

Senate Bill 355

In The Senate

February 3, 1981	Introduced and referred to Committee on Taxation. Fiscal note requested.
February 9, 1981	Fiscal note returned.
March 27, 1981	Committee recommend bill do pass.
March 28, 1981	Bill printed and placed on members' desks.
April 1, 1981	Statement of intent. Second reading do pass.
April 3, 1981	Correctly engrossed.
April 4, 1981	Third reading passed.

In The House

April 6, 1981	Introduced and referred to Committee on Taxation.
April 21, 1981	On motion to take from Committee and place on second reading this day. Motion adopted. Second reading pass consideration.
April 22, 1981	Second reading concurred as amended. On motion rules suspended and bill placed on third reading this day. Third reading concurred as amended.

In The Senate

April 22, 1981	Returned from House concurred as amended.
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April 23, 1981

Second reading concurred as amended.

Third reading amendment concurred.

Sent to enrolling.

Correctly enrolled.

Signed by President.

Governor

April 23, 1981

Delivered to Governor.

May 7, 1981

Signed by Governor.

1 *Senate* BILL NO. *355*
 2 INTRODUCED BY *Blaylock*
 3 BY REQUEST OF THE GOVERNOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE PRESENT
 6 SYSTEM OF TAXATION OF AUTOMOBILES AND LIGHT TRUCKS WITH A
 7 FEE SYSTEM; ADJUSTING THE PERCENTAGE LIMITS ON CERTAIN
 8 FINANCIAL ACTIVITIES BY LOCAL GOVERNMENTS AND PROVIDING
 9 FINANCIAL ASSISTANCE TO LOCAL GOVERNMENTS BECAUSE OF THE
 10 CHANGE IN TAX BASE; AMENDING SECTIONS 7-1-2111, 7-3-1321,
 11 7-6-2211, 7-6-4121, 7-6-4254, 7-7-107, 7-7-108, 7-7-2101,
 12 7-7-2203, 7-7-4201, 7-7-4202, 7-13-4103, 7-14-236,
 13 7-14-2524, 7-14-2525, 7-14-4402, 7-16-2327, 7-16-4104,
 14 7-31-106, 7-31-107, 7-34-2131, 10-2-301, 10-2-303, 15-6-139,
 15 15-6-140, 15-6-201, 15-8-201, 15-8-202, 15-24-101 THROUGH
 16 15-24-105, 15-24-301, 15-30-121, 15-31-114, 15-50-207,
 17 19-11-503, 19-11-504, 20-9-406, 20-9-502, 61-3-303,
 18 61-3-317, 61-3-322, 61-3-332, 61-3-335, 61-3-342, 61-3-501
 19 THROUGH 61-3-504, 61-3-507, 61-3-509, 61-3-701, 61-6-302,
 20 61-10-233, AND 85-7-2001, MCA; AND PROVIDING EFFECTIVE
 21 DATES."

22
 23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 24 NEW SECTION. Section 1. Definitions. As used in
 25 [sections 1 through 6], the following definitions apply:

1 (1) "Light vehicle" means an automobile or a truck
 2 having a rated capacity of three-quarters of a ton or less.
 3 (2) "Vehicle age" means the difference between the
 4 calendar year of the first day of the registration period
 5 and the manufacturer's designated model year.

6 NEW SECTION. Section 2. Light vehicle license fee.
 7 (1) Except as provided in subsection (2), light vehicles are
 8 subject to a license fee. This fee is imposed in lieu of a
 9 property tax and is in addition to the tax on new motor
 10 vehicles.

11 (2) (a) Light vehicles that meet the description of
 12 property exempt from taxation under the provisions of
 13 subsections (a), (c), (d), or (e) of 15-6-201(1) or
 14 15-6-203(2) are exempt from the fee imposed in subsection
 15 (1) of this section.

16 (b) A dealer for light vehicles is not required to pay
 17 the license fee for light vehicles held for sale or used in
 18 the dealer's business in selling or demonstrating the
 19 vehicles. Vehicles exempt under this subsection may not be
 20 used for the personal use of the dealer, his family, or
 21 employees or for any use not necessary in the pursuit of
 22 business.

23 NEW SECTION. Section 3. Schedule of fees for
 24 automobiles and light trucks. (1) Except as provided in
 25 subsection (3), the following schedule, based on vehicle age

1 and weight, is used to determine the fee imposed by [section
2 2]:

3 Vehicle Age	4 Weight	
	5 2,850 pounds 6 or less	7 more than 8 2,850 pounds
9 less than or 10 equal to 4 years	11 \$45	12 \$65
13 more than 4 years	14 20	15 25

16 (2) The fee for a light vehicle is the appropriate
17 dollar amount from the table in subsection (1) multiplied by
18 the ratio of the PCE for the second quarter of the year
19 prior to the year of licensing to the PCE for the second
20 quarter of 1981. "PCE" means the implicit price deflator for
21 personal consumption expenditures as published quarterly in
22 the Survey of Current Business by the bureau of economic
23 analysis of the United States department of commerce.

24 (3) The light vehicle license fee for disabled
25 veterans qualifying under the provisions of 10-2-301 through
26 10-2-304 is \$5.

27 NEW SECTION. Section 4. Payment of fee required for
28 operation. (1) No light vehicle subject to the fee imposed
29 by [section 2] may be operated unless the fee has been paid
30 and the vehicle is licensed.

31 (2) A properly licensed and registered light vehicle
32 may be operated within Montana, subject to all applicable
33 federal, state, and local laws.

34 NEW SECTION. Section 5. Light vehicle reregistration
35 by mail. (1) The department of revenue shall develop a
36 procedure to permit the reregistration of light vehicles
37 with the county treasurer by mail at the option of the owner
38 of the vehicle. The option to reregister by mail need only
39 be made available for vehicles registered at the close of
40 the expiring registration period in the name of the
41 applicant for reregistration.

42 (2) The form to be returned to the county treasurer by
43 the applicant, with the appropriate fees, is to contain a
44 statement, to be subscribed to by the applicant, stating
45 compliance with the financial liability requirements of
46 61-6-301.

47 (3) The procedure for mail reregistration must be in
48 effect by January 1, 1982.

49 (4) The department of revenue may adopt rules to
50 implement the mail reregistration procedure.

51 NEW SECTION. Section 6. State aid for local
52 government. (1) Each county treasurer shall compute:

53 (a) the total amount received during the period from
54 January 1, 1981, to December 31, 1981, for property taxes on
55 automobiles and trucks having a rated capacity of
56 three-quarters of a ton or less, denoted CT;

57 (b) the total amount that would have been received
58 during the same period if the license fee system had been in

1 effect, denoted CF; and

2 (c) the number of light vehicles registered in the
3 county on December 31, 1981, denoted NC.

4 (2) The three quantities, CT, CF, and NC, shall be
5 certified to the department of revenue by February 1, 1982.
6 The department shall compute for each county a quantity
7 called county revenue loss, denoted CRL, and county loss per
8 vehicle, denoted CLV, and defined as follows:

9 (a) CRL = larger of:

10 (i) 0; or

11 (ii) CT - CF;

12 (b) CLV = CRL/NC.

13 (3) Prior to February 1 of year denoted Y, the county
14 treasurer shall determine and certify to the department, the
15 number of light vehicles registered in the county on
16 December 31 of the prior year, denoted NC(Y).

17 (4) On March 1 of year Y, the department shall
18 transmit to each county treasurer a warrant in the amount of
19 $CLV \times NC(Y)$.

20 (5) Upon receipt of the payment provided for in
21 subsection (4), the county treasurer shall credit the
22 payment to a motor vehicle suspense fund and, at some time
23 between March 15 and March 30, shall distribute the payment
24 in the same manner as funds are distributed to the taxing
25 jurisdictions as provided in 61-3-509.

1 Section 7. Section 10-2-301, MCA, is amended to read:

2 "10-2-301. ~~Free--license~~ License plates to disabled
3 veterans. Any person who is a veteran of the armed service
4 of the United States and 100% disabled because of an injury
5 which has been determined by the veterans administration to
6 be service connected and who is a citizen and resident of
7 the state of Montana and who is the owner of a passenger
8 automobile or of a truck up to and including three-quarter
9 ton GVW-rated capacity shall be provided with ~~free~~ license
10 plates upon payment of ~~personal-property-tax-equal-to-1%-of~~
11 ~~the-taxable-value a fee of \$5~~ for such automobile or truck
12 and upon proof of 100% service-connected disability."

13 Section 8. Section 10-2-303, MCA, is amended to read:

14 "10-2-303. Veterans' free plates limited to one
15 automobile or truck. No disabled veteran is entitled to free
16 license plates under 10-2-301 for more than one passenger
17 automobile or one truck up to and including three-quarter
18 ton GVW-rated capacity."

19 Section 9. Section 15-6-139, MCA, is amended to read:

20 "15-6-139. Class nine property -- description --
21 taxable percentage. (1) Class nine property includes:

22 (a) ~~automobiles, buses, and trucks weighing 1-1/2 tons~~
23 ~~or less having a rated capacity of more than three-quarters~~
24 ~~of a ton but less than or equal to 1 1/2 tons;~~

25 (b) stock, camping, and travel trailers;

1 (c) truck campers and toppers weighing more than 300
2 pounds, except those included in class five;

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

4 (e) furniture, fixtures, and equipment, except that
5 specifically included in another class, used in commercial
6 establishments as defined in this section;

7 (f) x-ray and medical and dental equipment; and

8 (g) citizens' band radios and mobile telephones.

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

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

14 Section 10. Section 15-6-140, MCA, is amended to read:

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

17 (a) radio and television broadcasting and transmitting
18 equipment;

19 (b) cable television systems;

20 (c) centrally assessed utility allocations after
21 deductions of locally assessed properties, except as
22 provided in:

23 (i) class five for cooperative rural electrical and
24 cooperative rural telephone associations; and

25 (ii) class seven for rural telephone and electrical

1 organizations;

2 (d) coal and ore haulers;

3 (e) trucks weighing having a rated capacity of more
4 than 1 1/2 tons, including those prorated under 15-24-102;

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

7 (g) theater projectors and sound equipment; and

8 (h) all other property not included in the preceding
9 nine classes.

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

12 Section 11. Section 15-6-201, MCA, is amended to read:

13 "15-6-201. Exempt categories. (1) The following
14 categories of property are exempt from taxation:

15 (a) the property of:

16 (i) the United States, the state, counties, cities,
17 towns, school districts;

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

20 (iii) municipal corporations; and

21 (iv) public libraries;

22 (b) buildings, with land they occupy and furnishings
23 therein, owned by a church and used for actual religious
24 worship or for residences of the clergy, together with
25 adjacent land reasonably necessary for convenient use of

1 such buildings;

2 (c) property used exclusively for agricultural and
3 horticultural societies, for educational purposes, and for
4 hospitals;

5 (d) property that meets the following conditions:

6 (i) is owned and held by any association or
7 corporation organized under Title 35, chapter 2, 3, 20, or
8 21;

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

13 (iii) is not maintained and operated for private or
14 corporate profit;

15 (e) institutions of purely public charity;

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

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

20 (h) all household goods and furniture, including but
21 not limited to clocks, musical instruments, sewing machines,
22 and wearing apparel of members of the family, used by the
23 owner for personal and domestic purposes or for furnishing
24 or equipping the family residence;

25 (i) a truck canopy cover or topper weighing less than

1 300 pounds and having no accommodations attached. Such
2 property is also exempt from the fee in lieu of tax.

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

5 ~~(k) automobiles and trucks having a rated capacity of~~
6 ~~three-quarters of a ton or less.~~

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

11 (b) The terms "public art galleries" and "public
12 observatories" include only those art galleries and
13 observatories, whether of public or private ownership, that
14 are open to the public without charge at all reasonable
15 hours and are used for the purpose of education only.

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

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

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

25 Section 12. Section 15-8-201, MCA, is amended to read:

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

13 (2) The procedure provided by this section may not
14 apply to:

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

18 ~~(b) automobiles and trucks having a rated capacity of~~
19 ~~three-quarters of a ton or less;~~

20 ~~(b)(c) motor homes and travel trailers subject to a~~
21 ~~fee in lieu of property tax;~~

22 ~~(c)(d) livestock;~~

23 ~~(d)(e) property defined in 61-1-104(2) as "special~~
24 ~~mobile equipment" that is subject to assessment for personal~~
25 ~~property taxes on the date that application is made for a~~

1 special mobile equipment plate; and

2 ~~(e)(f) mobile homes held by a distributor or dealer of~~
3 ~~mobile homes as a part of his stock-in-trade.~~

4 (3) Credits must be assessed as provided in
5 15-1-101(1)(c)."

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

7 "15-8-202. Motor vehicle assessment. (1) (a) The
8 department or its agent must, in each year, ascertain and
9 assess all motor vehicles other than ~~automobiles, trucks~~
10 ~~having a rated capacity of three-quarters of a ton or less,~~
11 motor homes, travel trailers, or mobile homes in each county
12 subject to taxation as of January 1 or as of the anniversary
13 registration date of those vehicles subject to 61-3-313
14 through 61-3-316 and 61-3-501. The motor vehicles shall be
15 assessed in each year to the persons by whom owned or
16 claimed or in whose possession or control they were at
17 midnight of January 1 or the anniversary registration date
18 thereof, whichever is applicable.

19 (b) No tax may be assessed against motor vehicles
20 ~~subject to taxation~~ that constitute inventory of motor
21 vehicle dealers as of January 1. These vehicles and all
22 other motor vehicles ~~subject to taxation~~ brought into the
23 state subsequent to January 1 as motor vehicle dealers'
24 inventories shall be assessed to their respective purchasers
25 as of the dates the vehicles are registered by the

1 purchasers.

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

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

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

14 Section 14. Section 15-24-101, MCA, is amended to
15 read:

16 "15-24-101. Assessment of proportionally registered
17 interstate motor vehicle fleets -- tax payment required for
18 registration. (1) The department of revenue shall assess,
19 for the purpose of personal property taxes, ~~the taxable~~
20 ~~vehicles in~~ interstate motor vehicle fleets proportionally
21 registered under the provisions of 61-3-711 through
22 61-3-733, and ~~said the~~ assessment shall be apportioned on
23 the ratio of total miles traveled to in-state miles traveled
24 formula as prescribed by 61-3-721. Interstate motor vehicle
25 fleets are hereby ~~declared~~ assessable for taxation purposes

1 upon application for proportional registration and ~~shall be~~
2 ~~are~~ assessed to the persons who own or claim or in whose
3 possession or control the fleet is at the time of the
4 application.

5 (2) ~~Any With respect to any~~ fleet contained in an
6 original application which has a situs for purpose of
7 property taxation in Montana by the terms of this part or
8 any other provision of the laws of Montana between January 1
9 and April 1, ~~shall be the taxable vehicles are~~ taxed for a
10 full year. ~~Any With respect to any~~ fleet contained in an
11 original application which acquires a situs for the purpose
12 of property taxation in Montana under the provisions of this
13 part or any other law of the state of Montana after April 1,
14 ~~shall have the taxes on taxable vehicles are~~ apportioned as
15 provided in 15-24-303.

16 (3) ~~Any With respect to any~~ fleet contained in a
17 renewal application, ~~shall be the taxable vehicles are~~
18 assessed and taxed for a full year.

19 ~~(4) Automobiles and trucks having a rated capacity of~~
20 ~~three-quarters of a ton or less that are part of an~~
21 ~~interstate motor vehicle fleet are subject to the light~~
22 ~~vehicle license fee imposed by [section 2]. If the fleet is~~
23 ~~proportionally registered, the fee is apportioned in the~~
24 ~~same fashion as the registration fee under 61-3-721.~~

25 (4)(5) Vehicles contained in a fleet for which current

1 ~~taxes, fees, or both~~ have been assessed and paid shall not
 2 be assessed ~~or charged fees~~ under this section upon
 3 presentation to the department of proof of payment of ~~tax~~
 4 ~~taxes, fees, or both~~ for the current registration year. The
 5 payment of personal property taxes, ~~fees, or both~~ is a
 6 condition precedent to proportional registration or
 7 reregistration of an interstate motor vehicle fleet."

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

10 "15-24-102. Valuation of interstate fleets --
 11 determination of aggregate tax due. The department of
 12 revenue shall assess ~~the taxable vehicles of~~ any interstate
 13 motor vehicle fleet making application for proportional
 14 registration as follows:

15 (1) The purchase price ~~of the taxable vehicles~~
 16 depreciated by a schedule as prescribed by the department
 17 shall determine the depreciated value.

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

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

24 (4) To determine the amount of tax due, the taxable
 25 value of the entire fleet shall be multiplied by the

1 statewide average county mill levy plus state levies as
 2 hereinafter provided."

3 Section 16. Section 15-24-103, MCA, is amended to
 4 read:

5 "15-24-103. Determination of average levy in state --
 6 application to interstate fleets -- cost stated in
 7 application for registration. (1) The department of revenue
 8 shall determine the aggregate tax in the entire state for
 9 state, county, and local purposes levied on the general
 10 property of the state in the previous year, excluding
 11 special levies on property for local improvements and
 12 special state levies on livestock for bounties, inspection,
 13 and protection purposes.

14 (2) ~~From the total taxable valuation of the general~~
 15 ~~property of the state including net proceeds and the~~
 16 ~~aggregate tax as determined, the department shall compute~~
 17 ~~the average levy by dividing the aggregate tax by the total~~
 18 ~~state taxable valuation. The rate so determined shall~~
 19 ~~constitute the rate of taxation on the taxable value of all~~
 20 ~~interstate trucks taxable vehicles of an interstate motor~~
 21 ~~vehicle fleet.~~

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

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

3 Section 17. Section 15-24-104, MCA, is amended to
4 read:

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

11 (2) The department or its designated agent shall
12 collect the personal property taxes, license fees, or both,
13 prescribed herein in this part."

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

16 "15-24-105. Deposit and distribution of taxes and fees
17 on proportionally registered fleets. The personal property
18 taxes described herein and license fees collected under this
19 part shall be deposited with the state treasurer for
20 distribution to the general fund of each county on the
21 following basis:

22 (1) for personal property taxes, according to the
23 ratio of the taxable valuation of each county to the total
24 state taxable valuation; and

25 (2) for light vehicle license fees, according to the

1 ratio of light vehicle license fees, other than fees derived
2 from interstate motor vehicle fleets, collected in each
3 county to the sum of all such fees collected in all the
4 counties."

5 Section 19. Section 15-24-301, MCA, is amended to
6 read:

7 "15-24-301. Personal property brought into the state
8 -- assessment -- exceptions -- custom combine equipment. (1)
9 Property except as provided in subsections (2) through (6),
10 property in the following cases is subject to taxation and
11 assessment for all taxes levied that year in the county in
12 which it is located:

13 (a) any personal property (including livestock)
14 brought, driven, or coming into this state at any time
15 during the year that is used in the state for hire,
16 compensation, or profit;

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

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

21 (2) The taxes on this property are levied in the same
22 manner and to the same extent, except as otherwise provided,
23 as though the property had been in the county on the regular
24 assessment date, provided that the property has not been
25 regularly assessed for the year in some other county of the

1 state.

2 (3) Nothing in this section shall be construed to levy
3 a tax against a merchant or dealer within this state on
4 goods, wares, or merchandise brought into the county to
5 replenish the stock of the merchant or dealer in addition to
6 the tax levied against the inventory of said merchant or
7 dealer on the regular assessment date.

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

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

20 ~~(6) The provisions of this part do not apply to~~
21 ~~automobiles and trucks having a rated capacity of~~
22 ~~three-quarters of a ton or less. These vehicles are subject~~
23 ~~to the fee provided for in [section 2]."~~

24 Section 20. Section 15-30-121, MCA, is amended to
25 read:

1 *15-30-121. Deductions allowed in computing net
2 income. In computing net income, there are allowed as
3 deductions:

4 (1) the items referred to in sections 161 and 211 of
5 the Internal Revenue Code of 1954, or as sections 161 and
6 211 shall be labeled or amended, subject to the following
7 exceptions which are not deductible:

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

9 (b) state income tax paid;

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

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

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

25 (5) in the case of an individual, political

1 contributions determined in accordance with the provisions
2 of section 213(a) and (b) of the Internal Revenue Code that
3 were in effect for the taxable year ended December 31,
4 1978*1

5 ~~(6) light vehicle license fees, as provided by~~
6 ~~[section 2], paid during the taxable year."~~

7 Section 21. Section 15-31-114, MCA, is amended to
8 read:

9 "15-31-114. Deductions allowed in computing income. In
10 computing the net income, the following deductions shall be
11 allowed from the gross income received by such corporation
12 within the year from all sources:

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

1 connection with securing such income shall be deductible.

2 (2) (a) All losses actually sustained and charged off
3 within the year and not compensated by insurance or
4 otherwise, including a reasonable allowance for the wear and
5 tear and obsolescence of property used in the trade or
6 business, such allowance to be determined according to the
7 provisions of section 167 of the Internal Revenue Code in
8 effect with respect to the taxable year. All elections for
9 depreciation shall be the same as the elections made for
10 federal income tax purposes. No deduction shall be allowed
11 for any amount paid out for any buildings, permanent
12 improvements, or betterments made to increase the value of
13 any property or estate, and no deduction shall be made for
14 any amount of expense of restoring property or making good
15 the exhaustion thereof for which an allowance is or has been
16 made.

17 (b) (i) There shall be allowed as a deduction for the
18 taxable period a net operating loss deduction determined
19 according to the provisions of this subsection. The net
20 operating loss deduction is the aggregate of net operating
21 loss carryovers to such taxable period plus the net
22 operating loss carrybacks to such taxable period. The term
23 "net operating loss" means the excess of the deductions
24 allowed by this section, 15-31-114, over the gross income,
25 with the modifications specified in (ii) of this subsection.

1 If for any taxable period beginning after December 31, 1970,
 2 a net operating loss is sustained, such loss shall be a net
 3 operating loss carryback to each of the three taxable
 4 periods preceding the taxable period of such loss and shall
 5 be a net operating loss carryover to each of the five
 6 taxable periods following the taxable period of such loss. A
 7 net operating loss for any taxable period ending after
 8 December 31, 1975, in addition to being a net operating loss
 9 carryback to each of the three preceding taxable periods,
 10 shall be a net operating loss carryover to each of the seven
 11 taxable periods following the taxable period of such loss.
 12 The portion of such loss which shall be carried to each of
 13 the other taxable years shall be the excess, if any, of the
 14 amount of such loss over the sum of the net income for each
 15 of the prior taxable periods to which such loss was carried.
 16 For purposes of the preceding sentence, the net income for
 17 such prior taxable period shall be computed with the
 18 modifications specified in (ii)(B) of this subsection and by
 19 determining the amount of the net operating loss deduction
 20 without regard to the net operating loss for the loss period
 21 or any taxable period thereafter, and the net income so
 22 computed shall not be considered to be less than zero.

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

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

1 (B) The deduction for depletion shall not exceed the
 2 amount which would be allowable if computed under the cost
 3 method.

4 (C) Any net operating loss carried over to any taxable
 5 years beginning after December 31, 1978, must be calculated
 6 under the provisions of this section effective for the
 7 taxable year for which the return claiming the net operating
 8 loss carryover is filed.

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

12 (iv) In the case of a merger of corporations, the
 13 surviving corporation shall not be allowed a net operating
 14 loss deduction for net operating losses sustained by the
 15 merged corporations prior to the date of merger. In the case
 16 of a consolidation of corporations, the new corporate entity
 17 shall not be allowed a deduction for net operating losses
 18 sustained by the consolidated corporations prior to the date
 19 of consolidation.

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

23 (vi) The net operating loss deduction shall not be
 24 allowed with respect to taxable periods which ended on or
 25 before December 31, 1970, but shall be allowed only with

1 respect to taxable periods beginning on or after January 1,
2 1971.

3 (3) In the case of mines, other natural deposits, oil
4 and gas wells, and timber, a reasonable allowance for
5 depletion and for depreciation of improvements; such
6 reasonable allowance to be determined according to the
7 provisions of the Internal Revenue Code in effect for the
8 taxable year. All elections made under the Internal Revenue
9 Code with respect to capitalizing or expensing exploration
10 and development costs and intangible drilling expenses for
11 corporation license tax purposes shall be the same as the
12 elections made for federal income tax purposes.

13 (4) The amount of interest paid within the year on its
14 indebtedness incurred in the operation of the business from
15 which its income is derived; but no interest shall be
16 allowed as a deduction if paid on an indebtedness created
17 for the purchase, maintenance, or improvement of property or
18 for the conduct of business unless the income from such
19 property or business would be taxable under this part.

20 (5) (a) Taxes paid within the year except the
21 following:

22 (i) Taxes imposed by this part.

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

25 (iii) Taxes on or according to or measured by net

1 income or profits imposed by authority of the government of
2 the United States.

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

5 (b) Taxes deductible under this part shall be
6 construed to include taxes imposed by any county, school
7 district, or municipality of this state.

8 ~~(6) Light vehicle license fees, as provided by~~
9 ~~[section 2], paid within the year.~~

10 ~~(7) That portion of an energy-related investment~~
11 ~~allowed as a deduction under 15-32-103."~~

12 Section 22. Section 15-50-207, MCA, is amended to
13 read:

14 "15-50-207. Credit against other taxes -- credit for
15 personal property taxes and certain fees. (1) The additional
16 license fees withheld or otherwise paid as provided herein
17 may be used as a credit on the contractor's corporation
18 license tax provided for in chapter 31 of this title or on
19 the contractor's income tax provided for in chapter 30,
20 depending upon the type of tax the contractor is required to
21 pay under the laws of the state.

22 (2) Personal property taxes or light vehicle license
23 fees, as provided by [section 2], paid in Montana on any
24 personal property of the contractor which is used in the
25 business of the contractor and is located within this state

1 may be credited against the license fees required under this
 2 chapter. However, in computing the tax credit allowed by
 3 this section against the contractor's corporation license
 4 tax or income tax, the personal property tax or light
 5 vehicle license fee credit against the license fees herein
 6 required shall not be considered as license fees paid for
 7 the purpose of such income tax or corporation license tax
 8 credit."

9 Section 23. Section 61-3-303, MCA, is amended to read:

10 "61-3-303. Application for registration. (1) Every
 11 owner of a motor vehicle operated or driven upon the public
 12 highways of this state shall for each motor vehicle owned,
 13 except as herein otherwise expressly provided, file or cause
 14 to be filed in the office of the county treasurer where the
 15 motor vehicle is owned or taxable an application for
 16 registration or reregistration upon a blank form to be
 17 prepared and furnished by the division. The application
 18 shall contain:

19 (a) name and address of owner, giving county, school
 20 district, and town or city within whose corporate limits the
 21 motor vehicle is taxable, if taxable, or within whose
 22 corporate limits the owner's residence is located if the
 23 motor vehicle is not taxable;

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

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

5 (d) In case of reregistration, the license number for
 6 the preceding year; and

7 (e) such other information as the division may
 8 require.

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

13 (a) the registration fee, as provided in 61-3-311 and
 14 61-3-321; and

15 (b) unless it has been previously paid:

16 (i) the personal property taxes assessed;

17 (ii) the new motor vehicle sales tax against the
 18 vehicle for the current year of registration, and/or the
 19 license fee imposed by [section 2]; or

20 (iii) in the case of a motor home, travel trailer, or
 21 camper, the fee in lieu of property tax for the current year
 22 of registration, unless the same shall have been theretofore
 23 paid for the year, before the application for registration
 24 or reregistration, may be accepted by the county treasurer.

25 (3) The application may not be accepted by the county

1 ~~treasurer unless the payments required by subsection (2)~~
2 ~~accompany the application.~~

3 (3)(4) 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 or other appropriate records of the
7 proper county at the request of the county treasurer."

8 Section 24. 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, fees, or both, as provided by
15 part 5 of this chapter ~~or the fee-in-lieu-of-tax-as-provided~~
16 ~~by--61-3-521,~~ unless the tax or fee has been paid for the
17 year, as if the vehicle were being registered for the first
18 time in that registration year. If the motor vehicle was not
19 purchased from a duly licensed motor vehicle dealer as
20 provided in this chapter, it is not a violation of this
21 chapter or any other law for the purchaser to operate the
22 vehicle upon the streets and highways of this state without
23 a certificate of registration during the 20-day period,
24 provided that at all times during that period a bill of sale
25 or other proof of purchase reciting the date of purchase is

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

9 Section 25. Section 61-3-322, MCA, is amended to read:

10 "61-3-322. Certificates of registration -- issuance.
11 (1) Upon completion of the application for registration on
12 forms furnished by the division, the county treasurer shall
13 file one copy in his office and issue to the applicant two
14 copies of the application marked "Owner's Certificate of
15 Registration and Tax Payment Receipt", one of which shall be
16 marked "file copy".

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

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

1 demand of a police officer or any officer or employee of the
2 division or the highway department.

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

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

9 Section 26. Section 61-3-332, MCA, is amended to read:

10 "61-3-332. Number plates. (1) Every motor vehicle
11 which shall be driven upon the streets or highways of this
12 state shall display both front and rear a number plate,
13 bearing the distinctive number assigned such vehicle. Such
14 number plate shall be in eight series: one series for owners
15 of motorcars, one for owners of motor vehicles of the
16 motorcycle type, one for trailers, one for trucks, one for
17 dealers in vehicles of the motorcycle type which shall bear
18 the distinctive letters "MCD" or the letters "MC" and the
19 word "DEALER", one for franchised dealers in new motorcars
20 (including trucks and trailers) or new and used motorcars
21 (including trucks and trailers) which shall bear the
22 distinctive letter "D" or the word "DEALER", one for dealers
23 in used motorcars only (including used trucks and trailers)
24 which shall bear the distinctive letters "UD" or the letter
25 "U" and the word "DEALER", and one for dealers in trailers

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

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

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

23 (4) The distinctive registration numbers shall begin
24 with a number one or with a letter-number combination such
25 as "A 1" or "AA 1", or any other similar combination of

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

12 (5) For the use of tax-exempt motor vehicles that are
 13 also exempt from the light vehicle license fee as provided
 14 in subsection (2)(a) of [section 2], in addition to the
 15 markings herein provided, number plates shall have thereon
 16 the following distinctive markings:

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

25 (b) For vehicles owned by the counties,

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

17 (6) On all number plates assigned to motor vehicles of
 18 the truck and trailer type, other than tax-exempt trucks
 19 that are also exempt from the light vehicle license fee as
 20 provided in subsection (2)(a) of [section 2] and tax exempt
 21 trailers, there shall appear the letter "T" or the word
 22 "TRUCK" for plates assigned to trucks and the letters "TR"
 23 or the word "TRAILER" for plates assigned to trailers and
 24 housetrailleurs. The letters "MC" or the word "CYCLE" shall
 25 appear for plates assigned to vehicles of the motorcycle

1 type.

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

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

1 Section 27. Section 61-3-335, MCA, is amended to read:
2 "61-3-335. Transfer of license plates to another motor
3 vehicle. (1) Should the transferor make application for the
4 registration of another motor vehicle at any time during the
5 remainder of the current registration year as shown on the
6 original certificate of registration, he may file an
7 application in the office of the county treasurer where the
8 motor vehicle is ~~taxable~~ registered, upon a form to be
9 prepared and furnished by the division, accompanied by the
10 original certificate of registration, for the transfer of
11 the license plates. The application for transfer of the
12 license plates from the motor vehicle for which originally
13 issued to a motor vehicle acquired by the same person in
14 whose name the original license plates were issued shall be
15 made within 20 days from date of acquiring the vehicle. The
16 use of the license plates shall not be legalized until
17 proper transfer of license 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 28. 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 the~~ vehicle
 5 because the certificate of ownership is lost, in the
 6 possession of third parties, or in the process of reissuance
 7 in this state or elsewhere may, upon making affidavit to
 8 that effect upon a form prescribed by the division and upon
 9 the payment of a fee of \$2 to be collected by the county
 10 treasurer and remitted to the division, obtain from the
 11 county treasurer of the county in which ~~said the~~ vehicle is
 12 ~~subject to tax~~ be registered a temporary windshield sticker
 13 of such size, color, and design as the division may
 14 prescribe, to be validated by the county treasurer for a
 15 period of 60 days from the date of issuance. ~~Such the~~
 16 purchaser, upon displaying ~~such the~~ sticker on the lower
 17 right-hand corner of the windshield of ~~such the~~ motor
 18 vehicle, ~~shall-be-entitled-to may~~ operate ~~such the~~ vehicle
 19 during the period for which ~~such the~~ windshield sticker has
 20 been validated without displaying the registration
 21 certificate or number plates or plate for the current year.
 22 ~~Provided, however, the the~~ county treasurer ~~shall may~~ not
 23 sell, and no person ~~shall may~~ purchase, more than one 60-day
 24 temporary windshield sticker for any vehicle, the ownership
 25 of which has not changed since the issuance of the previous

1 60-day windshield sticker."

2 Section 29. Section 61-3-501, MCA, is amended to read:

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

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

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

1 registration period, each vehicle shall again register or
2 reregister and shall pay all taxes and fees due thereon for
3 a 12-month period."

4 Section 30. Section 61-3-502, MCA, is amended to read:

5 "61-3-502. Sales tax on new motor vehicles --
6 exemptions. (1) In consideration of the right to use the
7 highways of the state, there is imposed a tax upon all sales
8 of new motor vehicles for which a license is sought and an
9 original application for title is made. The tax shall be
10 paid by the purchaser when he applies for his original
11 Montana license through the county treasurer.

12 (2) The sales tax shall be:

13 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.
14 port-of-entry list price, during the first quarter of the
15 year or prorated one-twelfth for each month or part of month
16 for a registration period other than a calendar year or
17 calendar quarter;

18 (b) 1 1/8% of the list price during the second quarter
19 of the year;

20 (c) 3/4 of 1% during the third quarter of the year;

21 (d) 3/8 of 1% during the fourth quarter of the year.

22 (3) If the manufacturer or importer fails to furnish
23 the f.o.b. factory list price or f.o.b. port-of-entry list
24 price, the division may use published price lists.

25 (4) The proceeds from this tax shall be remitted to

1 the state treasurer every 30 days for credit to the state
2 highway account of the earmarked revenue fund.

3 (5) The new vehicle is subject to the light vehicle
4 license fee, if applicable, but is not subject to any other
5 assessment, taxation, or fee in lieu of tax during the
6 calendar year in which the original application for title is
7 made.

8 (6) (a) The applicant for original registration of any
9 new and unused motor vehicle, or a new motor vehicle
10 furnished without charge by a dealer to a school district
11 for use as a traffic education motor vehicle by a school
12 district operating a state-approved traffic education
13 program within the state, whether or not previously licensed
14 or titled to the school district (except a mobile home as
15 defined in 15-1-101(1)), acquired by original contract after
16 January 1 of any year, is required, whenever the vehicle has
17 not been otherwise assessed, to pay the motor vehicle sales
18 tax provided by this section irrespective of whether the
19 vehicle was in the state of Montana on January 1 of the
20 year.

21 (b) No motor vehicle may be registered or licensed
22 under the provisions of this subsection unless the
23 application for registration is accompanied by a statement
24 of origin to be furnished by the dealer selling the vehicle,
25 showing that the vehicle has not previously been registered

1 or owned, except as otherwise provided herein, by any
2 person, firm, corporation, or association that is not a new
3 motor vehicle dealer holding a franchise or distribution
4 agreement from a new car manufacturer, distributor, or
5 importer.

6 (7) (a) Motor vehicles operating exclusively for
7 transportation of persons for hire within the limits of
8 incorporated cities or towns and within 15 miles from such
9 limits are exempt from subsection (1).

10 (b) Motor vehicles brought or driven into Montana by a
11 nonresident, migratory, bona fide agricultural worker
12 temporarily employed in agricultural work in this state
13 where those motor vehicles are used exclusively for
14 transportation of agricultural workers are also exempt from
15 subsection (1).

16 (c) Vehicles lawfully displaying a licensed dealer's
17 plate as provided in 61-4-103 are exempt from subsection (1)
18 when moving to or from a dealer's place of business when
19 unloaded or loaded with dealer's property only, and in the
20 case of vehicles having a gross loaded weight of less than
21 24,000 pounds, while being demonstrated in the course of the
22 dealer's business."

23 Section 31. Section 61-3-503, MCA, is amended to read:

24 "61-3-503. Assessment. (1) Except as provided in
25 subsection (2), the following apply to the taxation of motor

1 vehicles:

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

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

20 (3)(c) Vehicles subject to the provisions of 61-3-313
21 through 61-3-316 shall be assessed as of the first day of
22 the registration period, and a lien for taxes and fees due
23 thereon shall occur on the anniversary date of the
24 registration and shall continue until such fees and taxes
25 have been paid.

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1 ~~(2) The provisions of subsections (1)(a) through~~
 2 ~~(1)(c) do not apply to automobiles and trucks having a rated~~
 3 ~~capacity of three-quarters of a ton or less, motor homes,~~
 4 ~~travel trailers, or mobile homes as defined in 15-1-101(1)."~~

5 Section 32. 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~~ an automobile, truck having a
 8 rated capacity of three-quarters of a ton or less, motor
 9 home, travel trailer, or a mobile home as defined in
 10 15-1-101(1), is computed and determined by the county
 11 treasurer on the basis of the levy of the year preceding the
 12 current year of application for registration or
 13 reregistration. The determination is entered on the
 14 application form in a space provided therefor."

15 Section 33. Section 61-3-507, MCA, is amended to read:

16 "61-3-507. Exemption. Motor vehicles subject to
 17 anniversary date registration as provided in 61-3-313
 18 through 61-3-316 are exempt from the provisions of
 19 61-3-503~~(2)~~(1)(b) and 61-3-505."

20 Section 34. 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, light vehicle license fees provided for in
 24 [section 2], and fees in lieu of tax on motor homes and
 25 travel trailers collected to a motor vehicle suspense fund,

1 and at some time between March 1 and March 10 of each year
 2 and 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 35. Section 61-3-701, MCA, is amended to read:

8 "61-3-701. Foreign vehicles used in gainful occupation
 9 to be registered -- reciprocity. (1) Before any foreign
 10 licensed motor vehicle may be operated on the highways of
 11 this state for hire, compensation, or profit or before the
 12 owner and/or user thereof uses the vehicle if such owner
 13 and/or user is engaged in gainful occupation or business
 14 enterprise in the state, including highway work, the owner
 15 of the vehicle shall make application to a county treasurer
 16 for registration upon an application form furnished by the
 17 division. Upon satisfactory evidence of ownership submitted
 18 to the county treasurer and the payment of property taxes,
 19 if appropriate, as required by 15-8-201 through 15-8-203 or
 20 15-24-301 or the payment of the light vehicle license fee as
 21 provided by [section 2], the treasurer shall accept the
 22 application for registration and shall collect the regular
 23 license fee required for the vehicle.

24 (2) The treasurer shall thereupon issue to the
 25 applicant a copy of the application entitled "Owner's

1 Certificate of Registration and ~~Fee~~ Payment Receipt" and
 2 forward a duplicate copy of the certificate to the division.
 3 The treasurer shall at the same time issue to the applicant
 4 the proper license plates or other identification markers,
 5 which shall at all times be displayed upon the vehicle when
 6 operated or driven upon roads and highways of this state
 7 during the period of the life of the license.

8 (3) The registration receipt shall not constitute
 9 evidence of ownership but shall be used only for
 10 registration purposes. No Montana certificate of ownership
 11 shall be issued for this type of registration.

12 (4) This section is not applicable to any vehicle
 13 covered by a valid and existing reciprocal agreement or
 14 declaration entered into under the provisions of the laws of
 15 Montana."

16 Section 36. Section 61-6-302, MCA, is amended to read:

17 "61-6-302. Proof of compliance. (1) Before ~~Except as~~
 18 ~~provided in subsection (2), before~~ any applicant required to
 19 register his motor vehicle may do so, the applicant must
 20 certify and display to the county treasurer an automobile
 21 liability insurance policy, a certificate of self-insurance,
 22 a posted indemnity bond, or eligibility for an exemption
 23 under 61-6-303 covering the motor vehicle. The certification
 24 shall be on a form prescribed by the division of motor
 25 vehicles. The division may immediately cancel the

1 registration and license plates of the vehicle upon
 2 notification that the insurance certification was not
 3 correctly represented.

4 ~~(2) An applicant for registration of an automobile or~~
 5 ~~a truck having a rated capacity of three-quarters of a ton~~
 6 ~~or less, who wishes to register the vehicle by mail must~~
 7 ~~sign a statement on the application stating that the~~
 8 ~~applicant is in compliance with the financial liability~~
 9 ~~requirements of 61-6-301.~~

10 ~~(2)(3)~~ An owner of a motor vehicle who ceases to
 11 maintain the insurance or bond required or whose certificate
 12 of self-insurance is canceled or whose vehicle ceases to be
 13 exempt shall immediately surrender the registration and
 14 license plates for the vehicle to the county treasurer for
 15 delivery to the division and may not operate or permit
 16 operation of the vehicle in Montana until insurance has
 17 again been furnished as required and the vehicle is again
 18 registered and licensed."

19 Section 37. Section 61-10-233, MCA, is amended to
 20 read:

21 "61-10-233. Excess weight -- penalties. (1) The
 22 operator is subject to the penalties stated in 61-10-232
 23 whenever the gross loaded weight of any trucks, truck
 24 tractor, trailer, or semitrailer operated upon any highway
 25 in this state exceeds the gross vehicle weight shown on:

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

3 (b) the gross vehicle weight receipt issued under
4 61-10-227.

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

11 Section 38. Section 7-1-2111, MCA, is amended to read:

12 "7-1-2111. Classification of counties. (1) For the
13 purpose of regulating the compensation and salaries of all
14 county officers, not otherwise provided for, and for fixing
15 the penalties of officers' bonds, the several counties of
16 this state shall be classified according to that percentage
17 of the true and full valuation of the property therein upon
18 which the tax levy is made, as follows:

19 ~~(1)(a)~~ first class--all counties having such a taxable
20 valuation of \$50 million or over;

21 ~~(2)(b)~~ second class--all counties having such a
22 taxable valuation of more than \$30 million and less than \$50
23 million;

24 ~~(3)(c)~~ third class--all counties having such a taxable
25 valuation of more than \$20 million and less than \$30

1 million;

2 ~~(4)(d)~~ fourth class--all counties having such a
3 taxable valuation of more than \$15 million and less than \$20
4 million;

5 ~~(5)(e)~~ fifth class--all counties having such a taxable
6 valuation of more than \$10 million and less than \$15
7 million;

8 ~~(6)(f)~~ sixth class--all counties having such a taxable
9 valuation of more than \$5 million and less than \$10 million;

10 ~~(7)(g)~~ seventh class--all counties having such a
11 taxable valuation of less than \$5 million.

12 (2) As used in this section, taxable valuation means
13 the taxable value of taxable property in the county as of
14 the time of determination plus that portion of the taxable
15 value of the county on December 31, 1981, attributable to
16 automobiles and trucks having a rated capacity of
17 three-quarters of a ton or less."

18 Section 39. Section 7-3-1321, MCA, is amended to read:

19 "7-3-1321. Authorization to incur indebtedness --
20 limitation. (1) The consolidated municipality may borrow
21 money or issue bonds for any municipal purpose to the extent
22 and in the manner provided by the constitution and laws of
23 Montana for the borrowing of money or issuing of bonds by
24 counties and cities and towns.

25 (2) The municipality ~~shall~~ may not become indebted in

1 any manner or for any purpose to an amount, including
 2 existing indebtedness, in the aggregate exceeding ~~5%~~ **28%** of
 3 the ~~taxable~~ value of the taxable property therein, as
 4 ascertained by the last assessment for state and county
 5 taxes prior to incurring such indebtedness. All warrants,
 6 bonds, or obligations in excess of such amount given by or
 7 on behalf of the municipality shall be void."

8 Section 40. Section 7-6-2211, MCA, is amended to read:

9 "7-6-2211. Authorization to conduct county business on
 10 a cash basis. (1) In case the total indebtedness of a
 11 county, lawful when incurred, exceeds the limit of ~~10%~~ **22.5%**
 12 established in 7-7-2101 by reason of great diminution of
 13 taxable value, the county may conduct its business affairs
 14 on a cash basis and pay the reasonable and necessary current
 15 expenses of the county out of the cash in the county
 16 treasury derived from its current revenue and under such
 17 restrictions and regulations as may be imposed by the board
 18 of county commissioners of the county by a resolution duly
 19 adopted and included in the minutes of the board.

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

25 Section 41. Section 7-6-4121, MCA, is amended to read:

1 "7-6-4121. Authorization to conduct municipal business
 2 on a cash basis. (1) In case the total indebtedness of a
 3 city or town has reached ~~11%~~ **17%** of the total taxable value
 4 of the property of the city or town subject to taxation, as
 5 ascertained by the last assessment for state and county
 6 taxes, the city or town may conduct its affairs and business
 7 on a cash basis as provided by subsection (2).

8 (2) (a) Whenever a city or town is conducting its
 9 business affairs on a cash basis, the reasonable and
 10 necessary current expenses of the city or town may be paid
 11 out of the cash in the city or town treasury and derived
 12 from its current revenues, under such restrictions and
 13 regulations as the city or town council may by ordinance
 14 prescribe.

15 (b) In the event that payment is made in advance, the
 16 city or town may require a cash deposit as collateral
 17 security and indemnity, equal in amount to such payment, and
 18 may hold the same as a special deposit with the city
 19 treasurer or town clerk, in package form, as a pledge for
 20 the fulfillment and performance of the contract or
 21 obligation for which the advance is made.

22 (c) Before the payment of the current expenses
 23 mentioned above, the city or town council shall first set
 24 apart sufficient money to pay the interest upon its legal,
 25 valid, and outstanding bonded indebtedness and any sinking

1 funds therein provided for and shall be authorized to pay
2 all valid claims against funds raised by tax especially
3 authorized by law for the purpose of paying such claims."

4 Section 42. Section 7-6-4254, MCA, is amended to read:

5 "7-6-4254. Limitation on amount of emergency budgets
6 and appropriations. (1) The total of all emergency budgets
7 and appropriations made therein in any one year and to be
8 paid from any city fund shall ~~may~~ not exceed 25% ~~38%~~ of the
9 total amount which could be produced for such city fund by a
10 maximum levy authorized by law to be made for such fund, as
11 shown by the last completed assessment roll of the county.

12 (2) The term "taxable property", as used herein, means
13 the percentage of the value at which such property is
14 assessed and which percentage is used for the purposes of
15 computing taxes and does not mean the assessed value of such
16 property as the same appears on the assessment roll."

17 Section 43. Section 7-7-107, MCA, is amended to read:

18 "7-7-107. Limitation on amount of bonds for
19 city-county consolidated units. (1) Except as provided in
20 7-7-108, no city-county consolidated local government may
21 issue bonds for any purpose which, with all outstanding
22 indebtedness, may exceed 27% ~~32%~~ of the taxable value of the
23 property therein subject to taxation as ascertained by the
24 last assessment for state and county taxes.

25 (2) The issuing of bonds for the purpose of funding or

1 refunding outstanding warrants or bonds is not the incurring
2 of a new or additional indebtedness but is merely the
3 changing of the evidence of outstanding indebtedness."

4 Section 44. Section 7-7-108, MCA, is amended to read:

5 "7-7-108. Authorization for additional indebtedness
6 for water or sewer systems. (1) For the purpose of
7 constructing a sewer system or procuring a water supply or
8 constructing or acquiring a water system for a city-county
9 consolidated government which shall own and control such
10 water supply and water system and devote the revenues
11 therefrom to the payment of the debt, a city-county
12 consolidated government may incur an additional indebtedness
13 by borrowing money or issuing bonds.

14 (2) The additional indebtedness which may be incurred
15 by borrowing money or issuing bonds for the construction of
16 a sewer system or for the procurement of a water supply or
17 for both such purposes may not in the aggregate exceed 10%
18 over and above the 27% ~~32%~~ referred to in 7-7-107 of the
19 taxable value of the property therein subject to taxation as
20 ascertained by the last assessment for state and county
21 taxes."

22 Section 45. Section 7-7-2101, MCA, is amended to read:

23 "7-7-2101. Limitation on amount of county
24 indebtedness. (1) No county may become indebted in any
25 manner or for any purpose to an amount, including existing

1 indebtedness, in the aggregate exceeding ~~10%~~ 23% of the
2 taxable value of the property therein subject to taxation as
3 ascertained by the last assessment for state and county
4 taxes previous to the incurring of such indebtedness.

5 (2) No county may incur indebtedness or liability for
6 any single purpose to an amount exceeding \$40,000 without
7 the approval of a majority of the electors thereof voting at
8 an election to be provided by law, except as provided in
9 7-21-3413 and 7-21-3414."

10 Section 46. Section 7-7-2203, MCA, is amended to read:

11 "7-7-2203. Limitation on amount of bonded
12 indebtedness. (1) Except as provided in subsections (2) and
13 (3), no county may issue general obligation bonds for any
14 purpose which, with all outstanding bonds and warrants
15 except county high school bonds and emergency bonds, will
16 exceed ~~9%~~ 11.25% of the taxable value of the property
17 therein, to be ascertained by the last assessment for state
18 and county taxes prior to the proposed issuance of bonds.

19 (2) A county may issue bonds which, with all
20 outstanding bonds and warrants, will exceed ~~9%~~ 11.25% but
21 will not exceed ~~29%~~ 37% of the taxable value of such
22 property, when necessary to do so, for the purpose of
23 acquiring land for a site for county high school buildings
24 and for erecting or acquiring buildings thereon and
25 furnishing and equipping the same for county high school

1 purposes.

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

5 Section 47. Section 7-7-4201, MCA, is amended to read:

6 "7-7-4201. Limitation on amount of bonded
7 indebtedness. (1) Except as otherwise provided, no city or
8 town may issue bonds or incur other indebtedness for any
9 purpose in an amount which with all outstanding and unpaid
10 indebtedness will exceed ~~10%~~ 28% of the taxable value of the
11 property therein subject to taxation, to be ascertained by
12 the last assessment for state and county taxes.

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

17 Section 48. Section 7-7-4202, MCA, is amended to read:

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

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1 issuing bonds.

2 (2) The additional total indebtedness that may be
3 incurred by borrowing money or issuing bonds for the
4 construction of a sewer system, for the procurement of a
5 water supply, or for both such purposes, including all
6 indebtedness theretofore contracted which is unpaid or
7 outstanding, may not in the aggregate exceed ~~36%~~ 55% over
8 and above the ~~18%~~ 28%, referred to in 7-7-4201, of the
9 taxable value of the property therein subject to taxation as
10 ascertained by the last assessment for state and county
11 taxes."

12 Section 49. Section 7-13-4103, MCA, is amended to
13 read:

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

21 Section 50. Section 7-14-236, MCA, is amended to read:

22 "7-14-236. Limitation on bonded indebtedness. The
23 amount of bonds issued to provide funds for the district and
24 outstanding at any time shall not exceed ~~5%~~ 23% of the
25 taxable value of taxable property therein as ascertained by

1 the last assessment for state and county taxes previous to
2 the issuance of such bonds."

3 Section 51. Section 7-14-2524, MCA, is amended to
4 read:

5 "7-14-2524. Limitation on amount of bonds issued —
6 excess void. (1) Except as otherwise provided hereafter and
7 in 7-7-2203 and 7-7-2204, no county shall issue bonds which,
8 with all outstanding bonds and warrants except county high
9 school bonds and emergency bonds, will exceed ~~9%~~ 11.25% of
10 the taxable value of the property therein. The taxable
11 property shall be ascertained by the last assessment for
12 state and county taxes prior to the issuance of such bonds.

13 (2) A county may issue bonds which, with all
14 outstanding bonds and warrants except county high school
15 bonds, will exceed ~~9%~~ 11.25% but will not exceed ~~10%~~ 22.5%
16 of the taxable value of such property when necessary for the
17 purpose of replacing, rebuilding, or repairing county
18 buildings, bridges, or highways which have been destroyed or
19 damaged by an act of God, disaster, catastrophe, or
20 accident.

21 (3) The value of the bonds issued and all other
22 outstanding indebtedness of the county, except county high
23 school bonds, shall not exceed ~~10%~~ 22.5% of the taxable
24 value of the property within the county as ascertained by
25 the last preceding general assessment."

1 Section 52. Section 7-14-2525, MCA, is amended to
2 read:

3 "7-14-2525. Refunding agreements and refunding bonds
4 authorized. (1) Whenever the total indebtedness of a county
5 exceeds ~~10%~~ 22.5% of the taxable value of the property
6 therein and the board determines that the county is unable
7 to pay such indebtedness in full, the board may:

8 (a) negotiate with the bondholders for an agreement
9 whereby the bondholders agree to accept less than the full
10 amount of the bonds and the accrued unpaid interest thereon
11 in satisfaction thereof;

12 (b) enter into such agreement;

13 (c) issue refunding bonds for the amount agreed upon.

14 (2) These bonds may be issued in more than one series,
15 and each series may be either amortization or serial bonds.

16 (3) The plan agreed upon between the board and the
17 bondholders shall be embodied in full in the resolution
18 providing for the issue of the bonds."

19 Section 53. Section 7-14-4402, MCA, is amended to
20 read:

21 "7-14-4402. Limit on indebtedness to provide bus
22 service. The total amount of indebtedness authorized under
23 7-14-4401(1) to be contracted in any form, including the
24 then-existing indebtedness, may not at any time exceed ~~10%~~
25 28% of the total taxable value of the property of the city

1 or town subject to taxation as ascertained by the last
2 assessment for state and county taxes. No money may be
3 borrowed or bonds issued for the purposes specified in
4 7-14-4401(1) until the proposition has been submitted to the
5 vote of the taxpayers of the city or town and the majority
6 vote cast in its favor."

7 Section 54. Section 7-16-2327, MCA, is amended to
8 read:

9 "7-16-2327. Indebtedness for park purposes. (1)
10 Subject to the provisions of subsection (2), a county park
11 board, in addition to powers and duties now given under law,
12 shall have the power and duty to contract an indebtedness in
13 behalf of a county, upon the credit thereof, for the
14 purposes of 7-16-2321(1) and (2).

15 (2) (a) The total amount of indebtedness authorized to
16 be contracted in any form, including the then-existing
17 indebtedness, must not at any time exceed ~~9%~~ 13% of the
18 taxable value of the taxable property of in the county
19 ascertained by the last assessment for state and county
20 taxes previous to the incurring of such indebtedness.

21 (b) No money ~~must~~ may be borrowed on bonds issued for
22 the purchase of lands and improving same for any such
23 purpose until the proposition has been submitted to the vote
24 of those qualified under the provisions of the state
25 constitution to vote at such election in the county affected

1 thereby and a majority vote is cast in favor thereof."

2 Section 55. Section 7-16-4104, MCA, is amended to
3 read:

4 "7-16-4104. Authorization for municipal indebtedness
5 for various cultural, social, and recreational purposes. (1)
6 A city or town council or commission may contract an
7 indebtedness on behalf of the city or town, upon the credit
8 thereof, by borrowing money or issuing bonds:

9 (a) for the purpose of purchasing and improving lands
10 for public parks and grounds;

11 (b) for procuring by purchase, construction, or
12 otherwise swimming pools, athletic fields, skating rinks,
13 playgrounds, museums, a golf course, a site and building for
14 a civic center, a youth center, or combination thereof; and

15 (c) for furnishing and equipping the same.

16 (2) The total amount of indebtedness authorized to be
17 contracted in any form, including the then-existing
18 indebtedness, may not at any time exceed ~~3%~~ 16.5% of the
19 ~~taxable~~ value of the taxable property of the city or town as
20 ascertained by the last assessment for state and county
21 taxes previous to the incurring of such indebtedness. No
22 money may be borrowed on bonds issued for the purchase of
23 lands and improving the same for any such purpose until the
24 proposition has been submitted to the vote of the qualified
25 electors of the city or town and a majority vote is cast in

1 favor thereof."

2 Section 56. Section 7-31-106, MCA, is amended to read:

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

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

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

17 (2) The amount of the bonds authorized by this section
18 ~~shall~~ may not exceed ~~5%~~ 22.5% of the ~~taxable~~ value of the
19 taxable property therein, inclusive of the existing
20 indebtedness thereof, to be ascertained by the last
21 assessment for state and county taxes previous to the
22 issuance of said bonds and incurring of said indebtedness."

23 Section 57. 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 9% ~~16.5%~~ of the taxable value of the
15 taxable property therein, inclusive of the existing
16 indebtedness thereof, to be ascertained in the manner
17 provided in this part."

18 Section 58. Section 7-34-2131, MCA, is amended to
19 read:

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

1 (2) The amount of bonds issued for such purpose and
2 outstanding at any time shall not exceed 5% ~~22.5%~~ of the
3 taxable value of the property therein as ascertained by the
4 last assessment for state and county taxes previous to the
5 issuance of such bonds.

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

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

14 Section 59. Section 19-11-503, MCA, is amended to
15 read:

16 "19-11-503. Special tax levy for fund required. (1)
17 The purpose of this section is to provide a means by which
18 each disability and pension fund may be maintained at a
19 level equal to 2% ~~3%~~ of the taxable valuation of all taxable
20 property within the limits of the city or town.

21 (2) Whenever the fund contains less than 2% ~~3%~~ of the
22 taxable valuation of all taxable property within the limits
23 of the city or town, the governing body of the city or town
24 shall, at the time of the levy of the annual tax, levy a
25 special tax as provided in 19-11-504. The special tax shall

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1 be collected as other taxes are collected and, when so
2 collected, shall be paid into the disability and pension
3 fund."

4 Section 60. Section 19-11-504, MCA, is amended to
5 read:

6 *19-11-504. Amount of special tax levy. (1) Whenever
7 the total amount of the fund is less than ~~2%~~ 3% of the
8 taxable valuation of all taxable property within the limits
9 of the city or town, the special tax levy shall be:

10 (a) not less than 1 mill or more than 4 mills on each
11 dollar of taxable valuation of all taxable property within
12 the limits of the city or town; and

13 (b) an amount sufficient to provide a growth per year
14 in the fund, considering all sources of income to the fund
15 and the payment of obligations out of the fund, equal to the
16 sum produced by 1 mill levied on the taxable valuation of
17 all the taxable property in the city or town.

18 (2) The special tax levy shall be a fractional part of
19 1 mill whenever:

20 (a) the total amount of the fund is less than ~~2%~~ 3%
21 but more than ~~1%~~ 1.5% of the taxable valuation of all
22 taxable property within the city or town; 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%~~ 3% of the
2 taxable valuation of all taxable property within the city or
3 town.

4 (3) In cities of the third class, when the fund
5 contains an amount which is less than ~~2%~~ 3% of the taxable
6 valuation of all taxable property in the city or town, the
7 city council shall levy an annual special tax of not less
8 than 1 mill and not more than 4 mills on each dollar of
9 taxable valuation of all taxable property within the city or
10 town."

11 Section 61. Section 20-9-406, MCA, is amended to read:

12 *20-9-406. Limitations on amount of bond issue. (1)
13 The maximum amount for which each school district may become
14 indebted by the issuance of bonds, including all
15 indebtedness represented by outstanding bonds of previous
16 issues and registered warrants, is ~~29%~~ 45% of the taxable
17 value of the property subject to taxation as ascertained by
18 the last completed assessment for state, county, and school
19 taxes previous to the incurring of such indebtedness. The
20 ~~29%~~ 45% maximum, however, may not pertain to indebtedness
21 imposed by special improvement district obligations or
22 assessments against the school district. All bonds issued
23 in excess of such amount shall be null and void, except as
24 provided in this section.

25 (2) When the total indebtedness of a school district

1 has reached the ~~29%~~ 45% limitation prescribed in this
2 section; the school district may pay all reasonable and
3 necessary expenses of the school district on a cash basis in
4 accordance with the financial administration provisions of
5 this chapter.

6 (3) Whenever bonds are issued for the purpose of
7 refunding bonds, any moneys to the credit of the debt
8 service fund for the payment of the bonds to be refunded are
9 applied towards the payment of such bonds and the refunding
10 bond issue is decreased accordingly.*

11 Section 62. Section 20-9-502, MCA, is amended to read:

12 *20-9-502. Purpose and authorization of a building
13 reserve fund by an election. (1) The trustees of any
14 district, with the approval of the qualified electors of the
15 district, may establish a building reserve for the purpose
16 of raising money for the future construction, equipping, or
17 enlarging of school buildings or for the purpose of
18 purchasing land needed for school purposes in the district.
19 In order to submit to the qualified electors of the district
20 a building reserve proposition for the establishment of or
21 addition to a building reserve, the trustees shall pass a
22 resolution that specifies:

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

25 (b) the duration of time over which the new or

1 addition to the building reserve will be raised in annual,
2 equal installments;

3 (c) the total amount of money that will be raised
4 during the duration of time specified in subsection (1)(b);
5 and

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

8 (2) The total amount of building reserve when added to
9 the outstanding indebtedness of the district shall not be
10 more than ~~5%~~ 45% of the taxable value of the taxable
11 property of the district. Such limitation shall be
12 determined in the manner provided in 20-9-406. A building
13 reserve tax authorization shall not be for more than 20
14 years.

15 (3) The election shall be conducted in accordance with
16 the school election laws of this title, and the electors
17 qualified to vote in the election shall be qualified under
18 the provisions of 20-20-301. The ballot for a building
19 reserve proposition shall be substantially in the following
20 form:

21 OFFICIAL BALLOT

22 SCHOOL DISTRICT BUILDING RESERVE ELECTION

23 INSTRUCTIONS TO VOTERS: Make an X or similar mark in
24 the vacant square before the words "BUILDING RESERVE--YES"
25 if you wish to vote for the establishment of a building

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1 reserve (addition to the building reserve); if you are
 2 opposed to the establishment of a building reserve (addition
 3 to the building reserve) make an X or similar mark in the
 4 square before the words "BUILDING RESERVE--NO".

5 Shall the trustees be authorized to impose an
 6 additional levy each year for years to establish a
 7 building reserve (add to the building reserve) of this
 8 school district to raise a total amount of dollars
 9 (\$.....), for the purpose(s) (here state the purpose or
 10 purposes for which the building reserve will be used)?

11 BUILDING RESERVE--YES.

12 BUILDING RESERVE--NO.

13 (4) The building reserve proposition shall be approved
 14 if a majority of those electors voting at the election
 15 approve the establishment of or addition to such building
 16 reserve. The annual budgeting and taxation authority of the
 17 trustees for a building reserve shall be computed by
 18 dividing the total authorized amount by the specified number
 19 of years. The authority of the trustees to budget and
 20 impose the taxation for the annual amount to be raised for
 21 the building reserve shall lapse when, at a later time, a
 22 bond issue is approved by the qualified electors of the
 23 district for the same purpose or purposes for which the
 24 building reserve fund of the district was established.
 25 Whenever a subsequent bond issue is made for the same

1 purpose or purposes of a building reserve, the money in the
 2 building reserve shall be used for such purpose or purposes
 3 before any money realized by the bond issue is used."

4 Section 63. Section 85-7-2001, MCA, is amended to
 5 read:

6 "85-7-2001. Limitations on debt-incurring power. (1)
 7 The board of commissioners or other officers of the district
 8 may not incur any debt or liability, either by issuing bonds
 9 or otherwise, except as provided in this chapter. No
 10 irrigation district may become indebted, in any manner or
 11 for any purpose in any one year, in an amount exceeding 15%
 12 ~~18.75%~~ of the assessed valuation of the district, except as
 13 provided in subsection (2).

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

22 (b) For the purpose of organization, for any of the
 23 immediate purposes of this chapter, or to meet the expenses
 24 occasioned by any calamity or other unforeseen contingency,
 25 the board of commissioners may, in any one year, incur (in

1 addition to the ~~15%~~ 18.75% limitation of subsection (1)) an
2 additional indebtedness not exceeding ~~10%~~ 12.5% of the
3 assessed valuation of the district and may cause warrants of
4 the district to issue therefor.

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

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

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

14 Section 64. Validation. Notwithstanding any provisions
15 of this act, any outstanding indebtedness or bond issue on
16 January 1, 1982, of any governmental subdivision is not
17 invalidated because of any changes in the taxable valuation
18 of the subdivision due to removal of automobiles and trucks
19 having a rated capacity of three-quarters of a ton or less
20 from the tax base.

21 Section 65. Codification instruction. Sections 1
22 through 6 are intended to be codified as an integral part of
23 Title 61, chapter 3, part 5, and the provisions of Title 61
24 apply to sections 1 through 6.

25 Section 66. Effective date. (1) Except as provided in

1 subsection (2), this act is effective January 1, 1982.

2 (2) Section 5 is effective on passage and approval.

-End-

SB 355

STATE OF MONTANA

REQUEST NO. 297-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 4, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 355 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 current ad valorem tax on automobiles and light trucks with a system of uniform fees. It increases limits for various indebtedness categories which are set in terms of taxable value in order to offset the effect of removing automobiles and light trucks from the tax base. It provides for reimbursement of local governments for the revenue loss suffered because of the change from an ad valorem tax to the fee system.

Data from the 1980 plate year Motor Vehicle Division computer tape are used in deriving the estimate. About 12.7% of the records in the data file are unusable for computation so the estimate is based on the 87.3% of the data which is usable and the result expanded to the entire file under the assumption that the 87.3% portion constitutes a representative sample.

Actual computation shows that the fee system in this proposal would have raised \$14,331,903 or 48.065% of the \$29,817,729 raised by the ad valorem tax. An additional computation showed that if the fee structure were inflated by 10%, it raised \$15,765,094 or 52.871% as much as the tax. The following assumptions are used:

1. The average mill levy applied to motor vehicles is 220 mills for 1981 and 230 mills for 1982.
2. The university levy is 6 mills.
3. For 1981, automobiles and light trucks will have a taxable value of \$140.603 M, and would be \$145.965 M for 1982 in the absence of the enactment of this measure.
4. The increase in the PCE between second quarter 1981 and second quarter 1982 will be 10%.
5. The total number of vehicles will be 2.25% larger in 1982 than in 1981.

	Calendar 1982	Calendar 1983
Local Gov'ts:		
Fee System Revenue	\$ 16.132 M	\$ 18.427 M
Reimbursement		
from State 3/1	\$ 16.069 M	\$ 16.431 M
	\$ 32.201 M	\$ 34.858 M

(Continued on page two)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

REQUEST NO. 297-81

FISCAL NOTE

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DESCRIPTION (Continued)

	FY82	FY83
State		
Present law		
Reimbursement	0	0
to counties	\$ <u>16.069 M</u>	\$ <u>16.431 M</u>
	(\$ 16.069 M)	(\$ 16.431 M)

EFFECT ON LOCAL GOVERNMENT

Remark: The flow of revenue to counties under this proposal will be somewhat different than it is under the ad valorem tax system. However, the fee system revenue together with the reimbursement from the state should be a fairly close approximation of the total amount of revenue from the ad valorem tax during a given calendar year period.

David M Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-9-81

PREPARED BY THE DEPARTMENT OF REVENUE

Approved by Committee
on Taxation

Amended BILL NO. *355*
Blaylock To Enge
BY REQUEST OF THE GOVERNOR

1
2 INTRODUCED BY
3
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE PRESENT
6 SYSTEM OF TAXATION OF AUTOMOBILES AND LIGHT TRUCKS WITH A
7 FEE SYSTEM; ADJUSTING THE PERCENTAGE LIMITS ON CERTAIN
8 FINANCIAL ACTIVITIES BY LOCAL GOVERNMENTS AND PROVIDING
9 FINANCIAL ASSISTANCE TO LOCAL GOVERNMENTS BECAUSE OF THE
10 CHANGE IN TAX BASE; AMENDING SECTIONS 7-1-2111, 7-3-1321,
11 7-6-2211, 7-6-4121, 7-6-4254, 7-7-107, 7-7-108, 7-7-2101,
12 7-7-2203, 7-7-4201, 7-7-4202, 7-13-4103, 7-14-236,
13 7-14-2524, 7-14-2525, 7-14-4402, 7-15-2327, 7-16-4104,
14 7-31-106, 7-31-107, 7-34-2131, 10-2-301, 10-2-303, 15-6-139,
15 15-6-140, 15-6-201, 15-8-201, 15-8-202, 15-24-101 THROUGH
16 15-24-105, 15-24-301, 15-30-121, 15-31-114, 15-50-207,
17 19-11-503, 19-11-504, 20-9-406, 20-9-502, 61-3-303,
18 61-3-317, 61-3-322, 61-3-332, 61-3-335, 61-3-342, 61-3-501
19 THROUGH 61-3-504, 61-3-507, 61-3-509, 61-3-701, 61-6-302,
20 61-10-233, AND 85-7-2001, MCA; AND PROVIDING EFFECTIVE
21 DATES."

22
23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
24 NEW SECTION. Section 1. Definitions. As used in
25 [sections 1 through 6], the following definitions apply:

1 (1) "Light vehicle" means an automobile or a truck
2 having a rated capacity of three-quarters of a ton or less.
3 (2) "Vehicle age" means the difference between the
4 calendar year of the first day of the registration period
5 and the manufacturer's designated model year.

6 NEW SECTION. Section 2. Light vehicle license fee.
7 (1) Except as provided in subsection (2), light vehicles are
8 subject to a license fee. This fee is imposed in lieu of a
9 property tax and is in addition to the tax on new motor
10 vehicles.

11 (2) (a) Light vehicles that meet the description of
12 property exempt from taxation under the provisions of
13 subsections (a), (c), (d), or (e) of 15-6-201(1) or
14 15-6-203(2) are exempt from the fee imposed in subsection
15 (1) of this section.

16 (b) A dealer for light vehicles is not required to pay
17 the license fee for light vehicles held for sale or used in
18 the dealer's business in selling or demonstrating the
19 vehicles. Vehicles exempt under this subsection may not be
20 used for the personal use of the dealer, his family, or
21 employees or for any use not necessary in the pursuit of
22 business.

23 NEW SECTION. Section 3. Schedule of fees for
24 automobiles and light trucks. (1) Except as provided in
25 subsection (3), the following schedule, based on vehicle age

1 and weight, is used to determine the fee imposed by [section
2 2]:

Vehicle Age	Weight	
less than or equal to 4 years	2,850 pounds or less	more than 2,850 pounds
more than 4 years	\$45	\$65
	20	25

3
4
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10 (2) The fee for a light vehicle is the appropriate
11 dollar amount from the table in subsection (1) multiplied by
12 the ratio of the PCE for the second quarter of the year
13 prior to the year of licensing to the PCE for the second
14 quarter of 1981. "PCE" means the implicit price deflator for
15 personal consumption expenditures as published quarterly in
16 the Survey of Current Business by the bureau of economic
17 analysis of the United States department of commerce.

18 (3) The light vehicle license fee for disabled
19 veterans qualifying under the provisions of 10-2-301 through
20 10-2-304 is \$5.

21 **NEW_SECTION.** Section 4. Payment of fee required for
22 operation. (1) No light vehicle subject to the fee imposed
23 by [section 2] may be operated unless the fee has been paid
24 and the vehicle is licensed.

25 (2) A properly licensed and registered light vehicle
26 may be operated within Montana, subject to all applicable
federal, state, and local laws.

1 **NEW_SECTION.** Section 5. Light vehicle reregistration
2 by mail. (1) The department of revenue shall develop a
3 procedure to permit the reregistration of light vehicles
4 with the county treasurer by mail at the option of the owner
5 of the vehicle. The option to reregister by mail need only
6 be made available for vehicles registered at the close of
7 the expiring registration period in the name of the
8 applicant for reregistration.

9 (2) The form to be returned to the county treasurer by
10 the applicant, with the appropriate fees, is to contain a
11 statement, to be subscribed to by the applicant, stating
12 compliance with the financial liability requirements of
13 61-6-301.

14 (3) The procedure for mail reregistration must be in
15 effect by January 1, 1982.

16 (4) The department of revenue may adopt rules to
17 implement the mail reregistration procedure.

18 **NEW_SECTION.** Section 6. State aid for local
19 government. (1) Each county treasurer shall compute:

20 (a) the total amount received during the period from
21 January 1, 1981, to December 31, 1981, for property taxes on
22 automobiles and trucks having a rated capacity of
23 three-quarters of a ton or less, denoted CT;

24 (b) the total amount that would have been received
25 during the same period if the license fee system had been in

1 effect, denoted CF; and
 2 (4) the number of light vehicles registered in the
 3 county on December 31, 1981, denoted NC.
 4 (5) The three quantities, CT, CF, and NC, shall be
 5 certified to the department of revenue by February 1, 1982.
 6 The department shall compute for each county a quantity
 7 called county revenue loss, denoted CRL, and county loss per
 8 vehicles denoted CLV, and defined as follows:
 9 (a) CRL = larger of:
 10 (i) 0;
 11 (ii) CT - CF;
 12 (b) CLV = CRL/NC.
 13 (3) Prior to February 1 of year denoted Y, the county
 14 treasurer shall determine and certify to the department, the
 15 number of light vehicles registered in the county on
 16 December 31 of the prior year, denoted NC(Y).
 17 (4) On March 1 of year Y, the department shall
 18 transmit to each county treasurer a warrant in the amount of
 19 $CLV \times NC(Y)$.
 20 (5) Upon receipt of the payment provided for in
 21 subsection (4), the county treasurer shall credit the
 22 payment to a motor vehicle suspense fund and, at some time
 23 between March 15 and March 30, shall distribute the payment
 24 in the same manner as funds are distributed to the taxing
 25 jurisdictions as provided in 61-3-509.

1 Section 7. Section 10-2-301, MCA, is amended to read:
 2 "10-2-301. Free--license LICENSE plates to disabled
 3 veterans. Any person who is a veteran of the armed service
 4 of the United States and 100% disabled because of an injury
 5 which has been determined by the veterans administration to
 6 be service connected and who is a citizen and resident of
 7 the state of Montana and who is the owner of a passenger
 8 automobile or of a truck up to and including three-quarter
 9 ton GVW-rated capacity shall be provided with free license
 10 plates upon payment of personal-property-tax-equivalent--of
 11 the-taxable-value a fee of \$5 for such automobile or truck
 12 and upon proof of 100% service-connected disability."
 13 Section 8. Section 10-2-303, MCA, is amended to read:
 14 "10-2-303. Veterans' free plates limited to one
 15 automobile or truck. No disabled veteran is entitled to free
 16 license plates under 10-2-301 for more than one passenger
 17 automobile or one truck up to and including three-quarter
 18 ton GVW-rated capacity."
 19 Section 9. Section 15-6-139, MCA, is amended to read:
 20 "15-6-139. Class nine property -- description --
 21 taxable percentage. (1) Class nine property includes:
 22 (a) automobiles, buses, and trucks weighing 1-1/2 tons
 23 or less having a rated capacity of more than three-quarters
 24 of a ton but less than or equal to 1 1/2 tons;
 25 (b) stock, camping, and travel trailers;

1 (c) truck campers and toppers weighing more than 300
2 pounds, except those included in class five;

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

4 (e) furniture, fixtures, and equipment, except that
5 specifically included in another class, used in commercial
6 establishments as defined in this section;

7 (f) x-ray and medical and dental equipment; and

8 (g) citizens' band radios and mobile telephones.

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

12 (1) Class nine property is taxed at 13% of its market
13 value."

14 Section 10. Section 15-6-140, MCA, is amended to read:

15 "5-6-140. Class ten property -- description --
16 taxable percentage. (1) Class ten property includes:

17 (a) radio and television broadcasting and transmitting
18 equipment;

19 (b) cable television systems;

20 (c) centrally assessed utility allocations after
21 deductions of locally assessed properties, except as
22 provided in:

23 (i) class five for cooperative rural electrical and
24 cooperative rural telephone associations; and

25 (ii) class seven for rural telephone and electrical

1 organizations;

2 (d) coal and ore haulers;

3 (e) trucks weighing having a rated capacity of more
4 than 1 1/2 tons, including those prorated under 15-24-102;

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

7 (g) theater projectors and sound equipment; and

8 (h) all other property not included in the preceding
9 nine classes.

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

12 Section 11. Section 15-6-201, MCA, is amended to read:

13 "15-6-201. Exempt categories. (1) The following
14 categories of property are exempt from taxation:

15 (a) the property of:

16 (i) the United States, the state, counties, cities,
17 towns, school districts;

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

20 (iii) municipal corporations; and

21 (iv) public libraries;

22 (b) buildings, with land they occupy and furnishings
23 therein, owned by a church and used for actual religious
24 worship or for residences of the clergy, together with
25 adjacent land reasonably necessary for convenient use of

1 Such buildings:

2 (i) property used exclusively for agricultural and
3 horticultural societies, for educational purposes, and for
4 hospitals;

5 (d) property that meets the following conditions:

6 (i) is owned and held by any association or
7 corporation organized under Title 35, chapter 2, 3, 20, or
8 all

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

13 (iii) is not maintained and operated for private or
14 corporate profits;

15 (e) institutions of purely public charity;

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

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

20 (h) all household goods and furniture, including but
21 not limited to clocks, musical instruments, sewing machines,
22 and wearing apparel of members of the family, used by the
23 owner for personal and domestic purposes or for furnishing
24 or equipping the family residence;

25 (i) a truck canopy cover or topper weighing less than

1 300 pounds and having no accommodations attached. Such
2 property is also exempt from the fee in lieu of tax.

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

5 ~~(k) automobiles and trucks having a rated capacity of~~
6 ~~three-quarters of a ton or less.~~

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

11 (b) The terms "public art galleries" and "public
12 observatories" include only those art galleries and
13 observatories, whether of public or private ownership, that
14 are open to the public without charge at all reasonable
15 hours and are used for the purpose of education only.

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

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

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

25 Section 12. Section 15-8-201, MCA, is amended to read:

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

13 (2) The procedure provided by this section may not
14 apply to:

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

18 **~~(b) automobiles and trucks having a rated capacity of~~**
19 **~~three-quarters of a ton or less;~~**

20 **~~(c) motor homes and travel trailers subject to a~~**
21 **~~fee in lieu of property tax;~~**

22 **~~(d) livestock;~~**

23 **~~(e) property defined in 61-1-104(2) as "special~~**
24 **~~mobile equipment" that is subject to assessment for personal~~**
25 **~~property taxes on the date that application is made for a~~**

1 special mobile equipment plate; and
2 **~~(f) mobile homes held by a distributor or dealer of~~**
3 **~~mobile homes as a part of his stock-in-trade.~~**

4 (3) Credits must be assessed as provided in
5 15-1-101(1)(c)."

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

7 "15-8-202. Motor vehicle assessment. (1) (a) The
8 department or its agent must, in each year, ascertain and
9 assess all motor vehicles other than ~~automobiles, trucks~~
10 ~~having a rated capacity of three-quarters of a ton or less,~~
11 motor homes, travel trailers, or mobile homes in each county
12 subject to taxation as of January 1 or as of the anniversary
13 registration date of those vehicles subject to 61-3-313
14 through 61-3-316 and 61-3-501. The motor vehicles shall be
15 assessed in each year to the persons by whom owned or
16 claimed or in whose possession or control they were at
17 midnight of January 1 or the anniversary registration date
18 thereof, whichever is applicable.

19 (b) No tax may be assessed against motor vehicles
20 ~~subject to taxation~~ that constitute inventory of motor
21 vehicle dealers as of January 1. These vehicles and all
22 other motor vehicles ~~subject to taxation~~ brought into the
23 state subsequent to January 1 as motor vehicle dealers'
24 inventories shall be assessed to their respective purchasers
25 as of the dates the vehicles are registered by the

1 purchasers.

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

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

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

14 Section 14. Section 15-24-101, MCA, is amended to
15 read:

16 "15-24-101. Assessment of proportionally registered
17 interstate motor vehicle fleets -- tax payment required for
18 registration. (1) The department of revenue shall assess,
19 for the purpose of personal property taxes, ~~the taxable~~
20 ~~vehicles in~~ interstate motor vehicle fleets proportionally
21 registered under the provisions of 61-3-711 through
22 61-3-733, and ~~and~~ the assessment shall be apportioned on
23 the ratio of total miles traveled to in-state miles traveled
24 formula as prescribed by 61-3-721. Interstate motor vehicle
25 fleets are hereby declared assessable for taxation purposes

1 upon application for proportional registration and ~~shall be~~
2 ~~and~~ assessed to the persons who own or claim or in whose
3 possession or control the fleet is at the time of the
4 application.

5 (2) ~~Any with respect to any~~ fleet contained in an
6 original application which has a situs for purpose of
7 property taxation in Montana by the terms of this part or
8 any other provision of the laws of Montana between January 1
9 and April 1, ~~shall be the taxable vehicles are~~ taxed for a
10 full year. ~~Any with respect to any~~ fleet contained in an
11 original application which acquires a situs for the purpose
12 of property taxation in Montana under the provisions of this
13 part or any other law of the state of Montana after April 1,
14 ~~shall have the taxes on taxable vehicles are~~ apportioned as
15 provided in 15-24-303.

16 (3) ~~Any with respect to any~~ fleet contained in a
17 renewal application, ~~shall be the taxable vehicles are~~
18 assessed and taxed for a full year.

19 ~~(4) Automobiles and trucks having a rated capacity of~~
20 ~~three-quarters of a ton or less that are part of an~~
21 ~~interstate motor vehicle fleet are subject to the light~~
22 ~~vehicle license fee imposed by [section 2]. If the fleet is~~
23 ~~proportionally registered, the fee is apportioned in the~~
24 ~~same fashion as the registration fee under 61-3-721.~~

25 ~~††(5) Vehicles contained in a fleet for which current~~

1 taxes, fees, or both have been assessed and paid shall not
 2 be assessed or charged fees under this section upon
 3 presentation to the department of proof of payment of tax
 4 taxes, fees, or both for the current registration year. The
 5 payment of personal property taxes, fees, or both is a
 6 condition precedent to proportional registration or
 7 reregistration of an interstate motor vehicle fleet."

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

10 "15-24-102. Valuation of Interstate fleets --
 11 determination of aggregate tax due. The department of
 12 revenue shall assess the taxable vehicles of any interstate
 13 motor vehicle fleet making application for proportional
 14 registration as follows:

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

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

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

24 (4) To determine the amount of tax due, the taxable
 25 value of the entire fleet shall be multiplied by the

1 statewide average county mill levy plus state levies as
 2 hereinafter provided."

3 Section 16. Section 15-24-103, MCA, is amended to
 4 read:

5 "15-24-103. Determination of average levy in state --
 6 application to Interstate fleets -- cost stated in
 7 application for registration. (1) The department of revenue
 8 shall determine the aggregate tax in the entire state for
 9 state, county, and local purposes levied on the general
 10 property of the state in the previous year, excluding
 11 special levies on property for local improvements and
 12 special state levies on livestock for bounties, inspection,
 13 and protection purposes.

14 (2) From the total taxable valuation of the general
 15 property of the state including net proceeds and the
 16 aggregate tax as determined, the department shall compute
 17 the average levy by dividing the aggregate tax by the total
 18 state taxable valuation. The rate so determined shall
 19 constitute the rate of taxation on the taxable value of ~~all~~
 20 interstate-trucks taxable vehicles of an interstate motor
 21 vehicle fleet.

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

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

3 Section 17. Section 15-24-104, MCA, is amended to
4 read:

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

11 (2) The department or its designated agent shall
12 collect the personal property taxes, license fees, or both
13 prescribed herein in this part."

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

16 "15-24-105. Deposit and distribution of taxes and fees
17 on proportionally registered fleets. The personal property
18 taxes described herein and license fees collected under this
19 part shall be deposited with the state treasurer for
20 distribution to the general fund of each county on the
21 following basis:

22 (1) for personal property taxes, according to the
23 ratio of the taxable valuation of each county to the total
24 state taxable valuation; and

25 (2) for light vehicle license fees, according to the

1 ratio of light vehicle license fees, other than fees derived
2 from interstate motor vehicle fleets, collected in each
3 county to the sum of all such fees collected in all the
4 counties."

5 Section 19. Section 15-24-301, MCA, is amended to
6 read:

7 "15-24-301. Personal property brought into the state
8 -- assessment -- exceptions -- custom combine equipment. (1)
9 Property except as provided in subsections (2) through (6),
10 property in the following cases is subject to taxation and
11 assessment for all taxes levied that year in the county in
12 which it is located:

13 (a) any personal property (including livestock)
14 brought, driven, or coming into this state at any time
15 during the year that is used in the state for hire,
16 compensation, or profit;

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

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

21 (2) The taxes on this property are levied in the same
22 manner and to the same extent, except as otherwise provided,
23 as though the property had been in the county on the regular
24 assessment date, provided that the property has not been
25 regularly assessed for the year in some other county of the

1 state.

2 (3) Nothing in this section shall be construed to levy
3 a tax against a merchant or dealer within this state on
4 goods, wares, or merchandise brought into the county to
5 replenish the stock of the merchant or dealer in addition to
6 the tax levied against the inventory of said merchant or
7 dealer on the regular assessment date.

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

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

20 ~~(6) The provisions of this part do not apply to~~
21 ~~automobiles and trucks having a rated capacity of~~
22 ~~three-quarters of a ton or less. These vehicles are subject~~
23 ~~to the fee provided for in [section 2]."~~

24 Section 20. Section 15-30-121, MCA, is amended to
25 read:

1 *15-30-121. Deductions allowed in computing net
2 income. In computing net income, there are allowed as
3 deductions:

4 (1) the items referred to in sections 161 and 211 of
5 the Internal Revenue Code of 1954, or as sections 161 and
6 211 shall be labeled or amended, subject to the following
7 exceptions which are not deductible:

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

9 (b) state income tax paid;

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

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

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

25 (5) in the case of an individual, political

1 contributions determined in accordance with the provisions
2 of section 213(a) and (b) of the Internal Revenue Code that
3 were in effect for the taxable year ended December 31,
4 1978.

5 ~~(4) light vehicle license fees, as provided by~~
6 ~~[section 2], paid during the taxable year."~~

7 Section 21. Section 15-31-114, MCA, is amended to
8 read:

9 "15-31-114. Deductions allowed in computing income. In
10 computing the net income, the following deductions shall be
11 allowed from the gross income received by such corporation
12 within the year from all sources:

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

1 connection with securing such income shall be deductible.

2 (2) (a) All losses actually sustained and charged off
3 within the year and not compensated by insurance or
4 otherwise, including a reasonable allowance for the wear and
5 tear and obsolescence of property used in the trade or
6 business, such allowance to be determined according to the
7 provisions of section 167 of the Internal Revenue Code in
8 effect with respect to the taxable year. All elections for
9 depreciation shall be the same as the elections made for
10 federal income tax purposes. No deduction shall be allowed
11 for any amount paid out for any buildings, permanent
12 improvements, or betterments made to increase the value of
13 any property or estate, and no deduction shall be made for
14 any amount of expense of restoring property or making good
15 the exhaustion thereof for which an allowance is or has been
16 made.

17 (b) (i) There shall be allowed as a deduction for the
18 taxable period a net operating loss deduction determined
19 according to the provisions of this subsection. The net
20 operating loss deduction is the aggregate of net operating
21 loss carryovers to such taxable period plus the net
22 operating loss carrybacks to such taxable period. The term
23 "net operating loss" means the excess of the deductions
24 allowed by this section, 15-31-114, over the gross income,
25 with the modifications specified in (ii) of this subsection.

1 If for any taxable period beginning after December 31, 1970,
 2 a net operating loss is sustained, such loss shall be a net
 3 operating loss carryback to each of the three taxable
 4 periods preceding the taxable period of such loss and shall
 5 be a net operating loss carryover to each of the five
 6 taxable periods following the taxable period of such loss. A
 7 net operating loss for any taxable period ending after
 8 December 31, 1975, in addition to being a net operating loss
 9 carryback to each of the three preceding taxable periods,
 10 shall be a net operating loss carryover to each of the seven
 11 taxable periods following the taxable period of such loss.
 12 The portion of such loss which shall be carried to each of
 13 the other taxable years shall be the excess, if any, of the
 14 amount of such loss over the sum of the net income for each
 15 of the prior taxable periods to which such loss was carried.
 16 For purposes of the preceding sentence, the net income for
 17 such prior taxable period shall be computed with the
 18 modifications specified in (ii)(B) of this subsection and by
 19 determining the amount of the net operating loss deduction
 20 without regard to the net operating loss for the loss period
 21 or any taxable period thereafter, and the net income so
 22 computed shall not be considered to be less than zero.

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

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

1 (B) The deduction for depletion shall not exceed the
 2 amount which would be allowable if computed under the cost
 3 method.

4 (C) Any net operating loss carried over to any taxable
 5 years beginning after December 31, 1979, must be calculated
 6 under the provisions of this section effective for the
 7 taxable year for which the return claiming the net operating
 8 loss carryover is filed.

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

12 (iv) In the case of a merger of corporations, the
 13 surviving corporation shall not be allowed a net operating
 14 loss deduction for net operating losses sustained by the
 15 merged corporations prior to the date of merger. In the case
 16 of a consolidation of corporations, the new corporate entity
 17 shall not be allowed a deduction for net operating losses
 18 sustained by the consolidated corporations prior to the date
 19 of consolidation.

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

23 (vi) The net operating loss deduction shall not be
 24 allowed with respect to taxable periods which ended on or
 25 before December 31, 1970, but shall be allowed only with

1 respect to taxable periods beginning on or after January 1,
2 1971.

3 (3) In the case of mines, other natural deposits, oil
4 and gas wells, and timber, a reasonable allowance for
5 depletion and for depreciation of improvements; such
6 reasonable allowance to be determined according to the
7 provisions of the Internal Revenue Code in effect for the
8 taxable year. All elections made under the Internal Revenue
9 Code with respect to capitalizing or expensing exploration
10 and development costs and intangible drilling expenses for
11 corporation license tax purposes shall be the same as the
12 elections made for federal income tax purposes.

13 (4) The amount of interest paid within the year on its
14 indebtedness incurred in the operation of the business from
15 which its income is derived; but no interest shall be
16 allowed as a deduction if paid on an indebtedness created
17 for the purchase, maintenance, or improvement of property or
18 for the conduct of business unless the income from such
19 property or business would be taxable under this part.

20 (5) (a) Taxes paid within the year except the
21 following:

- 22 (i) Taxes imposed by this part.
23 (ii) Taxes assessed against local benefits of a kind
24 tending to increase the value of the property assessed.
25 (iii) Taxes on or according to or measured by net

1 income or profits imposed by authority of the government of
2 the United States.

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

5 (b) Taxes deductible under this part shall be
6 construed to include taxes imposed by any county, school
7 district, or municipality of this state.

8 ~~(6) Light vehicle license fees, as provided by~~
9 ~~[section 2], paid within the year.~~

10 ~~(6)(I) That portion of an energy-related investment~~
11 ~~allowed as a deduction under 15-32-103."~~

12 Section 22. Section 15-50-207, MCA, is amended to
13 read:

14 "15-50-207. Credit against other taxes -- credit for
15 personal property taxes and certain fees. (1) The additional
16 license fees withheld or otherwise paid as provided herein
17 may be used as a credit on the contractor's corporation
18 license tax provided for in chapter 31 of this title or on
19 the contractor's income tax provided for in chapter 30,
20 depending upon the type of tax the contractor is required to
21 pay under the laws of the state.

22 (2) Personal property taxes or light vehicle license
23 fees, as provided by [section 2], paid in Montana on any
24 personal property of the contractor which is used in the
25 business of the contractor and is located within this state

1 may be credited against the license fees required under this
 2 chapter. However, in computing the tax credit allowed by
 3 this section against the contractor's corporation license
 4 tax or income tax, the personal property tax or light
 5 vehicle license fee credit against the license fees herein
 6 required shall not be considered as license fees paid for
 7 the purpose of such income tax or corporation license tax
 8 credit."

9 Section 23. Section 61-3-303, MCA, is amended to read:

10 "61-3-303. Application for registration. (1) Every
 11 owner of a motor vehicle operated or driven upon the public
 12 highways of this state shall for each motor vehicle owned,
 13 except as herein otherwise expressly provided, file or cause
 14 to be filed in the office of the county treasurer where the
 15 motor vehicle is owned or taxable an application for
 16 registration or reregistration upon a blank form to be
 17 prepared and furnished by the division. The application
 18 shall contain:

19 (a) name and address of owner, giving county, school
 20 district, and town or city within whose corporate limits the
 21 motor vehicle is taxable, if taxable, or within whose
 22 corporate limits the owner's residence is located if the
 23 motor vehicle is not taxable;

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

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

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

7 (e) such other information as the division may
 8 require.

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

13 (a) the registration fee, as provided in 61-3-311 and
 14 61-3-321; and

15 (b) unless it has been previously paid:

16 (i) the personal property taxes assessed;

17 (ii) the new motor vehicle sales tax against the
 18 vehicle for the current year of registration and/or the
 19 license fee imposed by [section 2]; or

20 (iii) in the case of a motor home, travel trailer, or
 21 camper, the fee in lieu of property tax for the current year
 22 of registration--unless the same shall have been theretofore
 23 paid for the year, before the application for registration
 24 or reregistration--may be accepted by the county treasurer.

25 (3) The application may not be accepted by the county

1 treasurer unless the payments required by subsection (2)
 2 accompany the application.

3 (3)(4) 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 or other appropriate records of the
 7 proper county at the request of the county treasurer."

8 Section 24. 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, fees, or both, as provided by
 15 part 5 of this chapter ~~or the fee-in-lieu-of-tax-as-provided~~
 16 ~~by--61-3-521,~~ unless the tax or fee has been paid for the
 17 year, as if the vehicle were being registered for the first
 18 time in that registration year. If the motor vehicle was not
 19 purchased from a duly licensed motor vehicle dealer as
 20 provided in this chapter, it is not a violation of this
 21 chapter or any other law for the purchaser to operate the
 22 vehicle upon the streets and highways of this state without
 23 a certificate of registration during the 20-day period,
 24 provided that at all times during that period a bill of sale
 25 or other proof of purchase reciting the date of purchase is

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

9 Section 25. Section 61-3-322, MCA, is amended to read:

10 "61-3-322. Certificates of registration -- Issuance.
 11 (1) Upon completion of the application for registration on
 12 forms furnished by the division, the county treasurer shall
 13 file one copy in his office and issue to the applicant two
 14 copies of the application marked "Owner's Certificate of
 15 Registration and Tax Payment Receipt", one of which shall be
 16 marked "file copy".

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

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

1 demand of a police officer or any officer or employee of the
2 division or the highway department.

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

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

9 Section 26. Section 61-3-332, MCA, is amended to read:

10 "61-3-332. Number plates. (1) Every motor vehicle
11 which shall be driven upon the streets or highways of this
12 state shall display both front and rear a number plate,
13 bearing the distinctive number assigned such vehicle. Such
14 number plate shall be in eight series: one series for owners
15 of motorcars, one for owners of motor vehicles of the
16 motorcycle type, one for trailers, one for trucks, one for
17 dealers in vehicles of the motorcycle type which shall bear
18 the distinctive letters "MCD" or the letters "MC" and the
19 word "DEALER", one for franchised dealers in new motorcars
20 (including trucks and trailers) or new and used motorcars
21 (including trucks and trailers) which shall bear the
22 distinctive letter "D" or the word "DEALER", one for dealers
23 in used motorcars only (including used trucks and trailers)
24 which shall bear the distinctive letters "UD" or the letter
25 "U" and the word "DEALER", and one for dealers in trailers

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

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

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

23 (4) The distinctive registration numbers shall begin
24 with a number one or with a letter-number combination such
25 as "A 1" or "AA 1", or any other similar combination of

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

12 (5) For the use of tax-exempt motor vehicles ~~that are~~
 13 ~~also exempt from the light vehicle license fee as provided~~
 14 ~~in subsection (2)(a) of [section 2]~~, in addition to the
 15 markings herein provided, number plates shall have thereon
 16 the following distinctive markings:

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

25 (b) For vehicles owned by the counties,

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

17 (6) On all number plates assigned to motor vehicles of
 18 the truck and trailer type, other than tax-exempt trucks
 19 ~~that are also exempt from the light vehicle license fee as~~
 20 ~~provided in subsection (2)(a) of [section 2]~~ and tax exempt
 21 trailers, there shall appear the letter "T" or the word
 22 "TRUCK" for plates assigned to trucks and the letters "TR"
 23 or the word "TRAILER" for plates assigned to trailers and
 24 housetrainers. The letters "MC" or the word "CYCLE" shall
 25 appear for plates assigned to vehicles of the motorcycle

1 type.

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

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

1 Section 27. Section 61-3-335, MCA, is amended to read:
2 "61-3-335. Transfer of license plates to another motor
3 vehicle. (1) Should the transferor make application for the
4 registration of another motor vehicle at any time during the
5 remainder of the current registration year as shown on the
6 original certificate of registration, he may file an
7 application in the office of the county treasurer where the
8 motor vehicle is ~~taxable~~ registered, upon a form to be
9 prepared and furnished by the division, accompanied by the
10 original certificate of registration, for the transfer of
11 the license plates. The application for transfer of the
12 license plates from the motor vehicle for which originally
13 issued to a motor vehicle acquired by the same person in
14 whose name the original license plates were issued shall be
15 made within 20 days from date of acquiring the vehicle. The
16 use of the license plates shall not be legalized until
17 proper transfer of license 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 28. 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~~ the vehicle
 5 because the certificate of ownership is lost, in the
 6 possession of third parties, or in the process of reissuance
 7 in this state or elsewhere may, upon making affidavit to
 8 that effect upon a form prescribed by the division and upon
 9 the payment of a fee of \$2 to be collected by the county
 10 treasurer and remitted to the division, obtain from the
 11 county treasurer of the county in which ~~said~~ the vehicle is
 12 subject to ~~tax~~ be registered a temporary windshield sticker
 13 of such size, color, and design as the division may
 14 prescribe, to be validated by the county treasurer for a
 15 period of 60 days from the date of issuance. ~~Such~~ the
 16 purchaser, upon displaying such the sticker on the lower
 17 right-hand corner of the windshield of ~~such~~ the motor
 18 vehicle, ~~shall be entitled to~~ may operate such the vehicle
 19 during the period for which such the windshield sticker has
 20 been validated without displaying the registration
 21 certificate or number plates or plate for the current year.
 22 ~~Provided, however, the~~ the county treasurer ~~shall~~ may not
 23 sell, and no person ~~shall~~ may purchase, more than one 60-day
 24 temporary windshield sticker for any vehicle, the ownership
 25 of which has not changed since the issuance of the previous

1 60-day windshield sticker."

2 Section 29. Section 61-3-501, MCA, is amended to read:

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

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

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

1 registration period, each vehicle shall again register or
2 reregister and shall pay all taxes and fees due thereon for
3 a 12-month period."

4 Section 30. Section 61-3-502, MCA, is amended to read:
5 "61-3-502. Sales tax on new motor vehicles --
6 exemptions. (1) In consideration of the right to use the
7 highways of the state, there is imposed a tax upon all sales
8 of new motor vehicles for which a license is sought and an
9 original application for title is made. The tax shall be
10 paid by the purchaser when he applies for his original
11 Montana license through the county treasurer.

12 (2) The sales tax shall be:

13 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.
14 port-of-entry list price, during the first quarter of the
15 year or prorated one-twelfth for each month or part of month
16 for a registration period other than a calendar year or
17 calendar quarter;

18 (b) 1 1/8% of the list price during the second quarter
19 of the year;

20 (c) 3/4 of 1% during the third quarter of the year;

21 (d) 3/8 of 1% during the fourth quarter of the year.

22 (3) If the manufacturer or importer fails to furnish
23 the f.o.b. factory list price or f.o.b. port-of-entry list
24 price, the division may use published price lists.

25 (4) The proceeds from this tax shall be remitted to

1 the state treasurer every 30 days for credit to the state
2 highway account of the earmarked revenue fund.

3 (5) The new vehicle is subject to the light vehicle
4 license fee, if applicable, but is not subject to any other
5 assessment, taxation, or fee in lieu of tax during the
6 calendar year in which the original application for title is
7 made.

8 (6) (a) The applicant for original registration of any
9 new and unused motor vehicle, or a new motor vehicle
10 furnished without charge by a dealer to a school district
11 for use as a traffic education motor vehicle by a school
12 district operating a state-approved traffic education
13 program within the state, whether or not previously licensed
14 or titled to the school district (except a mobile home as
15 defined in 15-1-101(1)), acquired by original contract after
16 January 1 of any year, is required, whenever the vehicle has
17 not been otherwise assessed, to pay the motor vehicle sales
18 tax provided by this section irrespective of whether the
19 vehicle was in the state of Montana on January 1 of the
20 year.

21 (b) No motor vehicle may be registered or licensed
22 under the provisions of this subsection unless the
23 application for registration is accompanied by a statement
24 of origin to be furnished by the dealer selling the vehicle,
25 showing that the vehicle has not previously been registered

1 or owned, except as otherwise provided herein, by any
2 person, firm, corporation, or association that is not a new
3 motor vehicle dealer holding a franchise or distribution
4 agreement from a new car manufacturer, distributor, or
5 importer.

6 (7) (a) Motor vehicles operating exclusively for
7 transportation of persons for hire within the limits of
8 incorporated cities or towns and within 15 miles from such
9 limits are exempt from subsection (1).

10 (b) Motor vehicles brought or driven into Montana by a
11 nonresident, migratory, bona fide agricultural worker
12 temporarily employed in agricultural work in this state
13 where those motor vehicles are used exclusively for
14 transportation of agricultural workers are also exempt from
15 subsection (1).

16 (c) Vehicles lawfully displaying a licensed dealer's
17 plate as provided in 61-4-103 are exempt from subsection (1)
18 when moving to or from a dealer's place of business when
19 unloaded or loaded with dealer's property only, and in the
20 case of vehicles having a gross loaded weight of less than
21 24,000 pounds, while being demonstrated in the course of the
22 dealer's business."

23 Section 31. Section 61-3-503, MCA, is amended to read:

24 "61-3-503. Assessment. (1) Except as provided in
25 subsection (2), the following apply to the taxation of motor

1 vehicles:

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

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

20 ~~(3)(c)~~ Vehicles subject to the provisions of 61-3-313
21 through 61-3-316 shall be assessed as of the first day of
22 the registration period, and a lien for taxes and fees due
23 thereon shall occur on the anniversary date of the
24 registration and shall continue until such fees and taxes
25 have been paid.

1 ~~(2) The provisions of subsections (1)(a) through~~
 2 ~~(1)(c) do not apply to automobiles and trucks having a rated~~
 3 ~~capacity of three-quarters of a ton or less, motor homes,~~
 4 ~~travel trailers, or mobile homes as defined in 15-1-101(1)."~~

5 Section 32. 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~~ an automobile, truck having a
 8 rated capacity of three-quarters of a ton or less, motor
 9 home, travel trailer, or a mobile home as defined in
 10 15-1-101(1), is computed and determined by the county
 11 treasurer on the basis of the levy of the year preceding the
 12 current year of application for registration or
 13 reregistration. The determination is entered on the
 14 application form in a space provided therefor."

15 Section 33. Section 61-3-507, MCA, is amended to read:

16 "61-3-507. Exemption. Motor vehicles subject to
 17 anniversary date registration as provided in 61-3-313
 18 through 61-3-316 are exempt from the provisions of
 19 61-3-503~~(2)~~(1)(b) and 61-3-505."

20 Section 34. 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, light vehicle license fees provided for in
 24 [section 2], and fees in lieu of tax on motor homes and
 25 travel trailers collected to a motor vehicle suspense fund,

1 and at some time between March 1 and March 10 of each year
 2 and 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 35. Section 61-3-701, MCA, is amended to read:

8 "61-3-701. Foreign vehicles used in gainful occupation
 9 to be registered -- reciprocity. (1) Before any foreign
 10 licensed motor vehicle may be operated on the highways of
 11 this state for hire, compensation, or profit or before the
 12 owner and/or user thereof uses the vehicle if such owner
 13 and/or user is engaged in gainful occupation or business
 14 enterprise in the state, including highway work, the owner
 15 of the vehicle shall make application to a county treasurer
 16 for registration upon an application form furnished by the
 17 division. Upon satisfactory evidence of ownership submitted
 18 to the county treasurer and the payment of property taxes,
 19 if appropriate, as required by 15-8-201 through 15-8-203 or
 20 15-24-301 or the payment of the light vehicle license fee as
 21 provided by [section 2], the treasurer shall accept the
 22 application for registration and shall collect the regular
 23 license fee required for the vehicle.

24 (2) The treasurer shall thereupon issue to the
 25 applicant a copy of the application entitled "Owner's

1 Certificate of Registration and ~~Fee~~ Payment Receipt" and
 2 forward a duplicate copy of the certificate to the division.
 3 The treasurer shall at the same time issue to the applicant
 4 the proper license plates or other identification markers,
 5 which shall at all times be displayed upon the vehicle when
 6 operated or driven upon roads and highways of this state
 7 during the period of the life of the license.

8 (3) The registration receipt shall not constitute
 9 evidence of ownership but shall be used only for
 10 registration purposes. No Montana certificate of ownership
 11 shall be issued for this type of registration.

12 (4) This section is not applicable to any vehicle
 13 covered by a valid and existing reciprocal agreement or
 14 declaration entered into under the provisions of the laws of
 15 Montana."

16 Section 36. Section 61-6-302, MCA, is amended to read:

17 "61-6-302. Proof of compliance. (1) ~~Before~~ Except as
 18 provided in subsection (2), before any applicant required to
 19 register his motor vehicle may do so, the applicant must
 20 certify and display to the county treasurer an automobile
 21 liability insurance policy, a certificate of self-insurance,
 22 a posted indemnity bond, or eligibility for an exemption
 23 under 61-6-303 covering the motor vehicle. The certification
 24 shall be on a form prescribed by the division of motor
 25 vehicles. The division may immediately cancel the

1 registration and license plates of the vehicle upon
 2 notification that the insurance certification was not
 3 correctly represented.

4 ~~(2) An applicant for registration of an automobile or~~
 5 ~~a truck having a rated capacity of three-quarters of a ton~~
 6 ~~or less, who wishes to register the vehicle by mail must~~
 7 ~~sign a statement on the application stating that the~~
 8 ~~applicant is in compliance with the financial liability~~
 9 ~~requirements of 61-6-301.~~

10 ~~(2)~~⁽³⁾ An owner of a motor vehicle who ceases to
 11 maintain the insurance or bond required or whose certificate
 12 of self-insurance is canceled or whose vehicle ceases to be
 13 exempt shall immediately surrender the registration and
 14 license plates for the vehicle to the county treasurer for
 15 delivery to the division and may not operate or permit
 16 operation of the vehicle in Montana until insurance has
 17 again been furnished as required and the vehicle is again
 18 registered and licensed."

19 Section 37. Section 61-10-233, MCA, is amended to
 20 read:

21 "61-10-233. Excess weight -- penalties. (1) The
 22 operator is subject to the penalties stated in 61-10-232
 23 whenever the gross loaded weight of any trucks, truck
 24 tractor, trailer, or semitrailer operated upon any highway
 25 in this state exceeds the gross vehicle weight shown on:

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

3 (b) the gross vehicle weight receipt issued under
4 61-10-227.

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

11 Section 38. Section 7-1-2111, MCA, is amended to read:

12 "7-1-2111. Classification of counties. (1) For the
13 purpose of regulating the compensation and salaries of all
14 county officers, not otherwise provided for, and for fixing
15 the penalties of officers' bonds, the several counties of
16 this state shall be classified according to that percentage
17 of the true and full valuation of the property therein upon
18 which the tax levy is made, as follows:

19 (1)(a) first class--all counties having such a taxable
20 valuation of \$50 million or over;

21 (2)(b) second class--all counties having such a
22 taxable valuation of more than \$30 million and less than \$50
23 million;

24 (3)(c) third class--all counties having such a taxable
25 valuation of more than \$20 million and less than \$30

1 million;

2 (4)(d) fourth class--all counties having such a
3 taxable valuation of more than \$15 million and less than \$20
4 million;

5 (5)(e) fifth class--all counties having such a taxable
6 valuation of more than \$10 million and less than \$15
7 million;

8 (6)(f) sixth class--all counties having such a taxable
9 valuation of more than \$5 million and less than \$10 million;

10 (7)(g) seventh class--all counties having such a
11 taxable valuation of less than \$5 million.

12 (2) As used in this section, taxable valuation means
13 the taxable value of taxable property in the county as of
14 the time of determination plus that portion of the taxable
15 value of the county on December 31, 1981, attributable to
16 automobiles and trucks having a rated capacity of
17 three-quarters of a ton or less."

18 Section 39. Section 7-3-1321, MCA, is amended to read:

19 "7-3-1321. Authorization to incur indebtedness --
20 limitation. (1) The consolidated municipality may borrow
21 money or issue bonds for any municipal purpose to the extent
22 and in the manner provided by the constitution and laws of
23 Montana for the borrowing of money or issuing of bonds by
24 counties and cities and towns.

25 (2) The municipality shall not become indebted in

1 any manner or for any purpose to an amount, including
 2 existing indebtedness, in the aggregate exceeding 5% ~~21%~~ of
 3 the ~~taxable~~ value of the taxable property therein, as
 4 ascertained by the last assessment for state and county
 5 taxes prior to incurring such indebtedness. All warrants,
 6 bonds, or obligations in excess of such amount given by or
 7 on behalf of the municipality shall be void."

8 Section 40. Section 7-6-2211, MCA, is amended to read:

9 "7-6-2211. Authorization to conduct county business on
 10 a cash basis. (1) In case the total indebtedness of a
 11 county, lawful when incurred, exceeds the limit of ~~10%~~ ~~22.5%~~
 12 established in 7-7-2101 by reason of great diminution of
 13 taxable value, the county may conduct its business affairs
 14 on a cash basis and pay the reasonable and necessary current
 15 expenses of the county out of the cash in the county
 16 treasury derived from its current revenue and under such
 17 restrictions and regulations as may be imposed by the board
 18 of county commissioners of the county by a resolution duly
 19 adopted and included in the minutes of the board.

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

25 Section 41. Section 7-6-4121, MCA, is amended to read:

1 "7-6-4121. Authorization to conduct municipal business
 2 on a cash basis. (1) In case the total indebtedness of a
 3 city or town has reached ~~11%~~ ~~17%~~ of the total taxable value
 4 of the property of the city or town subject to taxation, as
 5 ascertained by the last assessment for state and county
 6 taxes, the city or town may conduct its affairs and business
 7 on a cash basis as provided by subsection (2).

8 (2) (a) Whenever a city or town is conducting its
 9 business affairs on a cash basis, the reasonable and
 10 necessary current expenses of the city or town may be paid
 11 out of the cash in the city or town treasury and derived
 12 from its current revenues, under such restrictions and
 13 regulations as the city or town council may by ordinance
 14 prescribe.

15 (b) In the event that payment is made in advance, the
 16 city or town may require a cash deposit as collateral
 17 security and indemnity, equal in amount to such payment, and
 18 may hold the same as a special deposit with the city
 19 treasurer or town clerk, in package form, as a pledge for
 20 the fulfillment and performance of the contract or
 21 obligation for which the advance is made.

22 (c) Before the payment of the current expenses
 23 mentioned above, the city or town council shall first set
 24 apart sufficient money to pay the interest upon its legal,
 25 valid, and outstanding bonded indebtedness and any sinking

1 funds therein provided for and shall be authorized to pay
2 all valid claims against funds raised by tax especially
3 authorized by law for the purpose of paying such claims."

4 Section 42. Section 7-6-4254, MCA, is amended to read:
5 "7-6-4254. Limitation on amount of emergency budgets
6 and appropriations. (1) The total of all emergency budgets
7 and appropriations made therein in any one year and to be
8 paid from any city fund ~~shall~~ may not exceed ~~25%~~ 32% of the
9 total amount which could be produced for such city fund by a
10 maximum levy authorized by law to be made for such fund, as
11 shown by the last completed assessment roll of the county.

12 (2) The term "taxable property", as used herein, means
13 the percentage of the value at which such property is
14 assessed and which percentage is used for the purposes of
15 computing taxes and does not mean the assessed value of such
16 property as the same appears on the assessment roll."

17 Section 43. Section 7-7-107, MCA, is amended to read:

18 "7-7-107. Limitation on amount of bonds for
19 city-county consolidated units. (1) Except as provided in
20 7-7-108, no city-county consolidated local government may
21 issue bonds for any purpose which, with all outstanding
22 indebtedness, may exceed ~~27%~~ 32% of the taxable value of the
23 property therein subject to taxation as ascertained by the
24 last assessment for state and county taxes.

25 (2) The issuing of bonds for the purpose of funding or

1 refunding outstanding warrants or bonds is not the incurring
2 of a new or additional indebtedness but is merely the
3 changing of the evidence of outstanding indebtedness."

4 Section 44. Section 7-7-108, MCA, is amended to read:
5 "7-7-108. Authorization for additional indebtedness
6 for water or sewer systems. (1) For the purpose of
7 constructing a sewer system or procuring a water supply or
8 constructing or acquiring a water system for a city-county
9 consolidated government which shall own and control such
10 water supply and water system and devote the revenues
11 therefrom to the payment of the debt, a city-county
12 consolidated government may incur an additional indebtedness
13 by borrowing money or issuing bonds.

14 (2) The additional indebtedness which may be incurred
15 by borrowing money or issuing bonds for the construction of
16 a sewer system or for the procurement of a water supply or
17 for both such purposes may not in the aggregate exceed 10%
18 over and above the ~~27%~~ 32% referred to in 7-7-107 of the
19 taxable value of the property therein subject to taxation as
20 ascertained by the last assessment for state and county
21 taxes."

22 Section 45. Section 7-7-2101, MCA, is amended to read:

23 "7-7-2101. Limitation on amount of county
24 indebtedness. (1) No county may become indebted in any
25 manner or for any purpose to an amount, including existing

Indebtedness, in the aggregate exceeding ~~10%~~ 22% of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness.

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

Section 46. Section 7-7-2203, MCA, is amended to read:

"7-7-2203. Limitation on amount of bonded indebtedness. (1) Except as provided in subsections (2) and (3), no county may issue general obligation bonds for any purpose which, with all outstanding bonds and warrants except county high school bonds and emergency bonds, will exceed ~~9%~~ 11.25% of the taxable value of the property therein, to be ascertained by the last assessment for state and county taxes prior to the proposed issuance of bonds.

(2) A county may issue bonds which, with all outstanding bonds and warrants, will exceed ~~9%~~ 11.25% but will not exceed ~~29%~~ 37% of the taxable value of such property, when necessary to do so, for the purpose of acquiring land for a site for county high school buildings and for erecting or acquiring buildings thereon and furnishing and equipping the same for county high school

purposes.

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

Section 47. Section 7-7-4201, MCA, is amended to read:

"7-7-4201. Limitation on amount of bonded indebtedness. (1) Except as otherwise provided, no city or town may issue bonds or incur other indebtedness for any purpose in an amount which with all outstanding and unpaid indebtedness will exceed ~~10%~~ 20% of the taxable value of the property therein subject to taxation, to be ascertained by the last assessment for state and county taxes.

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

Section 48. Section 7-7-4202, MCA, is amended to read:

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

1 issuing bonds.

2 (2) The additional total indebtedness that may be
3 incurred by borrowing money or issuing bonds for the
4 construction of a sewer system, for the procurement of a
5 water supply, or for both such purposes, including all
6 indebtedness theretofore contracted which is unpaid or
7 outstanding, may not in the aggregate exceed ~~36%~~ 55% over
8 and above the ~~18%~~ 28%, referred to in 7-7-4201, of the
9 taxable value of the property therein subject to taxation as
10 ascertained by the last assessment for state and county
11 taxes."

12 Section 49. Section 7-13-4103, MCA, is amended to
13 read:

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

21 Section 50. Section 7-14-236, MCA, is amended to read:

22 "7-14-236. Limitation on bonded indebtedness. The
23 amount of bonds issued to provide funds for the district and
24 outstanding at any time shall not exceed ~~5%~~ 23% of the
25 taxable value of taxable property therein as ascertained by

1 the last assessment for state and county taxes previous to
2 the issuance of such bonds."

3 Section 51. Section 7-14-2524, MCA, is amended to
4 read:

5 "7-14-2524. Limitation on amount of bonds issued --
6 excess void. (1) Except as otherwise provided hereafter and
7 in 7-7-2203 and 7-7-2204, no county shall issue bonds which,
8 with all outstanding bonds and warrants except county high
9 school bonds and emergency bonds, will exceed ~~9%~~ 11.25% of
10 the taxable value of the property therein. The taxable
11 property shall be ascertained by the last assessment for
12 state and county taxes prior to the issuance of such bonds.

13 (2) A county may issue bonds which, with all
14 outstanding bonds and warrants except county high school
15 bonds, will exceed ~~9%~~ 11.25% but will not exceed ~~18%~~ 22.5%
16 of the taxable value of such property when necessary for the
17 purpose of replacing, rebuilding, or repairing county
18 buildings, bridges, or highways which have been destroyed or
19 damaged by an act of God, disaster, catastrophe, or
20 accident.

21 (3) The value of the bonds issued and all other
22 outstanding indebtedness of the county, except county high
23 school bonds, shall not exceed ~~10%~~ 22.5% of the taxable
24 value of the property within the county as ascertained by
25 the last preceding general assessment."

1 Section 52. Section 7-14-2525, MCA, is amended to
2 read:

3 "7-14-2525. Refunding agreements and refunding bonds
4 authorized. (1) Whenever the total indebtedness of a county
5 exceeds ~~10%~~ ~~22.5%~~ of the taxable value of the property
6 therein and the board determines that the county is unable
7 to pay such indebtedness in full, the board may:

8 (a) negotiate with the bondholders for an agreement
9 whereby the bondholders agree to accept less than the full
10 amount of the bonds and the accrued unpaid interest thereon
11 in satisfaction thereof;

12 (b) enter into such agreement;

13 (c) issue refunding bonds for the amount agreed upon.

14 (2) These bonds may be issued in more than one series,
15 and each series may be either amortization or serial bonds.

16 (3) The plan agreed upon between the board and the
17 bondholders shall be embodied in full in the resolution
18 providing for the issue of the bonds."

19 Section 53. Section 7-14-4402, MCA, is amended to
20 read:

21 "7-14-4402. Limit on indebtedness to provide bus
22 service. The total amount of indebtedness authorized under
23 7-14-4401(1) to be contracted in any form, including the
24 then-existing indebtedness, may not at any time exceed ~~10%~~
25 ~~28%~~ of the total taxable value of the property of the city

1 or town subject to taxation as ascertained by the last
2 assessment for state and county taxes. No money may be
3 borrowed or bonds issued for the purposes specified in
4 7-14-4401(1) until the proposition has been submitted to the
5 vote of the taxpayers of the city or town and the majority
6 vote cast in its favor."

7 Section 54. Section 7-16-2327, MCA, is amended to
8 read:

9 "7-16-2327. Indebtedness for park purposes. (1)
10 Subject to the provisions of subsection (2), a county park
11 board, in addition to powers and duties now given under law,
12 shall have the power and duty to contract an indebtedness in
13 behalf of a county, upon the credit thereof, for the
14 purposes of 7-16-2321(1) and (2).

15 (2) (a) The total amount of indebtedness authorized to
16 be contracted in any form, including the then-existing
17 indebtedness, must not at any time exceed ~~3%~~ ~~13%~~ of the
18 taxable value of the taxable property of ~~in~~ the county
19 ascertained by the last assessment for state and county
20 taxes previous to the incurring of such indebtedness.

21 (b) No money ~~must~~ ~~may~~ be borrowed on bonds issued for
22 the purchase of lands and improving same for any such
23 purpose until the proposition has been submitted to the vote
24 of those qualified under the provisions of the state
25 constitution to vote at such election in the county affected

1 thereby and a majority vote is cast in favor thereof."

2 Section 55. Section 7-16-4104, MCA, is amended to
3 read:

4 "7-16-4104. Authorization for municipal indebtedness
5 for various cultural, social, and recreational purposes. (1)
6 A city or town council or commission may contract an
7 indebtedness on behalf of the city or town, upon the credit
8 thereof, by borrowing money or issuing bonds:

9 (a) for the purpose of purchasing and improving lands
10 for public parks and grounds;

11 (b) for procuring by purchase, construction, or
12 otherwise swimming pools, athletic fields, skating rinks,
13 playgrounds, museums, a golf course, a site and building for
14 a civic center, a youth center, or combination thereof; and

15 (c) for furnishing and equipping the same.

16 (2) The total amount of indebtedness authorized to be
17 contracted in any form, including the then-existing
18 indebtedness, may not at any time exceed 3% ~~16.5%~~ of the
19 taxable value of the taxable property of the city or town as
20 ascertained by the last assessment for state and county
21 taxes previous to the incurring of such indebtedness. No
22 money may be borrowed on bonds issued for the purchase of
23 lands and improving the same for any such purpose until the
24 proposition has been submitted to the vote of the qualified
25 electors of the city or town and a majority vote is cast in

1 favor thereof."

2 Section 56. Section 7-31-106, MCA, is amended to read:

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

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

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

17 (2) The amount of the bonds authorized by this section
18 shall may not exceed 5% ~~22.5%~~ of the taxable value of the
19 taxable property therein, inclusive of the existing
20 indebtedness thereof, to be ascertained by the last
21 assessment for state and county taxes previous to the
22 issuance of said bonds and incurring of said indebtedness."

23 • Section 57. 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 ~~may~~ not exceed ~~3% 16.5%~~ of the ~~taxable~~ value of the
15 taxable property therein, inclusive of the existing
16 indebtedness thereof, to be ascertained in the manner
17 provided in this part."

18 Section 58. Section 7-34-2131, MCA, is amended to
19 read:

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

1 (2) The amount of bonds issued for such purpose and
2 outstanding at any time shall ~~may~~ not exceed ~~5% 22.5%~~ of the
3 taxable ~~value of the~~ property therein as ascertained by the
4 last assessment for state and county taxes previous to the
5 issuance of such bonds.

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

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

14 Section 59. Section 19-11-503, MCA, is amended to
15 read:

16 "19-11-503. Special tax levy for fund required. (1)
17 The purpose of this section is to provide a means by which
18 each disability and pension fund may be maintained at a
19 level equal to ~~2% 3%~~ of the taxable valuation of all taxable
20 property within the limits of the city or town.

21 (2) Whenever the fund contains less than ~~2% 3%~~ of the
22 taxable valuation of all taxable property within the limits
23 of the city or town, the governing body of the city or town
24 shall, at the time of the levy of the annual tax, levy a
25 special tax as provided in 19-11-504. The special tax shall

1 be collected as other taxes are collected and, when so
2 collected, shall be paid into the disability and pension
3 fund."

4 Section 60. Section 19-11-504, MCA, is amended to
5 read:

6 "19-11-504. Amount of special tax levy. (1) Whenever
7 the total amount of the fund is less than 2% ~~3%~~ of the
8 taxable valuation of all taxable property within the limits
9 of the city or town, the special tax levy shall be:

10 (a) not less than 1 mill or more than 4 mills on each
11 dollar of taxable valuation of all taxable property within
12 the limits of the city or town; and

13 (b) an amount sufficient to provide a growth per year
14 in the fund, considering all sources of income to the fund
15 and the payment of obligations out of the fund, equal to the
16 sum produced by 1 mill levied on the taxable valuation of
17 all the taxable property in the city or town.

18 (2) The special tax levy shall be a fractional part of
19 1 mill whenever:

20 (a) the total amount of the fund is less than 2% ~~3%~~
21 but more than 1% ~~1.5%~~ of the taxable valuation of all
22 taxable property within the city or town; 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% ~~3%~~ of the
2 taxable valuation of all taxable property within the city or
3 town.

4 (3) In cities of the third class, when the fund
5 contains an amount which is less than 2% ~~3%~~ of the taxable
6 valuation of all taxable property in the city or town, the
7 city council shall levy an annual special tax of not less
8 than 1 mill and not more than 4 mills on each dollar of
9 taxable valuation of all taxable property within the city or
10 town."

11 Section 61. Section 20-9-406, MCA, is amended to read:

12 "20-9-406. Limitations on amount of bond issue. (1)
13 The maximum amount for which each school district may become
14 indebted by the issuance of bonds, including all
15 indebtedness represented by outstanding bonds of previous
16 issues and registered warrants, is 29% ~~45%~~ of the taxable
17 value of the property subject to taxation as ascertained by
18 the last completed assessment for state, county, and school
19 taxes previous to the incurring of such indebtedness. The
20 29% ~~45%~~ maximum, however, may not pertain to indebtedness
21 imposed by special improvement district obligations or
22 assessments against the school district. All bonds issued
23 in excess of such amount shall be null and void, except as
24 provided in this section.

25 (2) When the total indebtedness of a school district

1 has reached the 2% ~~5%~~ limitation prescribed in this
 2 section, the school district may pay all reasonable and
 3 necessary expenses of the school district on a cash basis in
 4 accordance with the financial administration provisions of
 5 this chapter.

6 (3) Whenever bonds are issued for the purpose of
 7 refunding bonds, any moneys to the credit of the debt
 8 service fund for the payment of the bonds to be refunded are
 9 applied towards the payment of such bonds and the refunding
 10 bond issue is decreased accordingly."

11 Section 62. Section 20-9-502, MCA, is amended to read:

12 "20-9-502. Purpose and authorization of a building
 13 reserve fund by an election. (1) The trustees of any
 14 district, with the approval of the qualified electors of the
 15 district, may establish a building reserve for the purpose
 16 of raising money for the future construction, equipping, or
 17 enlarging of school buildings or for the purpose of
 18 purchasing land needed for school purposes in the district.
 19 In order to submit to the qualified electors of the district
 20 a building reserve proposition for the establishment of or
 21 addition to a building reserve, the trustees shall pass a
 22 resolution that specifies:

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

25 (b) the duration of time over which the new or

1 addition to the building reserve will be raised in annual,
 2 equal installments;

3 (c) the total amount of money that will be raised
 4 during the duration of time specified in subsection (1)(b);
 5 and

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

8 (2) The total amount of building reserve when added to
 9 the outstanding indebtedness of the district shall not be
 10 more than 5% ~~5%~~ of the taxable value of the taxable
 11 property of the district. Such limitation shall be
 12 determined in the manner provided in 20-9-406. A building
 13 reserve tax authorization shall not be for more than 20
 14 years.

15 (3) The election shall be conducted in accordance with
 16 the school election laws of this title, and the electors
 17 qualified to vote in the election shall be qualified under
 18 the provisions of 20-20-301. The ballot for a building
 19 reserve proposition shall be substantially in the following
 20 form:

21 OFFICIAL BALLOT

22 SCHOOL DISTRICT BUILDING RESERVE ELECTION

23 INSTRUCTIONS TO VOTERS: Make an X or similar mark in
 24 the vacant square before the words "BUILDING RESERVE--YES"
 25 if you wish to vote for the establishment of a building

1 reserve (addition to the building reserve); if you are
2 opposed to the establishment of a building reserve (addition
3 to the building reserve) make an X or similar mark in the
4 square before the words "BUILDING RESERVE--NO".

5 Shall the trustees be authorized to impose an
6 additional levy each year for years to establish a
7 building reserve (add to the building reserve) of this
8 school district to raise a total amount of dollars
9 (\$....); for the purpose(s) (here state the purpose or
10 purposes for which the building reserve will be used)?

11 BUILDING RESERVE--YES.

12 BUILDING RESERVE--NO.

13 (4) The building reserve proposition shall be approved
14 if a majority of those electors voting at the election
15 approve the establishment of or addition to such building
16 reserve. The annual budgeting and taxation authority of the
17 trustees for a building reserve shall be computed by
18 dividing the total authorized amount by the specified number
19 of years. The authority of the trustees to budget and
20 impose the taxation for the annual amount to be raised for
21 the building reserve shall lapse when, at a later time, a
22 bond issue is approved by the qualified electors of the
23 district for the same purpose or purposes for which the
24 building reserve fund of the district was established.
25 Whenever a subsequent bond issue is made for the same

1 purpose or purposes of a building reserve, the money in the
2 building reserve shall be used for such purpose or purposes
3 before any money realized by the bond issue is used."

4 Section 63. Section 85-7-2001, MCA, is amended to
5 read:

6 "85-7-2001. Limitations on debt-incurring power. (1)
7 The board of commissioners or other officers of the district
8 may not incur any debt or liability, either by issuing bonds
9 or otherwise, except as provided in this chapter. No
10 irrigation district may become indebted, in any manner or
11 for any purpose in any one year, in an amount exceeding 15%
12 18.75% of the assessed valuation of the district, except as
13 provided in subsection (2).

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

22 (b) For the purpose of organization, for any of the
23 immediate purposes of this chapter, or to meet the expenses
24 occasioned by any calamity or other unforeseen contingency,
25 the board of commissioners may, in any one year, incur (in

1 addition to the ~~15%~~ 18.75% limitation of subsection (1)) an
2 additional indebtedness not exceeding ~~10%~~ 12.5% of the
3 assessed valuation of the district and may cause warrants of
4 the district to issue therefor.

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

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

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

14 Section 64. Validation. Notwithstanding any provisions
15 of this act, any outstanding indebtedness or bond issue on
16 January 1, 1982, of any governmental subdivision is not
17 invalidated because of any changes in the taxable valuation
18 of the subdivision due to removal of automobiles and trucks
19 having a rated capacity of three-quarters of a ton or less
20 from the tax base.

21 Section 65. Codification instruction. Sections 1
22 through 6 are intended to be codified as an integral part of
23 Title 61, chapter 3, part 5, and the provisions of Title 61
24 apply to sections 1 through 6.

25 Section 66. Effective date. (1) Except as provided in

1 subsection (2), this act is effective January 1, 1982.

2 (2) Section 5 is effective on passage and approval.

-End-

513355

1 STATEMENT OF INTENT

2 SENATE BILL 355

3 Senate Taxation Committee

4
5 It is the purpose of this act to replace the present
6 property tax on automobiles and light trucks (three-quarter
7 ton capacity or less) by a license fee based on the age and
8 weight of the vehicle. It is intended that this system
9 commence with registration of vehicles on January 1, 1982.

10 In order to facilitate registration and to reduce
11 energy consumption, the Department of Revenue is mandated to
12 develop a procedure for mail registration. More precisely,
13 the procedure relates to reregistration. Registration for
14 the first time, as well as transfers of registration, will
15 still be done in person at the office of the county
16 treasurer. It is anticipated that the reregistration
17 procedure will involve mailing to the vehicle owner an
18 application specifying the vehicle and the various fees that
19 are due for registration. The owner will sign the
20 application and return the signed application and the fee to
21 the county treasurer. Upon receipt of the signed
22 application, the treasurer shall send the applicant a valid
23 registration and tabs to be attached to the license plates.
24 The rules to be adopted by the Department of Revenue should
25 provide the details to implement the above described

1 procedure. The emphasis should be on the convenience of the
2 vehicle owner.

3 The financial aid provisions of the bill are designed
4 to provide a mechanism to give financial relief to local
5 governments due to the loss of revenue from automobile and
6 light truck property tax.

7 First adopted by the Senate Taxation Committee on the
8 31st day of March, 1981.

1 SENATE BILL NO. 355

2 INTRODUCED BY BLAYLOCK, FABREGA

3 BY REQUEST OF THE GOVERNOR

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE PRESENT
6 SYSTEM OF TAXATION OF AUTOMOBILES AND LIGHT TRUCKS WITH A
7 FEE SYSTEM; ADJUSTING THE PERCENTAGE LIMITS ON CERTAIN
8 FINANCIAL ACTIVITIES BY LOCAL GOVERNMENTS AND PROVIDING
9 FINANCIAL ASSISTANCE TO LOCAL GOVERNMENTS BECAUSE OF THE
10 CHANGE IN TAX BASE; AMENDING SECTIONS 7-1-2111, 7-3-1321,
11 7-6-2211, 7-6-4121, 7-6-4254, 7-7-107, 7-7-108, 7-7-2101,
12 7-7-2203, 7-7-4201, 7-7-4202, 7-13-4103, 7-14-236,
13 7-14-2524, 7-14-2525, 7-14-4402, 7-16-2327, 7-16-4104,
14 7-31-106, 7-31-107, 7-34-2131, 10-2-301, 10-2-303, 15-6-139,
15 15-6-140, 15-6-201, 15-8-201, 15-8-202, 15-24-101 THROUGH
16 15-24-105, 15-24-301, 15-30-121, 15-31-114, 15-50-207,
17 19-11-503, 19-11-504, 20-9-406, 20-9-502, 61-3-303,
18 61-3-317, 61-3-322, 61-3-332, 61-3-335, 61-3-342, 61-3-501
19 THROUGH 61-3-504, 61-3-507, 61-3-509, 61-3-701, 61-6-302,
20 61-10-233, AND 85-7-2001, MCA; AND PROVIDING EFFECTIVE
21 DATES."

22
23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

24 NEW SECTION. Section 1. Definitions. As used in
25 [sections 1 through 6], the following definitions apply:

1 (1) "Light vehicle" means an automobile or a truck
2 having a rated capacity of three-quarters of a ton or less.

3 (2) "Vehicle age" means the difference between the
4 calendar year of the first day of the registration period
5 and the manufacturer's designated model year.

6 NEW SECTION. Section 2. Light vehicle license fee.

7 (1) Except as provided in subsection (2), light vehicles are
8 subject to a license fee. This fee is imposed in lieu of a
9 property tax and is in addition to the tax on new motor
10 vehicles.

11 (2) (a) Light vehicles that meet the description of
12 property exempt from taxation under the provisions of
13 subsections (a), (c), (d), or (e) of 15-6-201(1) or
14 15-6-203(2) are exempt from the fee imposed in subsection
15 (1) of this section.

16 (b) A dealer for light vehicles is not required to pay
17 the license fee for light vehicles held for sale or used in
18 the dealer's business in selling or demonstrating the
19 vehicles. Vehicles exempt under this subsection may not be
20 used for the personal use of the dealer, his family, or
21 employees or for any use not necessary in the pursuit of
22 business.

23 NEW SECTION. Section 3. Schedule of fees for
24 automobiles and light trucks. (1) Except as provided in
25 subsection (3), the following schedule, based on vehicle age

-2- THIRD READING SB 355

There are no changes in SB 355, and due to length will not be rerun. Please refer to yellow copy for complete text.

1 STATEMENT OF INTENT

2 SENATE BILL 355

3 Senate Taxation Committee
4

5 It is the purpose of this act to replace the present
6 property tax on automobiles and light trucks (three-quarter
7 ton capacity or less) by a license fee based on the age and
8 weight of the vehicle. It is intended that this system
9 commence with registration of vehicles on January 1, 1982.

10 In order to facilitate registration and to reduce
11 energy consumption, the Department of Revenue is mandated to
12 develop a procedure for mail registration. More precisely,
13 the procedure relates to reregistration. Registration for
14 the first time, as well as transfers of registration, will
15 still be done in person at the office of the county
16 treasurer. It is anticipated that the reregistration
17 procedure will involve mailing to the vehicle owner an
18 application specifying the vehicle and the various fees that
19 are due for registration. The owner will sign the
20 application and return the signed application and the fee to
21 the county treasurer. Upon receipt of the signed
22 application, the treasurer shall send the applicant a valid
23 registration and tabs to be attached to the license plates.
24 The rules to be adopted by the Department of Revenue should
25 provide the details to implement the above described

1 procedure. The emphasis should be on the convenience of the
2 vehicle owner.

3 The financial aid provisions of the bill are designed
4 to provide a mechanism to give financial relief to local
5 governments due to the loss of revenue from automobile and
6 light truck property tax.

7 First adopted by the Senate Taxation Committee on the
8 31st day of March, 1981.

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2 INTRODUCED BY BLAYLOCK, FABREGA

3 BY REQUEST OF THE GOVERNOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE PRESENT
 6 SYSTEM OF TAXATION OF AUTOMOBILES AND LIGHT TRUCKS WITH A
 7 FEE SYSTEM; ADJUSTING THE PERCENTAGE LIMITS ON CERTAIN
 8 FINANCIAL ACTIVITIES BY LOCAL GOVERNMENTS AND PROVIDING
 9 FINANCIAL ASSISTANCE TO LOCAL GOVERNMENTS BECAUSE OF THE
 10 CHANGE IN TAX BASE; AMENDING SECTIONS 7-1-2111, 7-3-1321,
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 12 7-7-2203, 7-7-4201, 7-7-4202, 7-13-4103, 7-14-236,
 13 7-14-2524, 7-14-2525, 7-14-4402, 7-16-2327, 7-16-4104,
 14 7-31-106, 7-31-107, 7-34-2131, 10-2-301, 10-2-303, 15-6-139,
 15 15-6-140, 15-6-201, 15-8-201, 15-8-202, 15-24-101 THROUGH
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 19 THROUGH 61-3-504, 61-3-507, 61-3-509, 61-3-701, 61-6-302,
 20 61-10-233, AND 85-7-2001, MCA; APPROPRIATING FUNDS TO
 21 REIMBURSE LOCAL GOVERNMENTS FOR REVENUE LOSS CAUSED BY
 22 IMPLEMENTATION OF THE FEE SYSTEM AND PROVIDING EFFECTIVE
 23 DATES."

24
25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

1 NEW SECTION. Section 1. Definitions. As used in
 2 [sections 1 through 6], the following definitions apply:

3 (1) "Light vehicle" means an automobile or a truck
 4 having a rated capacity of three-quarters of a ton or less.

5 (2) "Vehicle age" means ~~the difference between the~~
 6 ~~calendar year of the first day of the registration period~~
 7 ~~and the manufacturer's designated model year~~ AVERAGE
 8 WHOLESALE VALUE ~~MEANS THE VALUE OF A LIGHT VEHICLE TO A~~
 9 ~~DEALER PRIOR TO RECONDITIONING AND PROFIT MARGIN SHOWN IN~~
 10 ~~THE NATIONAL APPRAISAL GUIDES AND MANUALS OR THE VALUATION~~
 11 ~~SCHEDULES OF THE DEPARTMENT OF REVENUE.~~ "VEHICLE AGE" MEANS
 12 THE DIFFERENCE BETWEEN THE CALENDAR YEAR OF THE FIRST DAY OF
 13 THE REGISTRATION PERIOD AND THE MANUFACTURER'S DESIGNATED
 14 MODEL YEAR.

15 NEW SECTION. Section 2. Light vehicle license fee.
 16 (1) Except as provided in subsection (2), light vehicles are
 17 subject to a license fee. This fee is imposed in lieu of a
 18 property tax and is in addition to the tax on new motor
 19 vehicles.

20 (2) (a) Light vehicles that meet the description of
 21 property exempt from taxation under the provisions of
 22 subsections (a), (c), (d), or (e) of 15-6-201(1) or
 23 15-6-203(2) are exempt from the fee imposed in subsection
 24 (1) of this section.

25 (b) A dealer for light vehicles is not required to pay

1 the license fee for light vehicles held for sale or used in
 2 the dealer's business in selling or demonstrating the
 3 vehicles. Vehicles exempt under this subsection may not be
 4 used for the personal use of the dealer, his family, or
 5 employees or for any use not necessary in the pursuit of
 6 business.

7 NEW SECTION. Section 3. Schedule of fees for
 8 automobiles and light trucks. (1) Except as provided in
 9 subsection (3), the following schedule, based on vehicle age
 10 and weight, is used to determine the fee imposed by [section
 11 2].

Vehicle Age	Weight	
	2,850 pounds or less	more than 2,850 pounds
less than or equal to 4 years	\$45	\$65
more than 4 years	20	25

12 (2) The fee for a light vehicle is the appropriate
 13 dollar amount from the table in subsection (1) multiplied by
 14 the ratio of the PEE for the second quarter of the year
 15 prior to the year of licensing to the PEE for the second
 16 quarter of 1981. "PEE" means the implicit price deflator for
 17 personal consumption expenditures as published quarterly in
 18 the Survey of Current Business by the bureau of economic
 19 analysis of the United States department of commerce. EXCEPT
 20 AS PROVIDED IN SUBSECTION (3), THE LIGHT VEHICLE FEE IS \$5

1 PLUS THE AD VALOREM FEE CONTAINED IN THE FOLLOWING SCHEDULE,
 2 WHICH IS BASED ON THE JANUARY AVERAGE WHOLESALE VALUE OF A
 3 VEHICLE:

AVERAGE WHOLESALE VALUE	AD VALOREM FEE
\$0-----\$1000-----	\$10
\$1001-----\$2000-----	\$30
\$2001-----\$4000-----	\$60
\$4001-----\$6000-----	\$100
\$6001-----\$8000-----	\$140
\$8001-----\$10000-----	\$180
\$10001-----\$12000-----	\$220
OVER \$12000-----	\$260

13 EXCEPT AS PROVIDED IN SUBSECTION (3), THE FOLLOWING
 14 SCHEDULE, BASED ON VEHICLE AGE AND WEIGHT, IS USED TO
 15 DETERMINE THE FEE IMPOSED BY [SECTION 2]:

VEHICLE AGE	WEIGHT	
	2,850 POUNDS OR LESS	MORE THAN 2,850 POUNDS
LESS THAN OR EQUAL TO 4 YEARS	\$45	\$65
MORE THAN 4 YEARS AND LESS THAN 8 YEARS	20	25
MORE THAN 8 YEARS	10	15

1 (2) THE FEE FOR A LIGHT VEHICLE IS THE APPROPRIATE
 2 DOLLAR AMOUNT FROM THE TABLE IN SUBSECTION (1) MULTIPLIED BY
 3 THE RATIO OF THE PCE FOR THE SECOND QUARTER OF THE YEAR
 4 PRIOR TO THE YEAR OF LICENSING TO THE PCE FOR THE SECOND
 5 QUARTER OF 1981. "PCE" MEANS THE IMPLICIT PRICE DEFLATOR FOR
 6 PERSONAL CONSUMPTION EXPENDITURES AS PUBLISHED QUARTERLY IN
 7 THE SURVEY OF CURRENT BUSINESS BY THE BUREAU OF ECONOMIC
 8 ANALYSIS OF THE UNITED STATES DEPARTMENT OF COMMERCE.

9 ~~(3)~~(3) The light vehicle license fee for disabled
 10 veterans qualifying under the provisions of 10-2-301 through
 11 10-2-304 is \$5.

12 ~~(3)--THE-DEPARTMENT-OF-JUSTICE--MOTOR-VEHICLE-DIVISION--~~
 13 ~~SHALL--DISTRIBUTE--THE--FEE-CLASSIFICATION-SCHEDULE-PROVIDED~~
 14 ~~FOR-IN-SUBSECTION--(1)--TO--ALL--COUNTY--ASSESSORS--AND--TO~~
 15 ~~VEHICLE-DEALERS--UPON-REQUEST.~~

16 NEW SECTION. Section 4. Payment of fee required for
 17 operation. (1) No light vehicle subject to the fee imposed
 18 by [section 2] may be operated unless the fee has been paid
 19 and the vehicle is licensed.

20 (2) A properly licensed and registered light vehicle
 21 may be operated within Montana, subject to all applicable
 22 federal, state, and local laws.

23 NEW SECTION. Section 5. Light vehicle reregistration
 24 by mail. (1) The department of revenue shall develop a
 25 procedure to permit the reregistration of light vehicles

1 with the county treasurer by mail at the option of the owner
 2 of the vehicle. The option to reregister by mail need only
 3 be made available for vehicles registered at the close of
 4 the expiring registration period in the name of the
 5 applicant for reregistration.

6 (2) The form to be returned to the county treasurer by
 7 the applicant, with the appropriate fees, is to contain a
 8 statement, to be subscribed to by the applicant, stating
 9 compliance with the financial liability requirements of
 10 61-6-301.

11 (3) The procedure for mail reregistration must be in
 12 effect by January 1, 1982.

13 (4) The department of revenue may adopt rules to
 14 implement the mail reregistration procedure.

15 NEW SECTION. Section 6. State aid for local
 16 government. (1) Each county treasurer shall compute:

17 (a) the total amount received during the period from
 18 January 1, 1981, to December 31, 1981, for property taxes on
 19 automobiles and trucks having a rated capacity of
 20 three-quarters of a ton or less, denoted CI;

21 (b) the total amount that would have been received
 22 during the same period if the license fee system had been in
 23 effect, denoted CF; and

24 (c) the number of light vehicles registered in the
 25 county on December 31, 1981, denoted NC.

1 (2) The three quantities, CT, CF, and NC, shall be
 2 certified to the department of revenue by February 1, 1982.
 3 The department shall compute for each county a quantity
 4 called county revenue loss, denoted CRL, and county loss per
 5 vehicle, denoted CLV, and defined as follows:

6 (a) CRL = larger of:

7 (i) 0; or

8 (ii) CT - CF;

9 (b) CLV = CRL/NC.

10 (3) Prior to February 1 of year denoted Y, the county
 11 treasurer shall determine and certify to the department, the
 12 number of light vehicles registered in the county on
 13 December 31 of the prior year, denoted NC(Y).

14 (4) On March 1 of year Y, the department shall
 15 transmit to each county treasurer a warrant in the amount of
 16 CLV x NC(Y).

17 (5) Upon receipt of the payment provided for in
 18 subsection (4), the county treasurer shall credit the
 19 payment to a motor vehicle suspense fund and, at some time
 20 between March 15 and March 30, shall distribute the payment
 21 in the same manner as funds are distributed to the taxing
 22 jurisdictions as provided in 61-3-509.

23 Section 7. Section 10-2-301, MCA, is amended to read:

24 "10-2-301. ~~Free-license~~ License plates to disabled
 25 veterans. Any person who is a veteran of the armed service

1 of the United States and 100% disabled because of an injury
 2 which has been determined by the veterans administration to
 3 be service connected and who is a citizen and resident of
 4 the state of Montana and who is the owner of a passenger
 5 automobile or of a truck up to and including three-quarter
 6 ton GVW-rated capacity shall be provided with free license
 7 plates upon payment of ~~personal-property-tax-equal-to-1%--of~~
 8 ~~the--taxable--value~~ a fee of \$5 for such automobile or truck
 9 and upon proof of 100% service-connected disability."

10 Section 8. Section 10-2-303, MCA, is amended to read:

11 "10-2-303. Veterans' Free plates limited to one
 12 automobile or truck. No disabled veteran is entitled to free
 13 license plates under 10-2-301 for more than one passenger
 14 automobile or one truck up to and including three-quarter
 15 ton GVW-rated capacity."

16 Section 9. Section 15-6-139, MCA, is amended to read:

17 "15-6-139. Class nine property -- description --
 18 taxable percentage. (1) Class nine property includes:

19 (a) ~~automobiles, buses, and trucks weighing 1-1/2 tons~~
 20 ~~or less having a rated capacity of more than three-quarters~~
 21 of a ton but less than or equal to 1 1/2 tons;

22 (b) stock, camping, and travel trailers;

23 (c) truck campers and toppers weighing more than 300
 24 pounds, except those included in class five;

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

1 (e) furniture, fixtures, and equipment, except that
 2 specifically included in another class, used in commercial
 3 establishments as defined in this section;

4 (f) x-ray and medical and dental equipment; and

5 (g) citizens' band radios and mobile telephones.

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

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

11 Section 10. Section 15-6-140, MCA, is amended to read:

12 "15-6-140. Class ten property -- description --
 13 taxable percentage. (1) Class ten property includes:

14 (a) radio and television broadcasting and transmitting
 15 equipment;

16 (b) cable television systems;

17 (c) centrally assessed utility allocations after
 18 deductions of locally assessed properties, except as
 19 provided in:

20 (i) class five for cooperative rural electrical and
 21 cooperative rural telephone associations; and

22 (ii) class seven for rural telephone and electrical
 23 organizations;

24 (d) coal and ore haulers;

25 (e) trucks weighing having a rated capacity of more

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

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

4 (g) theater projectors and sound equipment; and

5 (h) all other property not included in the preceding
 6 nine classes.

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

9 Section 11. Section 15-6-201, MCA, is amended to read:

10 "15-6-201. Exempt categories. (1) The following
 11 categories of property are exempt from taxation:

12 (a) the property of:

13 (i) the United States, the state, counties, cities,
 14 towns, school districts;

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

17 (iii) municipal corporations; and

18 (iv) public libraries;

19 (b) buildings, with land they occupy and furnishings
 20 therein, owned by a church and used for actual religious
 21 worship or for residences of the clergy, together with
 22 adjacent land reasonably necessary for convenient use of
 23 such buildings;

24 (c) property used exclusively for agricultural and
 25 horticultural societies, for educational purposes, and for

1 hospitals;

2 (d) property that meets the following conditions:

3 (i) is owned and held by any association or
4 corporation organized under Title 35, chapter 2, 3, 20, or
5 21;

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

10 (iii) is not maintained and operated for private or
11 corporate profit;

12 (e) institutions of purely public charity;

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

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

17 (h) all household goods and furniture, including but
18 not limited to clocks, musical instruments, sewing machines,
19 and wearing apparel of members of the family, used by the
20 owner for personal and domestic purposes or for furnishing
21 or equipping the family residence;

22 (i) a truck canopy cover or topper weighing less than
23 300 pounds and having no accommodations attached. Such
24 property is also exempt from the fee in lieu of tax.

25 (j) a bicycle, as defined in 61-1-123, used by the

1 owner for personal transportation purposes;

2 (k) automobiles and trucks having a rated capacity of
3 three-quarters of a ton or less.

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

8 (b) The terms "public art galleries" and "public
9 observatories" include only those art galleries and
10 observatories, whether of public or private ownership, that
11 are open to the public without charge at all reasonable
12 hours and are used for the purpose of education only.

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

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

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

22 Section 12. Section 15-8-201, MCA, is amended to read:

23 "15-8-201. General assessment day. (1) The department
24 of revenue or its agent must, between January 1 and the
25 second Monday of July in each year, ascertain the names of

1 all taxable inhabitants and assess all property subject to
 2 taxation in each county. The department or its agent must
 3 assess property to the person by whom it was owned or
 4 claimed or in whose possession or control it was at midnight
 5 of January 1 next preceding. It must also ascertain and
 6 assess all mobile homes arriving in the county after
 7 midnight of January 1 next preceding. No mistake in the name
 8 of the owner or supposed owner of real property, however,
 9 renders the assessment invalid.

10 (2) The procedure provided by this section may not
 11 apply to:

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

15 (b) automobiles and trucks having a rated capacity of
 16 three-quarters of a ton or less;

17 ~~(c)~~ motor homes and travel trailers subject to a
 18 fee in lieu of property tax;

19 ~~(d)~~ livestock;

20 ~~(e)~~ property defined in 61-1-104(2) as "special
 21 mobile equipment" that is subject to assessment for personal
 22 property taxes on the date that application is made for a
 23 special mobile equipment plate; and

24 ~~(f)~~ mobile homes held by a distributor or dealer of
 25 mobile homes as a part of his stock-in-trade.

1 (3) Credits must be assessed as provided in
 2 15-1-101(1)(c)."

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

4 "15-8-202. Motor vehicle assessment. (1) (a) The
 5 department or its agent must, in each year, ascertain and
 6 assess all motor vehicles other than automobiles, trucks
 7 having a rated capacity of three-quarters of a ton or less,
 8 motor homes, travel trailers, or mobile homes in each county
 9 subject to taxation as of January 1 or as of the anniversary
 10 registration date of those vehicles subject to 61-3-313
 11 through 61-3-316 and 61-3-501. The motor vehicles shall be
 12 assessed in each year to the persons by whom owned or
 13 claimed or in whose possession or control they were at
 14 midnight of January 1 or the anniversary registration date
 15 thereof, whichever is applicable.

16 (b) No tax may be assessed against motor vehicles
 17 subject to taxation that constitute inventory of motor
 18 vehicle dealers as of January 1. These vehicles and all
 19 other motor vehicles subject to taxation brought into the
 20 state subsequent to January 1 as motor vehicle dealers'
 21 inventories shall be assessed to their respective purchasers
 22 as of the dates the vehicles are registered by the
 23 purchasers.

24 (c) "Purchasers" includes dealers who apply for
 25 registration or reregistration of motor vehicles, except as

1 otherwise provided by 61-3-502.

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

5 (2) In all cases where taxes or a fee in lieu of tax
6 were required to be paid, the applicant for registration or
7 reregistration of a motor vehicle, other than a mobile home,
8 is not relieved of the duty of paying taxes or the fee in
9 lieu of tax if the taxes or fees have not been paid by a
10 prior applicant or owner."

11 Section 14. Section 15-24-101, MCA, is amended to
12 read:

13 "15-24-101. Assessment of proportionally registered
14 interstate motor vehicle fleets -- tax payment required for
15 registration. (1) The department of revenue shall assess,
16 for the purpose of personal property taxes, the taxable
17 vehicles in interstate motor vehicle fleets proportionally
18 registered under the provisions of 61-3-711 through
19 61-3-733, and ~~said~~ the assessment shall be apportioned on
20 the ratio of total miles traveled to in-state miles traveled
21 formula as prescribed by 61-3-721. Interstate motor vehicle
22 fleets are ~~hereby-declared~~ assessable for taxation purposes
23 upon application for proportional registration and ~~shall--be~~
24 are assessed to the persons who own or claim or in whose
25 possession or control the fleet is at the time of the

1 application.

2 (2) Any with respect to any fleet contained in an
3 original application which has a situs for purpose of
4 property taxation in Montana by the terms of this part or
5 any other provision of the laws of Montana between January 1
6 and April 1, ~~shall-be~~ the taxable vehicles are taxed for a
7 full year. Any with respect to any fleet contained in an
8 original application which acquires a situs for the purpose
9 of property taxation in Montana under the provisions of this
10 part or any other law of the state of Montana after April 1,
11 ~~shall--have~~ the taxes on taxable vehicles are apportioned as
12 provided in 15-24-303.

13 (3) Any with respect to any fleet contained in a
14 renewal application, ~~shall--be~~ the taxable vehicles are
15 assessed and taxed for a full year.

16 (4) Automobiles and trucks having a rated capacity of
17 three-quarters of a ton or less that are part of an
18 interstate motor vehicle fleet are subject to the light
19 vehicle license fee imposed by [section 2]. If the fleet is
20 proportionally registered, the fee is apportioned in the
21 same fashion as the registration fee under 61-3-721.

22 (4)(5) Vehicles contained in a fleet for which current
23 taxes, fees, or both, have been assessed and paid shall not
24 be assessed or charged fees under this section upon
25 presentation to the department of proof of payment of tax

1 taxes, fees, or both, for the current registration year. The
 2 payment of personal property taxes, fees, or both is a
 3 condition precedent to proportional registration or
 4 reregistration of an interstate motor vehicle fleet."

5 Section 15. Section 15-24-102, MCA, is amended to
 6 read:

7 "15-24-102. Valuation of interstate fleets --
 8 determination of aggregate tax due. The department of
 9 revenue shall assess the taxable vehicles of any interstate
 10 motor vehicle fleet making application for proportional
 11 registration as follows:

12 (1) The purchase price of the taxable vehicles
 13 depreciated by a schedule as prescribed by the department
 14 shall determine the depreciated value.

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

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

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

25 Section 16. Section 15-24-103, MCA, is amended to

1 read:

2 "15-24-103. Determination of average levy in state --
 3 application to interstate fleets -- cost stated in
 4 application for registration. (1) The department of revenue
 5 shall determine the aggregate tax in the entire state for
 6 state, county, and local purposes levied on the general
 7 property of the state in the previous year, excluding
 8 special levies on property for local improvements and
 9 special state levies on livestock for bounties, inspection,
 10 and protection purposes.

11 (2) From the total taxable valuation of the general
 12 property of the state including net proceeds and the
 13 aggregate tax as determined, the department shall compute
 14 the average levy by dividing the aggregate tax by the total
 15 state taxable valuation. The rate so determined shall
 16 constitute the rate of taxation on the taxable value of ~~all~~
 17 interstate--trucks taxable vehicles of an interstate motor
 18 vehicle fleet.

19 (3) The original cost of each taxable vehicle shall be
 20 included on the application for proportional registration
 21 under the provisions of 61-3-711 through 61-3-733. The
 22 department shall determine the original cost when the owner
 23 does not have this information on new or used vehicles or in
 24 the case of rebuilt vehicles."

25 Section 17. Section 15-24-104, MCA, is amended to

1 read:

2 "15-24-104. Situs in state of proportionally
3 registered fleets. (1) For the purposes of this part, any
4 vehicle previously registered or which has had application
5 for registration made under the provisions of 61-3-711
6 through 61-3-733 is hereby declared to have a situs in the
7 state for the purposes of taxation.

8 (2) The department or its designated agent shall
9 collect the personal property taxes, license fees, or both,
10 prescribed herein in this part."

11 Section 18. Section 15-24-105, MCA, is amended to
12 read:

13 "15-24-105. Deposit and distribution of taxes and fees
14 on proportionally registered fleets. The personal property
15 taxes ~~described herein~~ and license fees collected under this
16 part shall be deposited with the state treasurer for
17 distribution to the general fund of each county on the
18 following basis:

19 (1) for personal property taxes, according to the
20 ratio of the taxable valuation of each county to the total
21 state taxable valuation; and

22 (2) for light vehicle license fees, according to the
23 ratio of light vehicle license fees, other than fees derived
24 from interstate motor vehicle fleets, collected in each
25 county to the sum of all such fees collected in all the

1 counties."

2 Section 19. 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 except as provided in subsections (2) through (6),
7 property in the following cases is subject to taxation and
8 assessment for all taxes levied that year in the county in
9 which it is located:

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

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

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

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

24 (3) Nothing in this section shall be construed to levy
25 a tax against a merchant or dealer within this state on

1 goods, wares, or merchandise brought into the county to
 2 replenish the stock of the merchant or dealer in addition to
 3 the tax levied against the inventory of said merchant or
 4 dealer on the regular assessment date.

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

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

17 (6) The provisions of this part do not apply to
 18 automobiles and trucks having a rated capacity of
 19 three-quarters of a ton or less. These vehicles are subject
 20 to the fee provided for in [section 2]."

21 Section 20. Section 15-30-121, MCA, is amended to
 22 read:

23 "15-30-121. Deductions allowed in computing net
 24 income. In computing net income, there are allowed as
 25 deductions:

1 (1) the items referred to in sections 161 and 211 of
 2 the Internal Revenue Code of 1954, or as sections 161 and
 3 211 shall be labeled or amended, subject to the following
 4 exceptions which are not deductible:

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

6 (b) state income tax paid;

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

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

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

22 (5) in the case of an individual, political
 23 contributions determined in accordance with the provisions
 24 of section 218(a) and (b) of the Internal Revenue Code that
 25 were in effect for the taxable year ended December 31,

1 1978;
 2 (b) light vehicle license fees, as provided by
 3 [section 2], paid during the taxable year."

4 Section 21. Section 15-31-114, MCA, is amended to
 5 read:

6 "15-31-114. Deductions allowed in computing income. In
 7 computing the net income, the following deductions shall be
 8 allowed from the gross income received by such corporation
 9 within the year from all sources:

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

24 (2) (a) All losses actually sustained and charged off
 25 within the year and not compensated by insurance or

1 otherwise, including a reasonable allowance for the wear and
 2 tear and obsolescence of property used in the trade or
 3 business, such allowance to be determined according to the
 4 provisions of section 167 of the Internal Revenue Code in
 5 effect with respect to the taxable year. All elections for
 6 depreciation shall be the same as the elections made for
 7 federal income tax purposes. No deduction shall be allowed
 8 for any amount paid out for any buildings, permanent
 9 improvements, or betterments made to increase the value of
 10 any property or estate, and no deduction shall be made for
 11 any amount of expense of restoring property or making good
 12 the exhaustion thereof for which an allowance is or has been
 13 made.

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

1 periods preceding the taxable period of such loss and shall
 2 be a net operating loss carryover to each of the five
 3 taxable periods following the taxable period of such loss. A
 4 net operating loss for any taxable period ending after
 5 December 31, 1975, in addition to being a net operating loss
 6 carryback to each of the three preceding taxable periods,
 7 shall be a net operating loss carryover to each of the seven
 8 taxable periods following the taxable period of such loss.
 9 The portion of such loss which shall be carried to each of
 10 the other taxable years shall be the excess, if any, of the
 11 amount of such loss over the sum of the net income for each
 12 of the prior taxable periods to which such loss was carried.
 13 For purposes of the preceding sentence, the net income for
 14 such prior taxable period shall be computed with the
 15 modifications specified in (ii)(B) of this subsection and by
 16 determining the amount of the net operating loss deduction
 17 without regard to the net operating loss for the loss period
 18 or any taxable period thereafter, and the net income so
 19 computed shall not be considered to be less than zero.

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

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

23 (B) The deduction for depletion shall not exceed the
 24 amount which would be allowable if computed under the cost
 25 method.

1 (C) Any net operating loss carried over to any taxable
 2 years beginning after December 31, 1978, must be calculated
 3 under the provisions of this section effective for the
 4 taxable year for which the return claiming the net operating
 5 loss carryover is filed.

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

9 (iv) In the case of a merger of corporations, the
 10 surviving corporation shall not be allowed a net operating
 11 loss deduction for net operating losses sustained by the
 12 merged corporations prior to the date of merger. In the case
 13 of a consolidation of corporations, the new corporate entity
 14 shall not be allowed a deduction for net operating losses
 15 sustained by the consolidated corporations prior to the date
 16 of consolidation.

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

20 (vi) The net operating loss deduction shall not be
 21 allowed with respect to taxable periods which ended on or
 22 before December 31, 1970, but shall be allowed only with
 23 respect to taxable periods beginning on or after January 1,
 24 1971.

25 (3) In the case of mines, other natural deposits, oil

1 and gas wells, and timber, a reasonable allowance for
 2 depletion and for depreciation of improvements; such
 3 reasonable allowance to be determined according to the
 4 provisions of the Internal Revenue Code in effect for the
 5 taxable year. All elections made under the Internal Revenue
 6 Code with respect to capitalizing or expensing exploration
 7 and development costs and intangible drilling expenses for
 8 corporation license tax purposes shall be the same as the
 9 elections made for federal income tax purposes.

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

17 (5) (a) Taxes paid within the year except the
 18 following:

- 19 (i) Taxes imposed by this part.
- 20 (ii) Taxes assessed against local benefits of a kind
 21 tending to increase the value of the property assessed.
- 22 (iii) Taxes on or according to or measured by net
 23 income or profits imposed by authority of the government of
 24 the United States.
- 25 (iv) Taxes imposed by any other state or country upon

1 or measured by net income or profits.

2 (b) Taxes deductible under this part shall be
 3 construed to include taxes imposed by any county, school
 4 district, or municipality of this state.

5 (c) Light vehicle license fees, as provided by
 6 [section 2], paid within the year.

7 ~~(6)(7)~~ That portion of an energy-related investment
 8 allowed as a deduction under 15-32-103."

9 Section 22. Section 15-50-207, MCA, is amended to
 10 read:

11 "15-50-207. Credit against other taxes -- credit for
 12 personal property taxes and certain fees. (1) The additional
 13 license fees withheld or otherwise paid as provided herein
 14 may be used as a credit on the contractor's corporation
 15 license tax provided for in chapter 31 of this title or on
 16 the contractor's income tax provided for in chapter 30,
 17 depending upon the type of tax the contractor is required to
 18 pay under the laws of the state.

19 (2) Personal property taxes or light vehicle license
 20 fees, as provided by [section 2], paid in Montana on any
 21 personal property of the contractor which is used in the
 22 business of the contractor and is located within this state
 23 may be credited against the license fees required under this
 24 chapter. However, in computing the tax credit allowed by
 25 this section against the contractor's corporation license

1 tax or income tax, the personal property tax or light
 2 vehicle license fee credit against the license fees herein
 3 required shall not be considered as license fees paid for
 4 the purpose of such income tax or corporation license tax
 5 credit."

6 Section 23. Section 61-3-303, MCA, is amended to read:

7 "61-3-303. Application for registration. (1) Every
 8 owner of a motor vehicle operated or driven upon the public
 9 highways of this state shall for each motor vehicle owned,
 10 except as herein otherwise expressly provided, file or cause
 11 to be filed in the office of the county treasurer where the
 12 motor vehicle is owned or taxable an application for
 13 registration or reregistration upon a blank form to be
 14 prepared and furnished by the division. The application
 15 shall contain:

16 (a) name and address of owner, giving county, school
 17 district, and town or city within whose corporate limits the
 18 motor vehicle is taxable, if taxable, or within whose
 19 corporate limits the owner's residence is located if the
 20 motor vehicle is not taxable;

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

23 (c) description of motor vehicle, including make, year
 24 model, engine or serial number, manufacturer's model or
 25 letter, gross weight, type of body, and if truck, the rated

1 capacity;

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

4 (e) such other information as the division may
 5 require.

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

10 (a) the registration fee, as provided in 61-3-311 and
 11 61-3-321; and

12 (b) unless it has been previously paid:

13 (i) the personal property taxes assessed;

14 (ii) the new motor vehicle sales tax against the
 15 vehicle for the current year of registration, and/or the
 16 license fee imposed by [section 2]; or

17 (iii) in the case of a motor home, travel trailer, or
 18 camper, the fee in lieu of property tax for the current year
 19 of registration ~~unless the same shall have been theretofore~~
 20 ~~paid for the year before the application for registration~~
 21 ~~or reregistration may be accepted by the county treasurer.~~

22 (3) The application may not be accepted by the county
 23 treasurer unless the payments required by subsection (2)
 24 accompany the application.

25 (4) The county treasurer may make full and complete

1 investigation of the tax status of the vehicle. Any
 2 applicant for registration or reregistration must submit
 3 proof from the tax or other appropriate records of the
 4 proper county at the request of the county treasurer."

5 Section 24. Section 61-3-317, MCA, is amended to read:

6 "61-3-317. New registration required for transferred
 7 vehicle -- grace period -- penalty -- display of proof of
 8 purchase. Except as otherwise provided herein, the new owner
 9 of a transferred motor vehicle shall have a grace period of
 10 20 calendar days from the date of purchase to make
 11 application and pay the taxes, fees, or both, as provided by
 12 part 5 of this chapter ~~or the fee-in-lieu-of-tax-as-provided~~
 13 ~~by 61-3-521~~, unless the tax or fee has been paid for the
 14 year, as if the vehicle were being registered for the first
 15 time in that registration year. If the motor vehicle was not
 16 purchased from a duly licensed motor vehicle dealer as
 17 provided in this chapter, it is not a violation of this
 18 chapter or any other law for the purchaser to operate the
 19 vehicle upon the streets and highways of this state without
 20 a certificate of registration during the 20-day period,
 21 provided that at all times during that period a bill of sale
 22 or other proof of purchase reciting the date of purchase is
 23 clearly displayed in the rear window of the motor vehicle.
 24 Registration and license fees collected under 61-3-321 are
 25 not required to be paid when a license plate is transferred

1 under this section and 61-3-335. Failure to make application
 2 within the time provided herein subjects the purchaser to a
 3 penalty of \$10. The penalty shall be collected by the county
 4 treasurer at the time of registration and shall be in
 5 addition to the fees otherwise provided by law."

6 Section 25. Section 61-3-322, MCA, is amended to read:

7 "61-3-322. Certificates of registration -- issuance.
 8 (1) Upon completion of the application for registration on
 9 forms furnished by the division, the county treasurer shall
 10 file one copy in his office and issue to the applicant two
 11 copies of the application marked "Owner's Certificate of
 12 Registration and Tax Payment Receipt", one of which shall be
 13 marked "file copy".

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

16 (3) Every owner, upon receiving a registration
 17 receipt, shall write his signature thereon with pen and ink
 18 in the space provided. Every registration receipt or a
 19 notarized photostatic copy or a duplicate thereof furnished
 20 by the division shall at all times be carried in the vehicle
 21 to which it refers or shall be carried by the person driving
 22 or in control of such vehicle, who shall display it upon
 23 demand of a police officer or any officer or employee of the
 24 division or the highway department.

25 (4) The county treasurer shall daily forward to the

1 division one copy of all applications for registration
2 received that day.

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

6 Section 26. Section 61-3-332, MCA, is amended to read:

7 "61-3-332. Number plates. (1) Every motor vehicle
8 which shall be driven upon the streets or highways of this
9 state shall display both front and rear a number plate,
10 bearing the distinctive number assigned such vehicle. Such
11 number plate shall be in eight series: one series for owners
12 of motorcars, one for owners of motor vehicles of the
13 motorcycle type, one for trailers, one for trucks, one for
14 dealers in vehicles of the motorcycle type which shall bear
15 the distinctive letters "MCD" or the letters "MC" and the
16 word "DEALER", one for franchised dealers in new motorcars
17 (including trucks and trailers) or new and used motorcars
18 (including trucks and trailers) which shall bear the
19 distinctive letter "D" or the word "DEALER", one for dealers
20 in used motorcars only (including used trucks and trailers)
21 which shall bear the distinctive letters "UG" or the letter
22 "U" and the word "DEALER", and one for dealers in trailers
23 and/or semitrailers (new or used) which shall bear the
24 distinctive letters "DTR" or the letters "TR" and the word
25 "DEALER". All such markings for the aforementioned kinds of

1 dealers' plates shall be placed on the number plates
2 assigned thereto in such position thereon as the division
3 may designate.

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

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

20 (4) The distinctive registration numbers shall begin
21 with a number one or with a letter-number combination such
22 as "A 1" or "AA 1", or any other similar combination of
23 letters and numbers and be numbered consecutively for each
24 series of plates. The distinctive registration number or
25 letter-number combination assigned to the vehicle shall

1 appear on the plate preceded by the number of the county and
 2 appearing in horizontal order on the same horizontal
 3 baseline, and the county number shall be separated from the
 4 distinctive registration number by a separation mark unless
 5 a letter-number combination is used. The dimensions of such
 6 numerals and letters shall be determined by the division,
 7 provided that all county and registration numbers shall be
 8 of equal height.

9 (5) For the use of tax-exempt motor vehicles that are
 10 also exempt from the light vehicle license fee as provided
 11 in subsection (2)(a) of [section 2], in addition to the
 12 markings herein provided, number plates shall have thereon
 13 the following distinctive markings:

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

22 (b) For vehicles owned by the counties,
 23 municipalities, irrigation districts organized under the
 24 laws of Montana and not operating for profit, and school
 25 districts and used and operated by officials and employees

1 thereof in line of duty as such, and for vehicles on loan
 2 from the United States government or the state of Montana,
 3 to, or owned by, the civil air patrol and used and operated
 4 by officials and employees thereof in the line of duty as
 5 such, there shall be placed on the number plates assigned
 6 thereto, in such position thereon as the division may
 7 designate, the letter "X" or the word "EXEMPT". Distinctive
 8 registration numbers for plates assigned to motor vehicles
 9 of each of the counties in the state and those of the
 10 municipalities and school districts situated within each of
 11 said counties and those of the irrigation districts which
 12 obtain plates within each county shall begin with number one
 13 and be numbered consecutively.

14 (6) On all number plates assigned to motor vehicles of
 15 the truck and trailer type, other than tax-exempt trucks
 16 that are also exempt from the light vehicle license fee as
 17 provided in subsection (2)(a) of [section 2] and tax exempt
 18 trailers, there shall appear the letter "T" or the word
 19 "TRUCK" for plates assigned to trucks and the letters "TR"
 20 or the word "TRAILER" for plates assigned to trailers and
 21 housetrailer. The letters "MC" or the word "CYCLE" shall
 22 appear for plates assigned to vehicles of the motorcycle
 23 type.

24 (7) Number plates issued to a passenger car, truck,
 25 trailer, or vehicle of the motorcycle type may be

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

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

23 Section 27. Section 61-3-335, MCA, is amended to read:
24 "61-3-335. Transfer of license plates to another motor
25 vehicle. (1) Should the transferor make application for the

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

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

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

22 Section 28. Section 61-3-342, MCA, is amended to read:
23 "61-3-342. Temporary windshield sticker. Any purchaser
24 of a motor vehicle who is unable to obtain license plates
25 from the county treasurer at the time he makes application

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

24 Section 29. Section 61-3-501, MCA, is amended to read:
 25 "61-3-501. When vehicle property-tax-is taxes and fees

1 are due. (1) Property taxes, new car taxes, light vehicle
 2 license fees, and fees in lieu of tax on a motor home or
 3 travel trailer must be paid on the date of registration or
 4 reregistration of the vehicle.

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

13 (3) In the event a vehicle's registration period is
 14 changed under 61-3-315, all taxes and other fees due thereon
 15 shall be prorated and paid from the last day of the old
 16 period until the first day of the new period in which the
 17 vehicle shall be registered. Thereafter taxes and other fees
 18 must be paid from the first day of the new period for a
 19 minimum period of 1 year. When the change is to a later
 20 registration period, taxes and fees shall be prorated and
 21 paid based on the same tax year as the original registration
 22 period. Thereafter, during the appropriate anniversary
 23 registration period, each vehicle shall again register or
 24 reregister and shall pay all taxes and fees due thereon for
 25 a 12-month period."

1 Section 30. Section 61-3-502, MCA, is amended to read:

2 "61-3-502. Sales tax on new motor vehicles --
3 exemptions. (1) In consideration of the right to use the
4 highways of the state, there is imposed a tax upon all sales
5 of new motor vehicles for which a license is sought and an
6 original application for title is made. The tax shall be
7 paid by the purchaser when he applies for his original
8 Montana license through the county treasurer.

9 (2) The sales tax shall be:

10 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.
11 port-of-entry list price, during the first quarter of the
12 year or prorated one-twelfth for each month or part of month
13 for a registration period other than a calendar year or
14 calendar quarter;

15 (b) 1 1/8% of the list price during the second quarter
16 of the year;

17 (c) 3/4 of 1% during the third quarter of the year;

18 (d) 3/8 of 1% during the fourth quarter of the year.

19 (3) If the manufacturer or importer fails to furnish
20 the f.o.b. factory list price or f.o.b. port-of-entry list
21 price, the division may use published price lists.

22 (4) The proceeds from this tax shall be remitted to
23 the state treasurer every 30 days for credit to the state
24 highway account of the earmarked revenue fund.

25 (5) The new vehicle is subject to the light vehicle

1 license fee, if applicable, but is not subject to any other
2 assessment, taxation, or fee in lieu of tax during the
3 calendar year in which the original application for title is
4 made.

5 (6) (a) The applicant for original registration of any
6 new and unused motor vehicle, or a new motor vehicle
7 furnished without charge by a dealer to a school district
8 for use as a traffic education motor vehicle by a school
9 district operating a state-approved traffic education
10 program within the state, whether or not previously licensed
11 or titled to the school district (except a mobile home as
12 defined in 15-1-101(1)), acquired by original contract after
13 January 1 of any year, is required, whenever the vehicle has
14 not been otherwise assessed, to pay the motor vehicle sales
15 tax provided by this section irrespective of whether the
16 vehicle was in the state of Montana on January 1 of the
17 year.

18 (b) No motor vehicle may be registered or licensed
19 under the provisions of this subsection unless the
20 application for registration is accompanied by a statement
21 of origin to be furnished by the dealer selling the vehicle,
22 showing that the vehicle has not previously been registered
23 or owned, except as otherwise provided herein, by any
24 person, firm, corporation, or association that is not a new
25 motor vehicle dealer holding a franchise or distribution

1 agreement from a new car manufacturer, distributor, or
2 importer.

3 (7) (a) Motor vehicles operating exclusively for
4 transportation of persons for hire within the limits of
5 incorporated cities or towns and within 15 miles from such
6 limits are exempt from subsection (1).

7 (b) Motor vehicles brought or driven into Montana by a
8 nonresident, migratory, bona fide agricultural worker
9 temporarily employed in agricultural work in this state
10 where those motor vehicles are used exclusively for
11 transportation of agricultural workers are also exempt from
12 subsection (1).

13 (c) Vehicles lawfully displaying a licensed dealer's
14 plate as provided in 61-4-103 are exempt from subsection (1)
15 when moving to or from a dealer's place of business when
16 unloaded or loaded with dealer's property only, and in the
17 case of vehicles having a gross loaded weight of less than
18 24,000 pounds, while being demonstrated in the course of the
19 dealer's business."

20 Section 31. Section 61-3-503, MCA, is amended to read:

21 "61-3-503. Assessment. (1) Except as provided in
22 subsection (2), the following apply to the taxation of motor
23 vehicles:

24 (a) A person who files an application for registration
25 or reregistration of a motor vehicle--other--than--a--motor

1 home--travel--trailer--or--a--mobile--home--as--defined--in
2 15-1-101(1), shall before filing such application with the
3 county treasurer submit the application to the county
4 assessor. The county assessor shall enter on the
5 application in a space to be provided for that purpose the
6 market value and taxable value of the vehicle for the year
7 for which the application for registration is made.

8 (2)(b) Except as provided in subsection (3) (1)(c),
9 motor vehicles--other--than--motor--homes--travel--trailers--or
10 mobile--homes--as--defined--in--15-1-101(1), are assessed for
11 taxes on January 1 in each year irrespective of the time
12 fixed by law for the assessment of other classes of personal
13 property and irrespective of whether the levy and tax may be
14 a lien upon real property within the state. In no event may
15 any motor vehicle be subject to assessment, levy, and
16 taxation more than once in each year.

17 (3)(c) Vehicles subject to the provisions of 61-3-313
18 through 61-3-316 shall be assessed as of the first day of
19 the registration period, and a lien for taxes and fees due
20 thereon shall occur on the anniversary date of the
21 registration and shall continue until such fees and taxes
22 have been paid.

23 (2) The provisions of subsections (1)(a) through
24 (1)(c) do not apply to automobiles and trucks having a rated
25 capacity of three-quarters of a ton or less, motor homes,

1 travel trailers, or mobile homes as defined in 15-1-101(1)."

2 Section 32. Section 61-3-504, MCA, is amended to read:

3 "61-3-504. Computation of tax. The amount of taxes on
4 a motor vehicle, other than ~~a an automobile, truck having a~~
5 rated capacity of three-quarters of a ton or less, motor
6 home, travel trailer, or a mobile home as defined in
7 15-1-101(1), is computed and determined by the county
8 treasurer on the basis of the levy of the year preceding the
9 current year of application for registration or
10 reregistration. The determination is entered on the
11 application form in a space provided therefor."

12 Section 33. Section 61-3-507, MCA, is amended to read:

13 "61-3-507. Exemption. Motor vehicles subject to
14 anniversary date registration as provided in 61-3-313
15 through 61-3-316 are exempt from the provisions of
16 61-3-503(2)(1)(b) and 61-3-505."

17 Section 34. Section 61-3-509, MCA, is amended to read:

18 "61-3-509. Disposition of taxes and fees in lieu of
19 tax. The county treasurer shall credit all taxes on motor
20 vehicles, light vehicle license fees provided for in
21 [section 2], and fees in lieu of tax on motor homes and
22 travel trailers collected to a motor vehicle suspense fund,
23 and at some time between March 1 and March 10 of each year
24 and every 60 days thereafter, the county treasurer shall
25 distribute the money in the motor vehicle suspense fund in

1 the relative proportions required by the levies for state,
2 county, school district, and municipal purposes in the same
3 manner as other personal property taxes are distributed."

4 Section 35. Section 61-3-701, MCA, is amended to read:

5 "61-3-701. Foreign vehicles used in gainful occupation
6 to be registered -- reciprocity. (1) Before any foreign
7 licensed motor vehicle may be operated on the highways of
8 this state for hire, compensation, or profit or before the
9 owner and/or user thereof uses the vehicle if such owner
10 and/or user is engaged in gainful occupation or business
11 enterprise in the state, including highway work, the owner
12 of the vehicle shall make application to a county treasurer
13 for registration upon an application form furnished by the
14 division. Upon satisfactory evidence of ownership submitted
15 to the county treasurer and the payment of property taxes,
16 if appropriate, as required by 15-8-201 through 15-8-203 or
17 15-24-301 or the payment of the light vehicle license fee as
18 provided by [section 2], the treasurer shall accept the
19 application for registration and shall collect the regular
20 license fee required for the vehicle.

21 (2) The treasurer shall thereupon issue to the
22 applicant a copy of the application entitled "Owner's
23 Certificate of Registration and Tax Payment Receipt" and
24 forward a duplicate copy of the certificate to the division.
25 The treasurer shall at the same time issue to the applicant

1 the proper license plates or other identification markers,
2 which shall at all times be displayed upon the vehicle when
3 operated or driven upon roads and highways of this state
4 during the period of the life of the license.

5 (3) The registration receipt shall not constitute
6 evidence of ownership but shall be used only for
7 registration purposes. No Montana certificate of ownership
8 shall be issued for this type of registration.

9 (4) This section is not applicable to any vehicle
10 covered by a valid and existing reciprocal agreement or
11 declaration entered into under the provisions of the laws of
12 Montana."

13 Section 36. Section 61-6-302, MCA, is amended to read:

14 "61-6-302. Proof of compliance. (1) Before Except as
15 provided in subsection (2), before any applicant required to
16 register his motor vehicle may do so, the applicant must
17 certify and display to the county treasurer an automobile
18 liability insurance policy, a certificate of self-insurance,
19 a posted indemnity bond, or eligibility for an exemption
20 under 61-6-303 covering the motor vehicle. The certification
21 shall be on a form prescribed by the division of motor
22 vehicles. The division may immediately cancel the
23 registration and license plates of the vehicle upon
24 notification that the insurance certification was not
25 correctly represented.

1 (2) An applicant for registration of an automobile or
2 a truck having a rated capacity of three-quarters of a ton
3 or less, who wishes to register the vehicle by mail must
4 sign a statement on the application stating that the
5 applicant is in compliance with the financial liability
6 requirements of 61-6-101.

7 ~~(2)~~(3) An owner of a motor vehicle who ceases to
8 maintain the insurance or bond required or whose certificate
9 of self-insurance is canceled or whose vehicle ceases to be
10 exempt shall immediately surrender the registration and
11 license plates for the vehicle to the county treasurer for
12 delivery to the division and may not operate or permit
13 operation of the vehicle in Montana until insurance has
14 again been furnished as required and the vehicle is again
15 registered and licensed."

16 Section 37. Section 61-10-233, MCA, is amended to
17 read:

18 "61-10-233. Excess weight -- penalties. (i) The
19 operator is subject to the penalties stated in 61-10-232
20 whenever the gross loaded weight of any trucks, truck
21 tractor, trailer, or semitrailer operated upon any highway
22 in this state exceeds the gross vehicle weight shown on:

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

25 (b) the gross vehicle weight receipt issued under

1 61-10-227.

2 (2) In addition, the operator shall immediately pay to
3 the nearest county treasurer or to the department the
4 difference between the fee already paid and that applicable
5 to the gross weight of his vehicle before unloading the
6 excess, provided that it does not exceed the legal axle
7 weight."

8 Section 38. Section 7-1-2111, MCA, is amended to read:

9 "7-1-2111. Classification of counties. (1) For the
10 purpose of regulating the compensation and salaries of all
11 county officers, not otherwise provided for, and for fixing
12 the penalties of officers' bonds, the several counties of
13 this state shall be classified according to that percentage
14 of the true and full valuation of the property therein upon
15 which the tax levy is made, as follows:

16 (1) first class--all counties having such a taxable
17 valuation of \$50 million or over;

18 (2) second class--all counties having such a
19 taxable valuation of more than \$30 million and less than \$50
20 million;

21 (3) third class--all counties having such a taxable
22 valuation of more than \$20 million and less than \$30
23 million;

24 (4) fourth class--all counties having such a
25 taxable valuation of more than \$15 million and less than \$20

1 million;

2 (5) fifth class--all counties having such a taxable
3 valuation of more than \$10 million and less than \$15
4 million;

5 (6) sixth class--all counties having such a taxable
6 valuation of more than \$5 million and less than \$10 million;

7 (7) seventh class--all counties having such a
8 taxable valuation of less than \$5 million.

9 (2) As used in this section, taxable valuation means
10 the taxable value of taxable property in the county as of
11 the time of determination plus that portion of the taxable
12 value of the county on December 31, 1981, attributable to
13 automobiles and trucks having a rated capacity of
14 three-quarters of a ton or less."

15 Section 39. Section 7-3-1321, MCA, is amended to read:

16 "7-3-1321. Authorization to incur indebtedness --
17 limitation. (1) The consolidated municipality may borrow
18 money or issue bonds for any municipal purpose to the extent
19 and in the manner provided by the constitution and laws of
20 Montana for the borrowing of money or issuing of bonds by
21 counties and cities and towns.

22 (2) The municipality ~~shall~~ may not become indebted in
23 any manner or for any purpose to an amount, including
24 existing indebtedness, in the aggregate exceeding 5% ~~23%~~
25 the taxable value of the taxable property therein, as

1 ascertained by the last assessment for state and county
2 taxes prior to incurring such indebtedness. All warrants,
3 bonds, or obligations in excess of such amount given by or
4 on behalf of the municipality shall be void."

5 Section 40. Section 7-6-2211, MCA, is amended to read:

6 "7-6-2211. Authorization to conduct county business on
7 a cash basis. (1) In case the total indebtedness of a
8 county, lawful when incurred, exceeds the limit of ~~19%~~ 22.5%
9 established in 7-7-2101 by reason of great diminution of
10 taxable value, the county may conduct its business affairs
11 on a cash basis and pay the reasonable and necessary current
12 expenses of the county out of the cash in the county
13 treasury derived from its current revenue and under such
14 restrictions and regulations as may be imposed by the board
15 of county commissioners of the county by a resolution duly
16 adopted and included in the minutes of the board.

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

22 Section 41. Section 7-6-4121, MCA, is amended to read:

23 "7-6-4121. Authorization to conduct municipal business
24 on a cash basis. (1) In case the total indebtedness of a
25 city or town has reached ~~11%~~ 17% of the total taxable value

1 of the property of the city or town subject to taxation, as
2 ascertained by the last assessment for state and county
3 taxes, the city or town may conduct its affairs and business
4 on a cash basis as provided by subsection (2).

5 (2) (a) Whenever a city or town is conducting its
6 business affairs on a cash basis, the reasonable and
7 necessary current expenses of the city or town may be paid
8 out of the cash in the city or town treasury and derived
9 from its current revenues, under such restrictions and
10 regulations as the city or town council may by ordinance
11 prescribe.

12 (b) In the event that payment is made in advance, the
13 city or town may require a cash deposit as collateral
14 security and indemnity, equal in amount to such payment, and
15 may hold the same as a special deposit with the city
16 treasurer or town clerk, in package form, as a pledge for
17 the fulfillment and performance of the contract or
18 obligation for which the advance is made.

19 (c) Before the payment of the current expenses
20 mentioned above, the city or town council shall first set
21 apart sufficient money to pay the interest upon its legal,
22 valid, and outstanding bonded indebtedness and any sinking
23 funds therein provided for and shall be authorized to pay
24 all valid claims against funds raised by tax especially
25 authorized by law for the purpose of paying such claims."

1 Section 42. Section 7-6-4254, MCA, is amended to read:

2 "7-6-4254. Limitation on amount of emergency budgets
3 and appropriations. (1) The total of all emergency budgets
4 and appropriations made therein in any one year and to be
5 paid from any city fund ~~shall~~ may not exceed ~~25%~~ 30% of the
6 total amount which could be produced for such city fund by a
7 maximum levy authorized by law to be made for such fund, as
8 shown by the last completed assessment roll of the county.

9 (2) The term "taxable property", as used herein, means
10 the percentage of the value at which such property is
11 assessed and which percentage is used for the purposes of
12 computing taxes and does not mean the assessed value of such
13 property as the same appears on the assessment roll."

14 Section 43. Section 7-7-107, MCA, is amended to read:

15 "7-7-107. Limitation on amount of bonds for
16 city-county consolidated units. (1) Except as provided in
17 7-7-103, no city-county consolidated local government may
18 issue bonds for any purpose which, with all outstanding
19 indebtedness, may exceed ~~27%~~ 39% of the taxable value of the
20 property therein subject to taxation as ascertained by the
21 last assessment for state and county taxes.

22 (2) The issuing of bonds for the purpose of funding or
23 refunding outstanding warrants or bonds is not the incurring
24 of a new or additional indebtedness but is merely the
25 changing of the evidence of outstanding indebtedness."

1 Section 44. Section 7-7-108, MCA, is amended to read:

2 "7-7-108. Authorization for additional indebtedness
3 for water or sewer systems. (1) For the purpose of
4 constructing a sewer system or procuring a water supply or
5 constructing or acquiring a water system for a city-county
6 consolidated government which shall own and control such
7 water supply and water system and devote the revenues
8 therefrom to the payment of the debt, a city-county
9 consolidated government may incur an additional indebtedness
10 by borrowing money or issuing bonds.

11 (2) The additional indebtedness which may be incurred
12 by borrowing money or issuing bonds for the construction of
13 a sewer system or for the procurement of a water supply or
14 for both such purposes may not in the aggregate exceed 10%
15 over and above the ~~27%~~ 39% referred to in 7-7-107 of the
16 taxable value of the property therein subject to taxation as
17 ascertained by the last assessment for state and county
18 taxes."

19 Section 45. Section 7-7-2101, MCA, is amended to read:

20 "7-7-2101. Limitation on amount of county
21 indebtedness. (1) No county may become indebted in any
22 manner or for any purpose to an amount, including existing
23 indebtedness, in the aggregate exceeding ~~18%~~ 23% of the
24 taxable value of the property therein subject to taxation as
25 ascertained by the last assessment for state and county

1 taxes previous to the incurring of such indebtedness.

2 (2) No county may incur indebtedness or liability for
3 any single purpose to an amount exceeding \$40,000 without
4 the approval of a majority of the electors thereof voting at
5 an election to be provided by law, except as provided in
6 7-21-3413 and 7-21-3414."

7 Section 46. Section 7-7-2203, MCA, is amended to read:

8 "7-7-2203. Limitation on amount of bonded
9 indebtedness. (1) Except as provided in subsections (2) and
10 (3), no county may issue general obligation bonds for any
11 purpose which, with all outstanding bonds and warrants
12 except county high school bonds and emergency bonds, will
13 exceed 9% 11.25% of the taxable value of the property
14 therein, to be ascertained by the last assessment for state
15 and county taxes prior to the proposed issuance of bonds.

16 (2) A county may issue bonds which, with all
17 outstanding bonds and warrants, will exceed 9% 11.25% but
18 will not exceed ~~29%~~ 37% of the taxable value of such
19 property, when necessary to do so, for the purpose of
20 acquiring land for a site for county high school buildings
21 and for erecting or acquiring buildings thereon and
22 furnishing and equipping the same for county high school
23 purposes.

24 (3) The foregoing limitation shall not apply to
25 refunding bonds issued for the purpose of paying or retiring

1 county bonds lawfully issued prior to January 1, 1932."

2 Section 47. Section 7-7-4201, MCA, is amended to read:

3 "7-7-4201. Limitation on amount of bonded
4 indebtedness. (1) Except as otherwise provided, no city or
5 town may issue bonds or incur other indebtedness for any
6 purpose in an amount which with all outstanding and unpaid
7 indebtedness will exceed ~~10%~~ 28% of the taxable value of the
8 property therein subject to taxation, to be ascertained by
9 the last assessment for state and county taxes.

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 48. 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% 52% over
 5 and above the ~~18%~~ 28%, referred to in 7-7-4201, 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."

9 Section 49. Section 7-13-4103, MCA, is amended to
 10 read:

11 "7-13-4103. Limitation on indebtedness for acquisition
 12 of natural gas system. The total amount of indebtedness
 13 authorized to be contracted in any form, including the
 14 then-existing indebtedness, must not at any time exceed ~~11%~~
 15 17% of the total taxable value of the property of the city
 16 or town subject to taxation as ascertained by the last
 17 assessment for state and county taxes."

18 Section 50. Section 7-14-236, MCA, is amended to read:

19 "7-14-236. Limitation on bonded indebtedness. The
 20 amount of bonds issued to provide funds for the district and
 21 outstanding at any time shall not exceed 5% 28% of the
 22 taxable value of taxable property therein as ascertained by
 23 the last assessment for state and county taxes previous to
 24 the issuance of such bonds."

25 Section 51. Section 7-14-2524, MCA, is amended to

1 read:

2 "7-14-2524. Limitation on amount of bonds issued --
 3 excess void. (1) Except as otherwise provided hereafter and
 4 in 7-7-2203 and 7-7-2204, no county shall issue bonds which,
 5 with all outstanding bonds and warrants except county high
 6 school bonds and emergency bonds, will exceed 9% 11.25% of
 7 the taxable value of the property therein. The taxable
 8 property shall be ascertained by the last assessment for
 9 state and county taxes prior to the issuance of such bonds.

10 (2) A county may issue bonds which, with all
 11 outstanding bonds and warrants except county high school
 12 bonds, will exceed 9% 11.25% but will not exceed ~~14%~~ 22.5%
 13 of the taxable value of such property when necessary for the
 14 purpose of replacing, rebuilding, or repairing county
 15 buildings, bridges, or highways which have been destroyed or
 16 damaged by an act of God, disaster, catastrophe, or
 17 accident.

18 (3) The value of the bonds issued and all other
 19 outstanding indebtedness of the county, except county high
 20 school bonds, shall not exceed ~~14%~~ 22.5% of the taxable
 21 value of the property within the county as ascertained by
 22 the last preceding general assessment."

23 Section 52. Section 7-14-2525, MCA, is amended to
 24 read:

25 "7-14-2525. Refunding agreements and refunding bonds

1 authorized. (1) Whenever the total indebtedness of a county
2 exceeds ~~10%~~ 22.5% of the taxable value of the property
3 therein and the board determines that the county is unable
4 to pay such indebtedness in full, the board may:

5 (a) negotiate with the bondholders for an agreement
6 whereby the bondholders agree to accept less than the full
7 amount of the bonds and the accrued unpaid interest thereon
8 in satisfaction thereof;

9 (b) enter into such agreement;

10 (c) issue refunding bonds for the amount agreed upon.

11 (2) These bonds may be issued in more than one series,
12 and each series may be either amortization or serial bonds.

13 (3) The plan agreed upon between the board and the
14 bondholders shall be embodied in full in the resolution
15 providing for the issue of the bonds."

16 Section 53. Section 7-14-4402, MCA, is amended to
17 read:

18 "7-14-4402. Limit on indebtedness to provide bus
19 service. The total amount of indebtedness authorized under
20 7-14-4401(1) to be contracted in any form, including the
21 ~~then-existing~~ indebtedness, may not at any time exceed ~~10%~~
22 28% of the total taxable value of the property of the city
23 or town subject to taxation as ascertained by the last
24 assessment for state and county taxes. No money may be
25 borrowed or bonds issued for the purposes specified in

1 7-14-4401(1) until the proposition has been submitted to the
2 vote of the taxpayers of the city or town and the majority
3 vote cast in its favor."

4 Section 54. Section 7-16-2327, MCA, is amended to
5 read:

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

12 (2) (a) The total amount of indebtedness authorized to
13 be contracted in any form, including the then-existing
14 indebtedness, must not at any time exceed ~~3%~~ 13% of the
15 taxable value of the taxable property of in the county
16 ascertained by the last assessment for state and county
17 taxes previous to the incurring of such indebtedness.

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

24 Section 55. Section 7-16-4104, MCA, is amended to
25 read:

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

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

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

12 (c) for furnishing and equipping the same.

13 (2) The total amount of indebtedness authorized to be
14 contracted in any form, including the then-existing
15 indebtedness, may not at any time exceed 3% 16.5% of the
16 taxable value of the taxable property of the city or town as
17 ascertained by the last assessment for state and county
18 taxes previous to the incurring of such indebtedness. No
19 money may be borrowed on bonds issued for the purchase of
20 lands and improving the same for any such purpose until the
21 proposition has been submitted to the vote of the qualified
22 electors of the city or town and a majority vote is cast in
23 favor thereof."

24 Section 56. Section 7-31-106, MCA, is amended to read:

25 "7-31-106. Authorization for county to issue bonds --

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

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

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

14 (2) The amount of the bonds authorized by this section
15 ~~shall~~ may not exceed 5% 22.5% of the taxable value of the
16 taxable property therein, inclusive of the existing
17 indebtedness thereof, to be ascertained by the last
18 assessment for state and county taxes previous to the
19 issuance of said bonds and incurring of said indebtedness."

20 Section 57. Section 7-31-107, MCA, is amended to read:

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

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

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

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

10 (2) The amount of the bonds authorized by this section
11 ~~shall~~ may not exceed ~~3% 16.5%~~ of the taxable value of the
12 taxable property therein, inclusive of the existing
13 indebtedness thereof, to be ascertained in the manner
14 provided in this part."

15 Section 58. Section 7-34-2131, MCA, is amended to
16 read:

17 "7-34-2131. Hospital district bonds authorized. (1) A
18 hospital district may borrow money by the issuance of its
19 bonds to provide funds for payment of part or all of the
20 cost of acquisition, furnishing, equipment, improvement,
21 extension, and betterment of hospital facilities and to
22 provide an adequate working capital for a new hospital.

23 (2) The amount of bonds issued for such purpose and
24 outstanding at any time ~~shall~~ may not exceed ~~5% 22.5%~~ of the
25 taxable value of the property therein as ascertained by the

1 last assessment for state and county taxes previous to the
2 issuance of such bonds.

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

8 (4) Nothing herein shall be construed to preclude the
9 provisions of title 50, chapter 6, part 1, allowing the
10 state to apply for and accept federal funds."

11 Section 59. Section 19-11-503, MCA, is amended to
12 read:

13 "19-11-503. Special tax levy for fund required. (1)
14 The purpose of this section is to provide a means by which
15 each disability and pension fund may be maintained at a
16 level equal to ~~2% 3%~~ of the taxable valuation of all taxable
17 property within the limits of the city or town.

18 (2) Whenever the fund contains less than ~~2% 3%~~ of the
19 taxable valuation of all taxable property within the limits
20 of the city or town, the governing body of the city or town
21 shall, at the time of the levy of the annual tax, levy a
22 special tax as provided in 19-11-504. The special tax shall
23 be collected as other taxes are collected and, when so
24 collected, shall be paid into the disability and pension
25 fund."

1 Section 60. Section 19-11-504, MCA, is amended to
2 read:

3 "19-11-504. Amount of special tax levy. (1) Whenever
4 the total amount of the fund is less than ~~2%~~ 3% of the
5 taxable valuation of all taxable property within the limits
6 of the city or town, the special tax levy shall be:

7 (a) not less than 1 mill or more than 4 mills on each
8 dollar of taxable valuation of all taxable property within
9 the limits of the city or town; and

10 (b) an amount sufficient to provide a growth per year
11 in the fund, considering all sources of income to the fund
12 and the payment of obligations out of the fund, equal to the
13 sum produced by 1 mill levied on the taxable valuation of
14 all the taxable property in the city or town.

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

17 (a) the total amount of the fund is less than ~~2%~~ 3%
18 but more than ~~1%~~ 1.5% of the taxable valuation of all
19 taxable property within the city or town; and

20 (b) the special tax levy of a fractional part of 1
21 mill will produce sufficient revenue to cause the fund,
22 considering all sources of income to the fund and all
23 payments to be made out of the fund, to exceed ~~2%~~ 3% of the
24 taxable valuation of all taxable property within the city or
25 town.

1 (3) In cities of the third class, when the fund
2 contains an amount which is less than ~~2%~~ 3% of the taxable
3 valuation of all taxable property in the city or town, the
4 city council shall levy an annual special tax of not less
5 than 1 mill and not more than 4 mills on each dollar of
6 taxable valuation of all taxable property within the city or
7 town."

8 Section 61. Section 20-9-406, MCA, is amended to read:

9 "20-9-406. Limitations on amount of bond issue. (1)
10 The maximum amount for which each school district may become
11 indebted by the issuance of bonds, including all
12 indebtedness represented by outstanding bonds of previous
13 issues and registered warrants, is ~~29%~~ 45% of the taxable
14 value of the property subject to taxation as ascertained by
15 the last completed assessment for state, county, and school
16 taxes previous to the incurring of such indebtedness. The
17 ~~29%~~ 45% maximum, however, may not pertain to indebtedness
18 imposed by special improvement district obligations or
19 assessments against the school district. All bonds issued
20 in excess of such amount shall be null and void, except as
21 provided in this section.

22 (2) When the total indebtedness of a school district
23 has reached the ~~29%~~ 45% limitation prescribed in this
24 section, the school district may pay all reasonable and
25 necessary expenses of the school district on a cash basis in

1 accordance with the financial administration provisions of
2 this chapter.

3 (3) Whenever bonds are issued for the purpose of
4 refunding bonds, any moneys to the credit of the debt
5 service fund for the payment of the bonds to be refunded are
6 applied towards the payment of such bonds and the refunding
7 bond issue is decreased accordingly."

8 Section 62. Section 20-9-502, MCA, is amended to read:

9 "20-9-502. Purpose and authorization of a building
10 reserve fund by an election. (1) The trustees of any
11 district, with the approval of the qualified electors of the
12 district, may establish a building reserve for the purpose
13 of raising money for the future construction, equipping, or
14 enlarging of school buildings or for the purpose of
15 purchasing land needed for school purposes in the district.
16 In order to submit to the qualified electors of the district
17 a building reserve proposition for the establishment of or
18 addition to a building reserve, the trustees shall pass a
19 resolution that specifies:

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

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

25 (c) the total amount of money that will be raised

1 during the duration of time specified in subsection (1)(b);
2 and

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

5 (2) The total amount of building reserve when added to
6 the outstanding indebtedness of the district shall not be
7 more than 5% ~~45%~~ of the taxable value of the taxable
8 property of the district. Such limitation shall be
9 determined in the manner provided in 20-9-406. A building
10 reserve tax authorization shall not be for more than 20
11 years.

12 (3) The election shall be conducted in accordance with
13 the school election laws of this title, and the electors
14 qualified to vote in the election shall be qualified under
15 the provisions of 20-20-301. The ballot for a building
16 reserve proposition shall be substantially in the following
17 form:

18 OFFICIAL BALLOT

19 SCHOOL DISTRICT BUILDING RESERVE ELECTION

20 INSTRUCTIONS TO VOTERS: Make an X or similar mark in
21 the vacant square before the words "BUILDING RESERVE--YES"
22 if you wish to vote for the establishment of a building
23 reserve (addition to the building reserve); if you are
24 opposed to the establishment of a building reserve (addition
25 to the building reserve) make an X or similar mark in the

1 square before the words "BUILDING RESERVE--NO".

2 Shall the trustees be authorized to impose an
3 additional levy each year for years to establish a
4 building reserve (add to the building reserve) of this
5 school district to raise a total amount of dollars
6 (\$....), for the purpose(s) (here state the purpose or
7 purposes for which the building reserve will be used)?

8 BUILDING RESERVE--YES.

9 BUILDING RESERVE--NO.

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

1 Section 63. Section 85-7-2001, MCA, is amended to
2 read:

3 "85-7-2001. Limitations on debt-incurring power. (1)
4 The board of commissioners or other officers of the district
5 may not incur any debt or liability, either by issuing bonds
6 or otherwise, except as provided in this chapter. No
7 irrigation district may become indebted, in any manner or
8 for any purpose in any one year, in an amount exceeding ~~15%~~
9 18.75% of the assessed valuation of the district, except as
10 provided in subsection (2).

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

19 (b) For the purpose of organization, for any of the
20 immediate purposes of this chapter, or to meet the expenses
21 occasioned by any calamity or other unforeseen contingency,
22 the board of commissioners may, in any one year, incur (in
23 addition to the ~~15%~~ 18.75% limitation of subsection (1)) an
24 additional indebtedness not exceeding ~~10%~~ 12.5% of the
25 assessed valuation of the district and may cause warrants of

1 the district to issue therefor.

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

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

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

11 Section 64. Validation. Notwithstanding any provisions
12 of this act, any outstanding indebtedness or bond issue on
13 January 1, 1982, of any governmental subdivision is not
14 invalidated because of any changes in the taxable valuation
15 of the subdivision due to removal of automobiles and trucks
16 having a rated capacity of three-quarters of a ton or less
17 from the tax base.

18 Section 65. Codification instruction. Sections 1
19 through 6 are intended to be codified as an integral part of
20 Title 61, chapter 3, part 5, and the provisions of Title 61
21 apply to sections 1 through 6.

22 Section 66. Effective date. (1) Except as provided in
23 subsection (2), this act is effective January 1, 1982.

24 (2) Section 5 is effective on passage and approval.

25 SECTION 67. APPROPRIATION. THERE IS APPROPRIATED FROM

1 THE GENERAL FUND THE SUM OF \$30,000,000 FOR THE BIENNIUM
2 ENDING JUNE 30, 1983, TO THE DEPARTMENT OF REVENUE TO FUND
3 THE STATE PAYMENT TO LOCAL GOVERNMENTS PROVIDED FOR IN
4 [SECTION 6].

-End-

House amendments to Senate Bill 355
April 22 , 1981

1. Title, line 20.

Following: "MCA;"

Insert: "APPROPRIATING FUNDS TO REIMBURSE LOCAL GOVERNMENTS FOR
REVENUE LOSS CAUSED BY IMPLEMENTATION OF THE FEE SYSTEM"

2. Page 3, line 7.

Following: "years"

Strike: "\$45 \$65"

Insert: "\$60 \$80"

3. Page 70.

Following: line 2

Insert: "Section 67. Appropriation. There is appropriated from the
general fund the sum of \$30,000,000 for the biennium ending June
30, 1983, to the department of revenue to fund the state payment
to local governments provided for in [section 6]."

House amendments to Senate Bill 355
April 22, 1981

1. Strike: all House Taxation Committee amendments to Senate Bill 355

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Following: "MCA;"

Insert: "APPROPRIATING FUNDS TO REIMBURSE LOCAL GOVERNMENTS FOR
REVENUE LOSS CAUSED BY IMPLEMENTATION OF THE FEE SYSTEM"

3. Page 3, line 7.

Strike: "\$45 \$60"

Insert: "\$70 \$90"

4. Page 3, line 8.

Following: "years"

Insert: "and less than 8 years"

Strike: "20 25"

Insert: "40 50"

5. Page 3.

Following: line 8

Insert: "more than 8 years 10 15"

6. Page 70.

Following: line 2

Insert: "Section 67. Appropriation. There is appropriated from the
general fund the sum of \$30,000,000 for the biennium ending June
30, 1983, to the department of revenue to fund the state payment
to local governments provided for in [section 6]."