

HOUSE BILL NO. 365

Introduced: 01/19/83

Referred to Committee on Taxation: 01/19/83

Hearing: 2/2/83

Report: 02/07/83, Do Not Pass

Bill Killed: 02/08/83

1 House BILL NO. 365  
 2 INTRODUCED BY \_\_\_\_\_  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT  
 5 SCHOOLBUSES LEASED OR PRIVATELY CONTRACTED EXCLUSIVELY TO  
 6 SCHOOL DISTRICTS FOR THE STATE-APPROVED TRANSPORTATION OF  
 7 STUDENTS ARE EXEMPT FROM PROPERTY TAXATION FOR THE PERIOD OF  
 8 TIME ENGAGED IN STATE-APPROVED SCHOOLBUS SERVICES; TO  
 9 REQUIRE INSTEAD A FEE IN LIEU OF PROPERTY TAX OF \$25 FOR  
 10 EACH REGISTRATION YEAR; AMENDING SECTIONS 15-6-139,  
 11 15-8-202, 61-3-332, 61-3-501, 61-3-503, 61-3-504, 61-3-509,  
 12 AND 61-3-521, MCA."

13  
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

16 "15-6-139. Class nine property -- description --  
 17 taxable percentage. (1) Class nine property includes:

18 (a) buses, except as provided in [section 9], and  
 19 trucks having a rated capacity of more than three-quarters  
 20 of a ton but less than or equal to 1 1/2 tons;

21 (b) stock trailers;

22 (c) truck toppers weighing more than 300 pounds;

23 (d) furniture, fixtures, and equipment, except that  
 24 specifically included in another class, used in commercial  
 25 establishments as defined in this section;

1 (e) x-ray and medical and dental equipment; and  
 2 (f) citizens' band radios and mobile telephones.  
 3 (2) "Commercial establishment" includes any hotel;  
 4 motel; office; petroleum marketing station; or service,  
 5 wholesale, retail, or food-handling business.  
 6 (3) Class nine property is taxed at 13% of its market  
 7 value."

8 Section 2. Section 15-8-202, MCA, is amended to read:

9 "15-8-202. Motor vehicle assessment. (1) (a) The  
 10 department or its agent must, in each year, ascertain and  
 11 assess all motor vehicles other than automobiles, trucks  
 12 having a rated capacity of three-quarters of a ton or less,  
 13 motor homes, travel trailers, or mobile homes, or  
 14 schoolbuses during the period in which [section 9(1)] is  
 15 applicable in each county subject to taxation as of January  
 16 1 or as of the anniversary registration date of those  
 17 vehicles subject to 61-3-313 through 61-3-316 and 61-3-501.  
 18 The assessment for all motor vehicles will be made using the  
 19 market value as of January 1 of the year of assessment of  
 20 the vehicle as contained in the most recent volume of the  
 21 Mountain States Edition of the National Automobile Dealers  
 22 Association Official Used Car Guide. The motor vehicles  
 23 shall be assessed in each year to the persons by whom owned  
 24 or claimed or in whose possession or control they were at  
 25 midnight of January 1 or the anniversary registration date

1 thereof, whichever is applicable.

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

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

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

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

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

23 "61-3-332. Number plates. (1) Every motor vehicle  
24 which shall be driven upon the streets or highways of this  
25 state shall display both front and rear a number plate,

1 bearing the distinctive number assigned such vehicle. Such  
2 number plate shall be in eight series: one series for owners  
3 of motorcars, one for owners of motor vehicles of the  
4 motorcycle type, one for trailers, one for trucks, one for  
5 dealers in vehicles of the motorcycle type which shall bear  
6 the distinctive letters "MCD" or the letters "MC" and the  
7 word "DEALER", one for franchised dealers in new motorcars  
8 (including trucks and trailers) or new and used motorcars  
9 (including trucks and trailers) which shall bear the  
10 distinctive letter "D" or the word "DEALER", one for dealers  
11 in used motorcars only (including used trucks and trailers)  
12 which shall bear the distinctive letters "UD" or the letter  
13 "U" and the word "DEALER", and one for dealers in trailers  
14 and/or semitrailers (new or used) which shall bear the  
15 distinctive letters "DTR" or the letters "TR" and the word  
16 "DEALER". All such markings for the aforementioned kinds of  
17 dealers' plates shall be placed on the number plates  
18 assigned thereto in such position thereon as the division  
19 may designate.

20 (2) All number plates for motor vehicles shall be  
21 issued for a minimum period of 4 years, shall bear a  
22 distinctive marking, and shall be furnished by the state.  
23 In years when number plates are not issued, the division  
24 shall provide nonremovable stickers bearing appropriate  
25 registration numbers which shall be affixed to the license

1 plates in use.

2 (3) In the case of motorcars and trucks, number plates  
3 shall be of metal 6 inches wide and 12 inches in length. For  
4 number plates issued after 1976, the outline of the state  
5 of Montana shall be used as a distinctive border on such  
6 license plates, and the word "Montana" with the year shall  
7 be placed across the bottom of the plate. Such registration  
8 plate shall be treated with a reflectorized background  
9 material according to specifications prescribed by the  
10 division.

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

25 (5) For the use of tax-exempt motor vehicles that are

1 also exempt from the light vehicle license fee as provided  
2 in subsection (2)(a) of 61-3-532, in addition to the  
3 markings herein provided, number plates shall have thereon  
4 the following distinctive markings:

5 (a) For vehicles owned by the state the division may  
6 designate the prefix number for the various state  
7 departments, and all numbered plates issued to state  
8 departments shall bear the words "State Owned" and no year  
9 number will be indicated thereon as these numbered plates  
10 will be of a permanent nature and will be replaced by the  
11 division at such time when the physical condition of  
12 numbered plates requires same.

13 (b) For vehicles owned by the counties,  
14 municipalities, irrigation districts organized under the  
15 laws of Montana and not operating for profit, and school  
16 districts and used and operated by officials and employees  
17 thereof in line of duty as such, for schoolbuses during the  
18 period in which [section 9(1)] is applicable, and for  
19 vehicles on loan from the United States government or the  
20 state of Montana, to, or owned by, the civil air patrol and  
21 used and operated by officials and employees thereof in the  
22 line of duty as such, there shall be placed on the number  
23 plates assigned thereto, in such position thereon as the  
24 division may designate, the letter "X" or the word "EXEMPT".  
25 Distinctive registration numbers for plates assigned to

1 motor vehicles of each of the counties in the state and  
2 those of the municipalities and school districts situated  
3 within each of said counties and those of the irrigation  
4 districts which obtain plates within each county shall begin  
5 with number one and be numbered consecutively.

6 (6) On all number plates assigned to motor vehicles of  
7 the truck and trailer type, other than tax-exempt trucks  
8 that are also exempt from the light vehicle license fee as  
9 provided in subsection (2)(a) of 61-3-532 and tax exempt  
10 trailers, there shall appear the letter "T" or the word  
11 "TRUCK" for plates assigned to trucks and the letters "TR"  
12 or the word "TRAILER" for plates assigned to trailers and  
13 housetrailers. The letters "MC" or the word "CYCLE" shall  
14 appear for plates assigned to vehicles of the motorcycle  
15 type.

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

22 (8) For the purpose of this chapter, the several  
23 counties of the state shall be assigned numbers as follows:  
24 Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4;  
25 Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8;

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

15 Section 4. Section 61-3-501, MCA, is amended to read:  
16 "61-3-501. When vehicle taxes and fees are due. (1)  
17 Property taxes, new car taxes, light vehicle license fees,  
18 and fees in lieu of tax on a motor home, or travel trailer,  
19 ~~or schoolbus leased or privately contracted exclusively to a~~  
20 ~~school district for the state-approved transportation of~~  
21 ~~students~~ must be paid on the date of registration or  
22 reregistration of the vehicle.

23 (2) If the anniversary date for reregistration of a  
24 vehicle passes while the vehicle is owned and held for sale  
25 by a licensed new or used car dealer, property taxes, light

1 vehicle license fees, or the fee in lieu of property taxes  
2 abate on such vehicle properly reported with the department  
3 of revenue until the vehicle is sold and thereafter the  
4 purchaser shall pay the pro rata balance of the taxes or the  
5 fee in lieu of tax due and owing on the vehicle.

6 (3) In the event a vehicle's registration period is  
7 changed under 61-3-315, all taxes and other fees due thereon  
8 shall be prorated and paid from the last day of the old  
9 period until the first day of the new period in which the  
10 vehicle shall be registered. Thereafter taxes and other fees  
11 must be paid from the first day of the new period for a  
12 minimum period of 1 year. When the change is to a later  
13 registration period, taxes and fees shall be prorated and  
14 paid based on the same tax year as the original registration  
15 period. Thereafter, during the appropriate anniversary  
16 registration period, each vehicle shall again register or  
17 reregister and shall pay all taxes and fees due thereon for  
18 a 12-month period."

19 Section 5. Section 61-3-503, MCA, is amended to read:

20 "61-3-503. Assessment. (1) Except as provided in  
21 subsection (2), the following apply to the taxation of motor  
22 vehicles:

23 (a) Except as provided in subsection (1)(c), a person  
24 who files an application for registration or reregistration  
25 of a motor vehicle shall before filing such application with

1 the county treasurer submit the application to the county  
2 assessor. The county assessor shall enter on the  
3 application in a space to be provided for that purpose the  
4 market value and taxable value of the vehicle as of January  
5 1 of the year for which the application for registration is  
6 made.

7 (b) Except as provided in subsection (1)(c), motor  
8 vehicles are assessed for taxes on January 1 in each year  
9 irrespective of the time fixed by law for the assessment of  
10 other classes of personal property and irrespective of  
11 whether the levy and tax may be a lien upon real property  
12 within the state. In no event may any motor vehicle be  
13 subject to assessment, levy, and taxation more than once in  
14 each year.

15 (c) Vehicles subject to the provisions of 61-3-313  
16 through 61-3-316 shall be assessed as of the first day of  
17 the registration period, using the market value as of  
18 January 1 of the year of assessment of the vehicle as  
19 contained in the most recent volume of the Mountain States  
20 Edition of the National Automobile Dealers Association  
21 Official Used Car Guide; and a lien for taxes and fees due  
22 thereon shall occur on the anniversary date of the  
23 registration and shall continue until such fees and taxes  
24 have been paid.

25 (2) The provisions of subsections (1)(a) through

(1)(c) do not apply to automobiles and trucks having a rated capacity of three-quarters of a ton or less, motor homes, travel trailers, or mobile homes as defined in 15-1-101(1), or schoolbuses during the period in which [section 9(1)] is applicable."

Section 6. Section 61-3-504, MCA, is amended to read:

"61-3-504. Computation of tax. The amount of taxes on a motor vehicle, other than an automobile, truck having a rated capacity of three-quarters of a ton or less, motor home, travel trailer, or mobile home as defined in 15-1-101(1), or schoolbus during the period in which [section 9(1)] is applicable, is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration. The determination is entered on the application form in a space provided therefor."

Section 7. Section 61-3-509, MCA, is amended to read:

"61-3-509. Disposition of taxes and fees in lieu of tax. The county treasurer shall credit all taxes on motor vehicles, light vehicle license fees provided for in 61-3-532, and fees in lieu of tax collected on motor homes, and travel trailers collected, and schoolbuses under [section 9] to a motor vehicle suspense fund, and at some time between March 1 and March 10 of each year and every 60 days thereafter, the county treasurer shall distribute the

money in the motor vehicle suspense fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed."

Section 8. Section 61-3-521, MCA, is amended to read:

"61-3-521. Fee in lieu of tax for certain vehicles.

(1) There is a fee in lieu of property tax imposed on motor homes, travel trailers, and campers, and as provided in [section 9], schoolbuses leased or privately contracted exclusively to school districts for the state-approved transportation of students. The fee is in addition to annual registration fees.

(2) The provisions of 61-10-208 do not apply to a vehicle that qualifies under subsection (1) above.

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

NEW SECTION. Section 9. Fee for schoolbus contracted to school district -- exceptions. (1) The owner of a schoolbus leased or privately contracted exclusively to a school district for the state-approved transportation of students shall pay an annual fee in lieu of property tax of \$25. This fee is in addition to the annual registration fee and is payable at the time of registration.

(2) When a privately owned schoolbus is engaged in

1 passenger carrying operations other than as provided in  
2 subsection (1), the property taxes due shall be prorated and  
3 paid for each month the bus is used for other than schoolbus  
4 service.

5 NEW SECTION. Section 10. Property-tax-paid decal  
6 required on schoolbus used for other than schoolbus service  
7 -- issuance. (1) No schoolbus subject to taxation in Montana  
8 may be operated by any person on the public highways or  
9 streets in this state unless there is displayed in a  
10 conspicuous place thereon a decal as visual proof that the  
11 property tax has been paid thereon for the period of time  
12 the schoolbus is used for other than schoolbus service.

13 (2) Upon payment of the prorated property taxes due  
14 for any month the schoolbus is used for other than schoolbus  
15 service, the county treasurer shall issue a decal in the  
16 style and design prescribed by the department.

17 NEW SECTION. Section 11. Penalty for operation of  
18 schoolbus without decal. Operation of a schoolbus in  
19 violation of [section 10] is a misdemeanor punishable by a  
20 fine not to exceed \$50.

21 NEW SECTION. Section 12. Codification instruction.  
22 Sections 9 through 11 are intended to be codified as an  
23 integral part of Title 61, chapter 3, and the provisions of  
24 Title 61, chapter 3, apply to sections 9 through 11.

-End-



## STATE OF MONTANA

200-83

REQUEST NO. \_\_\_\_\_

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, 19 83, there is hereby submitted a Fiscal Note for House Bill 365 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 365 provides that schoolbuses leased or privately contracted exclusively to school districts for state-approved transportation of students are exempt from property taxation for the period of time engaged in state-approved schoolbus services and requires instead a fee in lieu of property tax of \$25 for each registration year.

ASSUMPTIONS:

- 1) 1982 County Assessor Report data: Buses 585, Taxable Value - \$367,995.
- 2) 470 are affected by the proposal (80%).
- 3) Average taxable value - \$629.
- 4) Levies - statewide average - 220 mills, University Levy - 6 mills, School Foundation Program - 40 mills.
- 5) Revenues from proposed fee are distributed in the same ratio as property tax revenue.
- 6) Proposed law has no impact in FY84.
- 7) 1982 data apply to FY85.

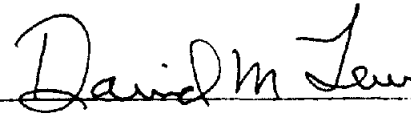
FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
University Levy (6 mills)		
Under Current Law	none	\$1,774
Under Proposed Law	"	320
Estimated Decrease	"	<u>(1,454)</u>
School Foundation Program		
Under Current Law	none	11,825
Under Proposed Law	"	2,136
Estimated Decrease	"	<u>(9,689)</u>

TOTAL REVENUE:

Under Current Law	none	13,599
Under Proposed Law	"	2,456
Estimated Decrease	"	<u>(11,143)</u>

Continued

  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-83

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Local government revenues would be decreased by approximately \$53,000 in FY85.

COMMENT:

There would be a small impact to counties in providing decals for buses transporting non-school transportees.

FISCAL NOTE 6:X/2

HB365