (1) All taxable property must be assessed at
3 100% of its market value except as provided in subsection
4 (5) of this section and in 15-7-111 through 15-7-114.

5 (2) (a) Market value is the value at which property
6 would change hands between a willing buyer and a willing
7 seller, neither being under any compulsion to buy or to sell
8 and both having reasonable knowledge of relevant facts.

9 ~~(b) The market value of all automobiles, motor~~
10 ~~trucks, and other power-driven cars; agricultural tools,~~
11 ~~implements, and machinery; and vehicles of all kinds,~~
12 ~~including but not limited to motorcycles, aircraft, and~~
13 ~~boats and all watercraft, is the average wholesale value~~
14 ~~shown in national appraisal guides and manuals or the value~~
15 ~~of the vehicle before reconditioning and profit margin. The~~
16 ~~department of revenue shall prepare valuation schedules~~
17 ~~showing the average wholesale value when no national~~
18 ~~appraisal guide exists.~~

19 (3) The department of revenue or its agents may not
20 adopt a lower or different standard of value from market
21 value in making the official assessment and appraisal of the
22 value of property in subsection (1)(a) of 15-6-131 and
23 15-6-134 through 15-6-140. For purposes of taxation,
24 assessed value is the same as appraised value.

25 (4) The taxable value for all property in subsection

1 (1)(a) of 15-6-131 and classes four through ten [class
2 twenty, and class twenty-one] is the percentage of market
3 value established for each class of property in subsection
4 (2)(a) of 15-6-131 and 15-6-134 through 15-6-141 [and
5 15-6-121].

6 (5) The assessed value of properties in subsection
7 (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

8 (a) Properties in subsection (1)(b) of 15-6-131, under
9 class one, are assessed at 100% of the annual net proceeds
10 after deducting the expenses specified and allowed by
11 15-23-503.

12 (b) Properties in 15-6-132 under class two are
13 assessed at 100% of the annual gross proceeds.

14 (c) Properties in 15-6-133, under class three, are
15 assessed at 100% of the productive capacity of the lands
16 when valued for agricultural purposes. All lands that meet
17 the qualifications of 15-7-202 are valued as agricultural
18 lands for tax purposes.

19 (6) Land and the improvements thereon are separately
20 assessed when any of the following conditions occur:

21 (a) ownership of the improvements is different from
22 ownership of the land;

23 (b) the taxpayer makes a written request; or

24 (c) the land is outside an incorporated city or town.

25 (7) The taxable value of all property in subsection

1 (1)(b) of 15-6-131 and classes two and three is the
2 percentage of assessed value established in 15-6-131(2)(b),
3 15-6-132, and 15-6-133 [and 15-6-120] for each class of
4 property."

-End-

STATEMENT OF INTENT

SENATE BILL 126

Senate Taxation Committee

Section 2 of Senate Bill No. 126 requires that the Department of Revenue adopt rules to implement the provisions relating to "average wholesale value" contained in sections 1 and 2.

Since different national appraisal guides use various language to describe "average wholesale value", it is the intent of the Legislature that in preparing "average wholesale value" tables, in instructing departmental employees on the use of national appraisal guides and in establishing rules to govern the administration of sections 1 and 2, the following terms shall be used:

<p>16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31</p>	<p><u>National appraisal guide</u> <u>Aircraft Blue Book,</u> (Aircraft Dealers Assn., P.O. Box 621, Aurora, Colo.) <u>National Automobile Dealers</u> <u>Association's Official Used</u> <u>Car Guide (McBee-Voss</u> <u>National Automobile Dealers</u> <u>Used-Car Guide)</u> <u>Green Guide: The Handbook</u> <u>of New and Used Construction</u> <u>Equipment Values (Palo Alto,</u> <u>California: Equipment</u> <u>Guidebook Company)</u></p>	<p>Column that denotes "average wholesale value" is marked Approximate Wholesale Average-Trade-in Wholesale</p>
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Blue Book: Outboard
Motor Trade-In Guide:
Fresh Water and Salt Water
(Overland Park, Kansas: ABOS
Marine Publications Division)

Estimated Current
Value Less Repairs:
High

Blue Book: Boat Trailer
Trade-In Guide (Overland
Park, Kansas: ABOS Marine
Publications Division)

Estimated Current
Value Less Repairs:
High

Blue Book: Outboard Boat
Trade-In Guide (Overland
Park, Kansas: ABOS Marine
Publications Division)

Estimated Current
Value Less Repairs:
High

Blue Book: Inboard/Outdrive
Boat Trade-In Guide (Overland
Park, Kansas: ABOS Marine
Publications Division)

Estimated Current
Value Less Repairs:
High

Motorcycle, Moped and
Mini-Bike Trade-In Guide
(Overland Park, Kansas: ABOS
Marine Publications Division)

Estimated Current
Value Less Repairs:
High

Official Guide: Tractors
and Farm Equipment (St. Louis,
Mo.: National Farm and Power
Services, Inc.)

Average As Is

Truck Blue Book (Chicago,
Ill.: National Market
Reports, Inc.)

Average Retail
Value*

*It is the intent of the Legislature that the Department will use a factor of 80% of the "Average Retail Value" indicated in the Truck Blue Book cited above.

First adopted by the Senate Taxation Committee on the 23rd day of March 1981.

SENATE BILL NO. 126

INTRODUCED BY SEVERSON, HIMSL, McCALLUM, BOYLAN, KOLSTAD,

GALT, ELLIOTT, KEATING, OCHSNER, HAGER, J. O'HARA,

HAFFERMAN, CONOVER, HAZELBAKER, NELSON, AKLESTAD,

GRAHAM, DOVER, MANLEY, STORY

A BILL FOR AN ACT ENTITLED: "AN ACT SPECIFYING THE BASIS FOR ASSESSING AGRICULTURAL MACHINERY, AUTOMOBILES, TRUCKS, AND OTHER MOTOR VEHICLES; ~~TO CHANGE THE FUNDING ALLOCATIONS OF THE SCHOOL EQUALIZATION PROGRAM BY ALTERING CONTRIBUTIONS OF INCOME AND CORPORATE TAX; ELIMINATING THE PROPERTY TAX MILE LEVY ON CERTAIN VEHICLES FOR SCHOOL DISTRICT CONTRIBUTIONS TO THE SCHOOL EQUALIZATION PROGRAM AND THE UNIVERSITY LEVY~~ AMENDING SECTIONS 15-1-101 AND 15-1-501 AND 15-8-111, 20-9-331, 20-9-333 AND 20-9-343 MCA AND SECTION 1, CHAPTER 502, LAWS OF 1979."

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

Section 1. Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) When terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, swine, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(e) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. If the mobile home or housetrailer is an improvement located on land not owned by the owner of such improvement, the improvement is assessed as a leasehold improvement to real property and delinquent taxes can be a lien only on the leasehold improvement.

(f) The term "mobile home" means forms of housing known as "trailers", "housetrainers", or "trailer coaches", exceeding 8 feet in width or 32 feet in length, designed to be moved from one place to another by an independent power connected to them.

(g) The term "personal property" includes

1 everything that is the subject of ownership but that is not
 2 included within the meaning of the terms "real estate" and
 3 "improvements".

4 ~~fgj~~(h) The term "poultry" includes all chickens,
 5 turkeys, geese, ducks, and other birds raised in
 6 domestication to produce food or feathers.

7 ~~fh~~(i) The term "property" includes moneys, credits,
 8 bonds, stocks, franchises, and all other matters and things,
 9 real, personal, and mixed, capable of private ownership.
 10 This definition must not be construed to authorize the
 11 taxation of the stocks of any company or corporation when
 12 the property of such company or corporation represented by
 13 the stocks is within the state and has been taxed.

14 ~~fi~~(j) The term "real estate" includes:

15 (i) the possession of, claim to, ownership of, or
 16 right to the possession of land;

17 (ii) all mines, minerals, and quarries in and under the
 18 land subject to the provisions of 15-23-501 and 15-23-801;
 19 all timber belonging to individuals or corporations growing
 20 or being on the lands of the United States; and all rights
 21 and privileges appertaining thereto.

22 ~~fj~~(k) The term "taxable value" means the percentage
 23 of market or assessed value as provided for in 15-6-131
 24 through 15-6-140.

25 (2) The phrase "municipal corporation" or

1 "municipality" or "taxing unit" shall be deemed to include a
 2 county, city, incorporated town, township, school district,
 3 irrigation district, drainage district, or any person,
 4 persons, or organized body authorized by law to establish
 5 tax levies for the purpose of raising public revenue.

6 (3) The term "state board" or "board" when used
 7 without other qualification shall mean the state tax appeal
 8 board."

9 ~~SECTION-2--SECTION-15-1-501-MEA-15-AMENDED-10-READ-~~

10 ~~15-1-501--Disposition---of---moneys---from---certain~~
 11 ~~designated-license-and-other-taxes--(i)-The-state-treasurer~~
 12 ~~shall-deposit-to-the-credit-of-the-state--general--fund--all~~
 13 ~~moneys-received-by-him-from-the-collection-of*~~

14 ~~(a)--automobile-driver's-license-fees-under-subsections~~
 15 ~~(1)-through-(6)-of-61-5-111*~~

16 ~~(b)--electric-energy-producer's--license--taxes-under~~
 17 ~~chapter-51*~~

18 ~~(c)--metalliferous-mines-license--taxes--under--chapter~~
 19 ~~37*~~

20 ~~(d)--oil--and--gas--severance--taxes--allocated--to--the~~
 21 ~~general-fund-under-chapter-36*~~

22 ~~(e)--liquor-license-taxes-under--title-16*~~

23 ~~(f)--telephone-license-taxes-under-chapter-53*and~~

24 ~~(g)--inheritance--and--estate--taxes--under--title--72*~~
 25 ~~chapter-16*~~

1 (2) ~~Seventy-five~~ Seventy-two percent of all moneys
 2 received from the collection of income taxes under chapter
 3 38 and corporation license and income taxes under chapter
 4 31, except as provided in 15-31-702, shall be deposited in
 5 the general fund subject to the prior pledge and
 6 appropriation of such income tax and corporation license tax
 7 collections for the payment of long-range building program
 8 bonds. The remaining 25% ~~20%~~ of the proceeds of the
 9 corporation license tax, excluding that allocated to the
 10 counties under 15-31-702, corporation income tax, and income
 11 tax, shall be deposited to the credit of the earmarked
 12 revenue fund for state equalization aid to the public
 13 schools of Montana.

14 (3) The state treasurer shall also deposit to the
 15 credit of the state general fund all moneys received by him
 16 from the collection of license taxes, fees, and all net
 17 revenues and receipts from all other sources under the
 18 operation of the Montana Alcoholic Beverage Code.

19 Section 2. Section 15-8-111, MCA, is amended to read:

20 "15-8-111. Assessment -- market value standard --
 21 exceptions. (1) All taxable property must be assessed at
 22 100% of its market value except as provided in subsection
 23 (3) of this section and in 15-7-111 through 15-7-114.

24 (2) (a) Market value is the value at which property
 25 would change hands between a willing buyer and a willing

1 seller, neither being under any compulsion to buy or to sell
 2 and both having reasonable knowledge of relevant facts.

3 (b) The market value of all automobiles, motor trucks,
 4 and other power-driven cars; agricultural tools, implements,
 5 and machinery; and vehicles of all kinds, including but not
 6 limited to motorcycles, aircraft, and boats and all
 7 watercraft, is the average wholesale value shown in national
 8 appraisal guides and manuals or the value of the vehicle
 9 before reconditioning and profit margin. The department of
 10 revenue shall prepare valuation schedules showing the
 11 average wholesale value when no national appraisal guide
 12 exists.

13 (3) The department of revenue or its agents may not
 14 adopt a lower or different standard of value from market
 15 value in making the official assessment and appraisal of the
 16 value of property in subsection (1)(a) of 15-6-131 and
 17 15-6-134 through 15-6-140. For purposes of taxation,
 18 assessed value is the same as appraised value.

19 (4) The taxable value for all property in subsection
 20 (1)(a) of 15-6-131 and classes four through ten [class
 21 twenty, and class twenty-one] is the percentage of market
 22 value established for each class of property in subsection
 23 (2)(a) of 15-6-131 and 15-6-134 through 15-6-141 [and
 24 15-6-121].

25 (5) The assessed value of properties in subsection

1 (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

2 (a) Properties in subsection (1)(b) of 15-6-131, under
3 class one, are assessed at 100% of the annual net proceeds
4 after deducting the expenses specified and allowed by
5 15-23-503.

6 (b) Properties in 15-6-132 under class two are
7 assessed at 100% of the annual gross proceeds.

8 (c) Properties in 15-6-133, under class three, are
9 assessed at 100% of the productive capacity of the lands
10 when valued for agricultural purposes. All lands that meet
11 the qualifications of 15-7-202 are valued as agricultural
12 lands for tax purposes.

13 (6) Land and the improvements thereon are separately
14 assessed when any of the following conditions occur:

15 (a) ownership of the improvements is different from
16 ownership of the land;

17 (b) the taxpayer makes a written request; or

18 (c) the land is outside an incorporated city or town.

19 (7) The taxable value of all property in subsection
20 (1)(b) of 15-6-131 and classes two and three is the
21 percentage of assessed value established in 15-6-131(2)(b),
22 15-6-132, and 15-6-133 [and 15-6-120] for each class of
23 property."

24 ~~SECTION 4, SECTION 20-9-331, MCA, IS AMENDED TO READ:~~

25 ~~"20-9-331. Basic county tax and other revenues for~~

1 county equalization of the elementary district foundation
2 programs. It shall be the duty of the county
3 commissioners of each county to levy an annual basic tax of
4 25 mills on the dollars of the taxable value of all taxable
5 property within the county, excluding vehicles and light
6 trucks with a GVW capacity of three-quarter ton or less, for
7 the purposes of local and state foundation program support.
8 The revenue to be collected from this levy shall be
9 apportioned to the support of the foundation programs of the
10 elementary school districts in the county and to the
11 earmarked revenue fund, state equalization aid account, in
12 the following manner:

13 (a) In order to determine the amount of revenue raised
14 by this levy which is retained by the county, the sum of the
15 estimated revenues identified in subsections (2)(a) through
16 (2)(f) below shall be subtracted from the sum of the county
17 elementary transportation obligation and the total of the
18 foundation programs of all elementary districts of the
19 county.

20 (b) If the basic levy of 25 mills produces more
21 revenue than is required to finance the difference
22 determined above, the county commissioners shall order the
23 county treasurer to remit the surplus funds to the state
24 treasurer for deposit to the earmarked revenue fund, state
25 equalization aid account, not later than June 1 of the

1 fiscal year for which the levy has been set.

2 (2) The proceeds realized from the county's portion of

3 the levy prescribed by this section and the revenues from

4 the following sources shall be used for the equalization of

5 the elementary district foundation programs of the county as

6 prescribed in 20-9-334 and a separate accounting shall be

7 kept of such proceeds and revenues by the county treasurer

8 in accordance with 20-9-212(1):

9 (a) the portion of the federal forest reserve funds

10 distributed to a county and designated for the common school

11 fund under the provisions of 17-3-213;

12 (b) the portion of the federal Taylor Grazing Act

13 funds distributed to a county and designated for the common

14 school fund under the provisions of 17-3-222;

15 (c) the portion of the federal flood control act funds

16 distributed to a county and designated for expenditure for

17 the benefit of the county common schools under the

18 provisions of 17-3-232;

19 (d) all moneys which are paid into the county treasury

20 as a result of fines for violations of law and the use of

21 which is not otherwise specified by law;

22 (e) any money remaining at the end of the immediately

23 preceding school fiscal year in the county treasurer's

24 account for the various sources of revenue established or

25 referred to in this section; and

1 (f) any federal or state moneys distributed to the

2 county as payment in lieu of the property taxation

3 established by the county levy required by this section.

4 ~~SECTION 5. SECTION 20-9-333, MCA, IS AMENDED TO READ:~~

5 "20-9-333. Basic special levy and other revenues for

6 county equalization of high school district foundation

7 programs. (1) It shall be the duty of the county

8 commissioners of each county to levy an annual basic special

9 tax for high schools of 15 mills on the dollar of the

10 taxable value of all taxable property within the county

11 excluding vehicles and light trucks with a GVW capacity of

12 three-quarter ton or less for the purposes of local and

13 state foundation program support. The revenue to be

14 collected from this levy shall be apportioned to the support

15 of the foundation programs of high school districts in the

16 county and to the earmarked revenue fund state equalization

17 aid account in the following manner:

18 (a) In order to determine the amount of revenue raised

19 by this levy which is retained by the county, the estimated

20 revenues identified in subsections (2)(a) and (2)(b) below

21 shall be subtracted from the sum of the county's high school

22 tuition obligation and the total of the foundation programs

23 of all high school districts of the county.

24 (b) If the basic levy for 15 mills produces more

25 revenue than is required to finance the difference

1 determined above, the county commissioners shall order the
2 county treasurer to remit the surplus to the state treasurer
3 for deposit to the earmarked revenue fund, state
4 equalization aid account, not later than June 1 of the
5 fiscal year for which the levy has been set.

6 (2) The proceeds realized from the county's portion of
7 the levy prescribed in this section and the revenues from
8 the following sources shall be used for the equalization of
9 the high school district foundation programs of the county
10 as prescribed in 20-9-334, and a separate accounting shall
11 be kept of these proceeds by the county treasurer in
12 accordance with 20-9-212(1):

13 (a) any money remaining at the end of the immediately
14 preceding school fiscal year in the county treasurer's
15 account for deposit of the proceeds from the levy
16 established in this section; and

17 (b) any federal or state moneys distributed to the
18 county as a payment in lieu of the property tax
19 established by the county levy required by this section.

20 SECTION 6 -- SECTION 20-9-343 -- MEA -- IS AMENDED TO READ:

21 "20-9-343 -- Definition of and revenue for state
22 equalization aids -- (1) As used in this title, the term
23 "state equalization aid" means those moneys deposited in the
24 earmarked revenue fund as required in this section plus any
25 legislative appropriation of moneys from other sources for

1 distribution to the public schools for the purpose of
2 equalization of the foundation program.

3 (2) The following shall be paid into the earmarked
4 revenue fund for state equalization aid to public schools of
5 the state:

6 (a) 25% 29% of all moneys received from the collection
7 of income taxes under chapter 30 of title 15;

8 (b) 25% 128% of all moneys, except as provided in
9 15-31-702, received from the collection of corporation
10 license taxes under chapter 31 of title 15, as provided by
11 15-1-501;

12 (c) 10% of the moneys received from the collection of
13 the severance tax on coal under chapter 35 of title 15;

14 (d) 62 1/2% of the moneys received from the treasurer
15 of the United States as the state's shares of oil, gas, and
16 other mineral royalties under the federal Mineral Lands
17 Leasing Act as amended;

18 (e) interest and income moneys described in 20-9-341
19 and 20-9-342;

20 (f) income from the local impact and education trust
21 fund account; and

22 (g) in addition to these revenues, the surplus
23 revenues collected by the counties for foundation program
24 support according to 20-9-331 and 20-9-333 shall be paid
25 into the same earmarked revenue fund.

1 SECTION 7--SECTION 17--CHAPTER 502, LAWS OF 1979--IS

2 AMENDED TO READ:

3 "Section 17--Tax levy for the university systems--there
4 is levied upon the taxable value of all real and personal
5 property in the state of Montana subject to taxation
6 excluding vehicles and light trucks with a GVW capacity of
7 three-quarter-ton or less, 6 mils or so much thereof as is
8 necessary to raise the amount appropriated by the
9 legislature from the earmarked revenue fund for the support
10 maintenance and improvement of the Montana university
11 system and other public educational institutions subject to
12 board of regents' supervision as provided in referendum
13 measure No. 75 passed by vote of the people at the general
14 election held November 7, 1978 and the funds raised
15 therefrom shall be deposited in the earmarked revenue fund."

-End-

HOUSE COMMITTEE ON TAXATION AMENDMENTS TO SENATE BILL 126:

HOUSE TAXATION COMMITTEE AMENDMENTS TO SENATE BILL 126:

1. Title, line 6.

Following: "VEHICLES;"

Insert: "TO CHANGE THE FUNDING ALLOCATIONS OF THE SCHOOL EQUALIZATION PROGRAM BY ALTERING CONTRIBUTIONS OF INCOME AND CORPORATE TAX; ELIMINATING THE PROPERTY TAX MILL LEVY ON CERTAIN VEHICLES FOR SCHOOL DISTRICT CONTRIBUTIONS TO THE SCHOOL EQUALIZATION PROGRAM AND THE UNIVERSITY LEVY;"

Following: "15-1-101"

Strike: "AND"

Insert: " , 15-1-501,"

2. Title, line 7.

Following: "15-8-111,"

Insert: "20-9-331, 20-9-333, AND 20-9-343,"

Following: "MCA"

Insert: " , AND SECTION 1, CHAPTER 582, LAWS OF 1979"

3. Page 3, line 25.

Following: line 24

Insert: "SECTION 2. SECTION 15-1-501, MCA, IS AMENDED TO READ:

"15-1-501. Disposition of moneys from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all moneys received by him from the collection of:

(a) automobile driver's license fees under subsections (1) through (6) of 61-5-111;

(b) electric energy producer's license taxes under chapter 51;

(c) metalliferous mines license taxes under chapter 37;

(d) oil and gas severance taxes allocated to the general fund under chapter 36;

(e) liquor license taxes under Title 16;

(f) telephone license taxes under chapter 53; and

(g) inheritance and estate taxes under Title 72, chapter 16.

(2) ~~Seventy-five~~ Seventy-two percent of all moneys received from the collection of income taxes under chapter 30 and corporation license and income taxes under chapter 31, except as provided in 15-31-702, shall be deposited in the general fund subject to the prior pledge and appropriation of such income tax and corporation license tax collections for the payment of long-range building program bonds. The remaining ~~25%~~ 28% of the proceeds of the corporation license tax, excluding that allocated to the counties under 15-31-702, corporation income tax, and income tax shall be deposited to the credit of the earmarked revenue fund for state equalization aid to the public schools of Montana.

(3) The state treasurer shall also deposit to the credit of the state general fund all moneys received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code."

Renumber: subsequent sections

4. Page 6, line 5.

Following: line 4

Insert: (See attached)

SECTION 4. SECTION 20-9-331, MCA, IS AMENDED TO READ:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation program. (1) It shall be the duty of the county commissioners of each county to levy an annual basic tax of 25 mills on the dollars of the taxable value of all taxable property within the county, excluding vehicles and light trucks with a GVW capacity of three-quarter ton or less, for the purposes of local and state foundation program support. The revenue to be collected from this levy shall be apportioned to the support of the foundation programs of the elementary school districts in the county and to the earmarked revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the sum of the estimated revenues identified in subsections (2)(a) through (2)(f) below shall be subtracted from the sum of the county elementary transportation obligation and the total of the foundation programs of all elementary districts of the county.

(b) If the basic levy of 25 mills produces more revenue than is required to finance the difference determined above, the county commissioners shall order the county treasurer to remit the surplus funds to the state treasurer for deposit to the earmarked revenue fund, state equalization aid account, not later than June 1 of the fiscal year for which the levy has been set.

(2) The proceeds realized from the county's portion of the levy prescribed by this section and the revenues from

the following sources shall be used for the equalization of the elementary district foundation programs of the county as prescribed in 20-9-334, and a separate accounting shall be kept of such proceeds and revenues by the county treasurer in accordance with 20-9-212(1):

(a) the portion of the federal forest reserve funds distributed to a county and designated for the common school fund under the provisions of 17-3-213;

(b) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for the common school fund under the provisions of 17-3-222;

(c) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

(d) all moneys which are paid into the county treasury as a result of fines for violations of law and the use of which is not otherwise specified by law;

(e) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's account for the various sources of revenue established or referred to in this section; and

(f) any federal or state moneys distributed to the county as payment in lieu of the property taxation established by the county levy required by this section."

SECTION 5. SECTION 20-9-333, MCA, IS AMENDED TO READ:

"20-9-333. Basic special levy and other revenues for county equalization of high school district foundation program. (1) It shall be the duty of the county commissioners of each county to levy an annual basic special

1 tax for high schools of 15 mills on the dollar of the
 2 taxable value of all taxable property within the county,
 3 excluding vehicles and light trucks with a GVW capacity of
 4 three-quarter ton or less, for the purposes of local and
 5 state foundation program support. The revenue to be
 6 collected from this levy shall be apportioned to the support
 7 of the foundation programs of high school districts in the
 8 county and to the earmarked revenue fund, state equalization
 9 aid account, in the following manner:

10 (a) In order to determine the amount of revenue raised
 11 by this levy which is retained by the county, the estimated
 12 revenues identified in subsections (2)(a) and (2)(b) below
 13 shall be subtracted from the sum of the county's high school
 14 tuition obligation and the total of the foundation programs
 15 of all high school districts of the county.

16 (b) If the basic levy for 15 mills produces more
 17 revenue than is required to finance the difference
 18 determined above, the county commissioners shall order the
 19 county treasurer to remit the surplus to the state treasurer
 20 for deposit to the earmarked revenue fund, state
 21 equalization aid account, not later than June 1 of the
 22 fiscal year for which the levy has been set.

23 (2) The proceeds realized from the county's portion of
 24 the levy prescribed in this section and the revenues from
 25 the following sources shall be used for the equalization of
 26 the high school district foundation programs of the county
 27 as prescribed in 20-9-334, and a separate accounting shall
 28 be kept of these proceeds by the county treasurer in
 29 accordance with 20-9-212(1):

30 (a) any money remaining at the end of the immediately
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1 preceding school fiscal year in the county treasurer's
 2 account for deposit of the proceeds from the levy
 3 established in this section; and

4 (b) any federal or state moneys distributed to the
 5 county as a payment in lieu of the property taxation
 6 established by the county levy required by this section."

7 SECTION 6. SECTION 20-9-343, MCA, IS AMENDED TO READ:

8 "20-9-343. Definition of and revenue for state
 9 equalization aid. (1) As used in this title, the term "state
 10 equalization aid" means those moneys deposited in the
 11 earmarked revenue fund as required in this section plus any
 12 legislative appropriation of moneys from other sources for
 13 distribution to the public schools for the purpose of
 14 equalization of the foundation program.

15 (2) The following shall be paid into the earmarked
 16 revenue fund for state equalization aid to public schools of
 17 the state:

18 (a) 25% ~~28%~~ of all moneys received from the collection
 19 of income taxes under chapter 30 of Title 15;

20 (b) 25% ~~28%~~ of all moneys, except as provided in
 21 15-31-702, received from the collection of corporation
 22 license taxes under chapter 31 of Title 15, as provided by
 23 15-1-501;

24 (c) 10% of the moneys received from the collection of
 25 the severance tax on coal under chapter 35 of Title 15;

26 (d) 62 1/2% of the moneys received from the treasurer
 27 of the United States as the state's shares of oil, gas, and
 28 other mineral royalties under the federal Mineral Lands
 29 Leasing Act, as amended;

30 (e) interest and income moneys described in 20-9-341
 (Page 6 of 7 pages)

1 and 20-9-342;

2 (f) income from the local impact and education trust
3 fund account; and

4 (g) in addition to these revenues, the surplus
5 revenues collected by the counties for foundation program
6 support according to 20-9-331 and 20-9-333 shall be paid
7 into the same earmarked revenue fund."

8 SECTION 7. SECTION 1, CHAPTER 582, LAWS OF 1979, IS
9 AMENDED TO READ:

10 "Section 1. Tax levy for the university system. There
11 is levied upon the taxable value of all real and personal
12 property in the state of Montana, subject to taxation,
13 excluding vehicles and light trucks with a GVW capacity of
14 three-quarter ton or less, 6 mills or so much thereof as is
15 necessary to raise the amount appropriated by the
16 legislature from the earmarked revenue fund for the support,
17 maintenance, and improvement of the Montana university
18 system and other public educational institutions subject to
19 board of regents' supervision, as provided in referendum
20 measure No. 75 passed by vote of the people at the general
21 election held November 7, 1978; and the funds raised
22 therefrom shall be deposited in the earmarked revenue fund."