

HOUSE BILL NO. 779

Introduced: 02/14/83

Referred to Committee on Taxation: 02/14/83

Hearing: 3/2/83

Report: 03/09/83, Do Pass, As Amended

2nd Reading: 03/11/83, Do Pass

3rd Reading: 03/14/83, Do Pass

Transmitted to Senate: 3/14/83

Referred to Committee on Taxation: 3/15/83

Hearing: 3/21/83

Died in Senate Committee

1 ~~House~~ BILL NO. 779  
 2 INTRODUCED BY HARP Lulini  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING LIGHT UTILITY  
 5 AND BOAT TRAILERS FROM TAXATION AND IMPOSING A FEE IN LIEU  
 6 OF TAX; PROVIDING FOR DISPOSITION OF FEES; AMENDING SECTIONS  
 7 15-6-138, 15-6-201, 61-3-501, 61-3-509, 61-3-521, AND  
 8 61-3-523, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."  
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 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 11 Section 1. Section 15-6-138, MCA, is amended to read:  
 12 "15-6-138. Class eight property -- description --  
 13 taxable percentage. (1) Class eight property includes:  
 14 (a) all agricultural implements and equipment;  
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 16 and supplies except:  
 17 (i) those included in class five; and  
 18 (ii) coal and ore haulers;  
 19 (c) all manufacturing machinery, fixtures, equipment,  
 20 tools, and supplies except those included in class five;  
 21 (d) motorcycles;  
 22 (e) watercraft;  
 23 ~~(f) --light-utility-and-boat-trailers;~~  
 24 ~~(g) aircraft;~~  
 25 ~~(h) all-terrain vehicles;~~

1 ~~(f)(1)~~ harness, saddlery, and other tack equipment;  
 2 and  
 3 ~~(f)(1)~~ all other machinery except that specifically  
 4 included in another class.  
 5 (2) Class eight property is taxed at 11% of its market  
 6 value."  
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 8 "15-6-201. Exempt categories. (1) The following  
 9 categories of property are exempt from taxation:  
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 13 (ii) irrigation districts organized under the laws of  
 14 Montana and not operating for profit;  
 15 (iii) municipal corporations; and  
 16 (iv) public libraries;  
 17 (b) buildings, with land they occupy and furnishings  
 18 therein, owned by a church and used for actual religious  
 19 worship or for residences of the clergy, together with  
 20 adjacent land reasonably necessary for convenient use of  
 21 such buildings;  
 22 (c) property used exclusively for agricultural and  
 23 horticultural societies, for educational purposes, and for  
 24 hospitals;  
 25 (d) property that meets the following conditions:

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

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

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

(e) institutions of purely public charity;

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

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

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

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

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

(k) automobiles and trucks having a rated capacity of

three-quarters of a ton or less; and

~~(ll) light utility and boat trailers of a capacity of 2,500 pounds or less.~~

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

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

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

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

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

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

"61-3-501. When vehicle taxes and fees are due. (1) Property taxes, new car taxes, light vehicle license fees, and fees in lieu of tax on a motor home, ~~light utility or~~

1 ~~boat--trailer~~ or travel trailer must be paid on the date of  
2 registration or reregistration of the vehicle.

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

11 (3) In the event a vehicle's registration period is  
12 changed under 61-3-315, all taxes and other fees due thereon  
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14 period until the first day of the new period in which the  
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17 minimum period of 1 year. When the change is to a later  
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19 paid based on the same tax year as the original registration  
20 period. Thereafter, during the appropriate anniversary  
21 registration period, each vehicle shall again register or  
22 reregister and shall pay all taxes and fees due thereon for  
23 a 12-month period."

24 Section 4. Section 61-3-509, MCA, is amended to read:  
25 "61-3-509. Disposition of taxes and fees in lieu of

1 tax. The county treasurer shall credit all taxes on motor  
2 vehicles, light vehicle license fees provided for in  
3 61-3-532, and fees in lieu of tax on motor homes, ~~utility~~  
4 ~~trailers and boat-trailers~~, and travel trailers collected to  
5 a motor vehicle suspense fund, and at some time between  
6 March 1 and March 10 of each year and every 60 days  
7 thereafter, the county treasurer shall distribute the money  
8 in the motor vehicle suspense fund in the relative  
9 proportions required by the levies for state, county, school  
10 district, and municipal purposes in the same manner as  
11 personal property taxes are distributed."

12 Section 5. Section 61-3-521, MCA, is amended to read:

13 "61-3-521. Fee in lieu of tax for certain vehicles.

14 (1) There is a fee in lieu of property tax imposed on motor  
15 homes, ~~light utility and boat-trailers having a capacity of~~  
16 ~~2,500 pounds or less~~, travel trailers, and campers. The fee  
17 is in addition to annual registration fees.

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

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

23 Section 6. Section 61-3-523, MCA, is amended to read:

24 "61-3-523. Schedule of fees for ~~utility and boat~~  
25 ~~trailers and~~ travel trailers and campers. (1) The fee

1 imposed by 61-3-521;  
2 (a) on a light utility or boat trailer of a capacity  
3 of 2,500 pounds or less is \$5;  
4 (b) on a travel trailer less than 3 years old is \$40;  
5 and  
6 (c) in all other cases the fee is \$15.  
7 (2) The fee imposed by 61-3-521 on a camper less than  
8 3 years old is \$35. In all other cases the fee is \$15.  
9 (3) The age of a travel trailer or camper is  
10 determined by subtracting the manufacturer's designated  
11 model year from the current calendar year."  
12 ~~NEW SECTION.~~ Section 7. Effective date. This act is  
13 effective January 1, 1984.

-End-

## STATE OF MONTANA

REQUEST NO. 426-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 16, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 779 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 779 exempts light utility and boat trailers from taxation and imposes a fee in lieu of tax; provides for disposition of fees; and provides a delayed effective date.

ASSUMPTIONS:

- 1) Approximately 52,039 light utility and boat trailers are registered annually in Montana, the number reported for 1982 by the Motor Vehicles Division.
- 2) Approximately \$346,416 in property taxes in light utility and boat trailers is collected annually, as reported for 1982 by the Motor Vehicles Division.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
University System Levy		
Under Current Law	\$10,392	\$10,392
Under Proposed Law	<u>7,806</u>	<u>7,806</u>
Estimated Decrease	<u>(2,586)</u>	<u>(2,586)</u>
School Foundation Levy		
Under Current Law	62,355	62,355
Under Proposed Law	<u>46,835</u>	<u>46,835</u>
Estimated Decrease	<u>(15,520)</u>	<u>(15,520)</u>
TOTAL REVENUE		
Under Current Law	72,747	72,747
Under Proposed Law	<u>54,641</u>	<u>54,641</u>
Estimated Decrease	<u>(18,106)</u>	<u>(18,106)</u>

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

	<u>FY84</u>	<u>FY85</u>
Property Tax on Light Utility and Boat Trailers		
Under Current Law	273,669	273,669
Under Proposed Law	<u>205,554</u>	<u>205,554</u>
Estimated Decrease	<u>(68,115)</u>	<u>(68,115)</u>

FISCAL NOTE 16: D/1

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-19-83

Approved by committee  
on taxation

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INTRODUCED BY HARP, QUILICI

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(c) all manufacturing machinery, fixtures, equipment,  
tools, and supplies except those included in class five;

(d) motorcycles;

(e) watercraft;

~~(f) --light-utility-and-boat-trailers;~~~~(g) (f) aircraft;~~~~(h) (g) all-terrain vehicles;~~~~(f) (h) harness, saddlery, and other tack equipment;~~

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included in another class.~~

(2) Class eight property is taxed at 11% of its market  
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(ii) irrigation districts organized under the laws of  
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(iii) municipal corporations; and

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

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

(d) property that meets the following conditions:

1 (i) is owned and held by any association or  
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3 21;

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