

HOUSE BILL NO. 137

Introduced 01/08/83

Referred to Committee on Taxation: 01/08/83

Hearing: 1/13/83

Report: 01/13/83, Do Not Pass

Bill Killed: 01/14/83

1 House BILL NO. 137  
 2 INTRODUCED BY Bill Hand  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT THE  
 5 1 1/2 PERCENT SALES TAX ON NEW MOTOR VEHICLES APPLIES  
 6 REGARDLESS OF THE QUARTER OF THE YEAR IN WHICH THE VEHICLE  
 7 IS PURCHASED; AMENDING SECTION 61-3-502, MCA; AND PROVIDING  
 8 A DELAYED EFFECTIVE DATE."

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

11 Section 1. Section 61-3-502, MCA, is amended to read:

12 "61-3-502. Sales tax on new motor vehicles --  
 13 exemptions. (1) In consideration of the right to use the  
 14 highways of the state, there is imposed a tax upon all sales  
 15 of new motor vehicles for which a license is sought and an  
 16 original application for title is made. The tax shall be  
 17 paid by the purchaser when he applies for his original  
 18 Montana license through the county treasurer.

19 (2) The sales tax shall be:

20 ~~(a) 1 1/2% of the f.o.b. factory list price or f.o.b.~~  
 21 ~~port-of-entry list price, regardless of which quarter of the~~  
 22 ~~year the motor vehicle is purchased in, during the first~~  
 23 ~~quarter of the year or prorated one-twelfth for each month~~  
 24 ~~or part of month for a registration period other than a~~  
 25 ~~calendar year or calendar quarter;~~

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

3 ~~(c) 3/4 of 1% during the third quarter of the year;~~  
 4 ~~(d) 3/8 of 1% during the fourth quarter of the year;~~

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

8 (4) The proceeds from this tax shall be remitted to  
 9 the state treasurer every 30 days for credit to the state  
 10 highway account of the earmarked revenue fund.

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

16 (6) (a) The applicant for original registration of any  
 17 new and unused motor vehicle, or a new motor vehicle  
 18 furnished without charge by a dealer to a school district  
 19 for use as a traffic education motor vehicle by a school  
 20 district operating a state-approved traffic education  
 21 program within the state, whether or not previously licensed  
 22 or titled to the school district (except a mobile home as  
 23 defined in 15-1-101(1)), acquired by original contract after  
 24 January 1 of any year, is required, whenever the vehicle has  
 25 not been otherwise assessed, to pay the motor vehicle sales

-2- INTRODUCED BILL  
 AB 137

1 tax provided by this section irrespective of whether the  
2 vehicle was in the state of Montana on January 1 of the  
3 year.

4 (b) No motor vehicle may be registered or licensed  
5 under the provisions of this subsection unless the  
6 application for registration is accompanied by a statement  
7 of origin to be furnished by the dealer selling the vehicle,  
8 showing that the vehicle has not previously been registered  
9 or owned, except as otherwise provided herein, by any  
10 person, firm, corporation, or association that is not a new  
11 motor vehicle dealer holding a franchise or distribution  
12 agreement from a new car manufacturer, distributor, or  
13 importer.

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

18 (b) Motor vehicles brought or driven into Montana by a  
19 nonresident, migratory, bona fide agricultural worker  
20 temporarily employed in agricultural work in this state  
21 where those motor vehicles are used exclusively for  
22 transportation of agricultural workers are also exempt from  
23 subsection (1).

24 (c) Vehicles lawfully displaying a licensed dealer's  
25 plate as provided in 61-4-103 are exempt from subsection (1)

1 when moving to or from a dealer's place of business when  
2 unloaded or loaded with dealer's property only, and in the  
3 case of vehicles having a gross loaded weight of less than  
4 24,000 pounds, while being demonstrated in the course of the  
5 dealer's business."

6 NEW SECTION. Section 2. Effective date. This act is  
7 effective January 1, 1984.

-End-

## STATE OF MONTANA

REQUEST NO. 074-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 137 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 OF PROPOSED LEGISLATION:

House Bill 137 provides that the 1.5 percent sales tax on new motor vehicles applies regardless of the quarter of the year in which the vehicle is purchased and provides a delayed effective date.

ASSUMPTIONS:

- 1) Sales tax collected on new motor vehicles under the current law is the amount reported by the Montana Department of Highways for FY 82.
- 2) The practice under current law is to collect 1.5 percent of the list price as the sales tax on new vehicles with a staggered registration period, and to collect a declining percentage of the list price as the sales tax on vehicles that are registered for the calendar year (those not under the staggered registration system).
- 3) Sales tax collected each quarter on trucks over 3/4 ton g.v.w. and motor homes is as reported by the Motor Vehicles Division, Department of Justice.
- 4) The average list price of new motorcycles registered in Montana in 1982 was \$4,100, based on the current motorcycle trade-in guide. The number of new motorcycles registered each quarter in 1982 is as reported by the Motor Vehicles Division.

FISCAL IMPACT:

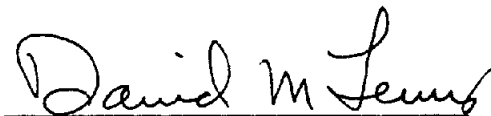
|                                 | <u>FY 84</u>     | <u>FY 85</u>     |
|---------------------------------|------------------|------------------|
| Sales Tax on New Motor Vehicles |                  |                  |
| Under Current Law               | \$ 4,682,000     | \$ 4,682,000     |
| Under Proposed Law              | <u>5,130,988</u> | <u>5,130,988</u> |
| Estimated Increase              | <u>448,988</u>   | <u>448,988</u>   |

These funds are deposited in the highway earmarked fund.

LONG RANGE EFFECTS OF PROPOSED LEGISLATION:

The effect on future revenue for the state highway fund will depend on the number of new motor vehicles registered annually in Montana.

FISCAL NOTE3:Z/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-14-83