

HOUSE BILL NO. 890

INTRODUCED BY HAND

IN THE HOUSE

February 17, 1983	Introduced and referred to Committee on Taxation.
March 15, 1983	Committee recommend bill do pass as amended. Report adopted.
March 16, 1983	Bill printed and placed on members' desks.
March 21, 1983	Second reading, do pass.
March 22, 1983	Considered correctly engrossed.
March 23, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 24, 1983	Introduced and referred to Committee on Taxation.
April 12, 1983	Committee recommend bill be concurred in as amended. Report adopted.
April 14, 1983	Second reading, concurred in.
April 15, 1983	Third reading, concurred in. Ayes, 48; Noes, 0.

IN THE HOUSE

April 15, 1983	Returned to House with amendments.
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April 16, 1983

Second reading, amendments  
concurred in.

Third reading, amendments  
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 890  
2 INTRODUCED BY Hend  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE  
5 PRORATION OF THE NEW CAR SALES TAX FOR VEHICLES ON THE  
6 STAGGERED REGISTRATION SYSTEM; CLARIFYING THE RULEMAKING  
7 AUTHORITY OF THE DEPARTMENT OF REVENUE RELATING TO VEHICLE  
8 TAXES; AMENDING SECTIONS 61-3-502 AND 61-3-506, MCA."  
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 Except as provided in subsection (4), the~~  
20 sales tax shall be:  
21 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.  
22 port-of-entry list price, during the first quarter of the  
23 year ~~or prorated one-twelfth for each month or part of month~~  
24 for a registration period other than a calendar year or  
25 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) 3/3 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 new car sales tax imposed in this section may~~  
9 ~~not be prorated for vehicles subject to the provisions of~~  
10 ~~61-3-313 through 61-3-316.~~  
11 ~~(4)(5)~~ The proceeds from this tax shall be remitted to  
12 the state treasurer every 30 days for credit to the state  
13 highway account of the earmarked revenue fund.  
14 ~~(5)(6)~~ The new vehicle is subject to the light vehicle  
15 license fee, if applicable, but is not subject to any other  
16 assessment, taxation, or fee in lieu of tax during the  
17 calendar year in which the original application for title is  
18 made.  
19 ~~(6)(7)~~ (a) The applicant for original registration of  
20 any new and unused motor vehicle, or a new motor vehicle  
21 furnished without charge by a dealer to a school district  
22 for use as a traffic education motor vehicle by a school  
23 district operating a state-approved traffic education  
24 program within the state, whether or not previously licensed  
25 or titled to the school district (except a mobile home as

INTRODUCED BILL

defined in 15-1-101(1)), acquired by original contract after January 1 of any year, is required, whenever the vehicle has not been otherwise assessed, to pay the motor vehicle sales tax provided by this section irrespective of whether the vehicle was in the state of Montana on January 1 of the year.

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

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

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

subsection (1).

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

Section 2. Section 61-3-506, MCA, is amended to read:

"61-3-506. Rules. The department of revenue shall adopt rules for the payment of property taxes and fees in lieu of property taxes and the department of highways shall adopt rules for the payment of new car taxes under the provisions of 61-3-313 through 61-3-316 and 61-3-501. The department of revenue may adopt ~~regulations~~ rules for the proration of taxes and fees in lieu of taxes for the implementation and administration of 61-3-313 through 61-3-316 and 61-3-501, but shall specifically provide that new car taxes shall be for a ~~full--registration 12-month~~ period of not less than 11 months and not more than 13 months."

-End-

STATE OF MONTANA

REQUEST NO. 485-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 20, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 890 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 890 eliminates the proration of the new car sales tax for vehicles on the staggered registration system; and clarifies the rulemaking authority of the Department of Revenue relating to vehicle taxes.

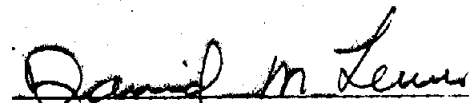
ASSUMPTIONS:

- 1) The practice under current law is to collect 1.5 percent of the list price as the sales tax on vehicles with a staggered registration period, and prorate the sales tax only on vehicles registered for the calendar year.

FISCAL IMPACT:

No fiscal impact.

FISCAL NOTE 15:CC/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-22-83

Approved by committee  
on Taxation

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

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

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

(2) ~~The Except as provided in subsection (4), the sales tax shall be:~~

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

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

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

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

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

~~(4) The new car sales tax imposed in this section may not be prorated for vehicles subject to the provisions of 61-3-313 through 61-3-316.~~

~~(5)~~ (5) The proceeds from this tax shall be remitted to the state treasurer every 30 days for credit to the state highway account of the earmarked revenue fund.

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

~~(7)~~ (7) (a) The applicant for original registration of any new and unused motor vehicle, or a new motor vehicle furnished without charge by a dealer to a school district for use as a traffic education motor vehicle by a school district operating a state-approved traffic education program within the state, whether or not previously licensed or titled to the school district (except a mobile home as

1 defined in 15-1-101(1)), acquired by original contract after  
2 January 1 of any year, is required, whenever the vehicle has  
3 not been otherwise assessed, to pay the motor vehicle sales  
4 tax provided by this section irrespective of whether the  
5 vehicle was in the state of Montana on January 1 of the  
6 year.

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

17 ~~{77}181~~ (a) Motor vehicles operating exclusively for  
18 transportation of persons for hire within the limits of  
19 incorporated cities or towns and within 15 miles from such  
20 limits are exempt from subsection (1).

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

1 subsection (1).

2 (c) Vehicles lawfully displaying a licensed dealer's  
3 plate as provided in 61-4-103 are exempt from subsection (1)  
4 when moving to or from a dealer's place of business when  
5 unloaded or loaded with dealer's property only, and in the  
6 case of vehicles having a gross loaded weight of less than  
7 24,000 pounds, while being demonstrated in the course of the  
8 dealer's business."

9 Section 2. Section 61-3-506, MCA, is amended to read:  
10 "61-3-506. Rules. The department of revenue shall  
11 adopt rules for the payment of property taxes and fees in  
12 lieu of property taxes and the department of highways shall  
13 adopt rules for the payment of new car taxes under the  
14 provisions of 61-3-313 through 61-3-316 and 61-3-501. The  
15 department of revenue may adopt ~~regulations~~ rules for the  
16 proration of taxes and fees in lieu of taxes for the  
17 implementation and administration of 61-3-313 through  
18 61-3-316 and 61-3-501, but shall specifically provide that  
19 new car taxes shall be for a ~~full--registration~~ 12-month  
20 ~~period of--not--less--than--11--months--and--not--more--than--13~~  
21 ~~months.~~"

-End-

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(2) ~~The Except as provided in subsection (4), the sales tax shall be:~~

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

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

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

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

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

~~(4) The new car sales tax imposed in this section may not be prorated for vehicles subject to the provisions of 61-3-313 through 61-3-316.~~

~~(5)~~ (5) The proceeds from this tax shall be remitted to the state treasurer every 30 days for credit to the state highway account of the earmarked revenue fund.

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

~~(7)~~ (7) (a) The applicant for original registration of any new and unused motor vehicle, or a new motor vehicle furnished without charge by a dealer to a school district for use as a traffic education motor vehicle by a school district operating a state-approved traffic education program within the state, whether or not previously licensed or titled to the school district (except a mobile home as



1 defined in 15-1-101(1)), acquired by original contract after  
2 January 1 of any year, is required, whenever the vehicle has  
3 not been otherwise assessed, to pay the motor vehicle sales  
4 tax provided by this section irrespective of whether the  
5 vehicle was in the state of Montana on January 1 of the  
6 year.

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

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23 temporarily employed in agricultural work in this state  
24 where those motor vehicles are used exclusively for  
25 transportation of agricultural workers are also exempt from

1 subsection (1).

2 (c) Vehicles lawfully displaying a licensed dealer's  
3 plate as provided in 61-4-103 are exempt from subsection (1)  
4 when moving to or from a dealer's place of business when  
5 unloaded or loaded with dealer's property only, and in the  
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12 lieu of property taxes and the department of highways shall  
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14 provisions of 61-3-313 through 61-3-316 and 61-3-501. The  
15 department of revenue may adopt ~~regulations~~ rules for the  
16 proration of taxes and fees in lieu of taxes for the  
17 implementation and administration of 61-3-313 through  
18 61-3-316 and 61-3-501, but shall specifically provide that  
19 new car taxes shall be for a ~~full--registration 12-month~~  
20 ~~period of--not--less--than--11--months--and--not--more--than--13~~  
21 ~~months."~~

-End-

April 12, 1983

SENATE STANDING COMMITTEE REPORT  
(Taxation)

That House Bill No. 890 be amended as follows:

1. Page 2, line 8.

Following: "tax"

Strike: remainder of line 8 through "for" on line 9

Insert: "on"

2. Page 2, line 10.

Following: "61-3-316"

Insert: "is 1 1/2% of the f.o.b. factory list price or f.o.b.  
port-of-entry list price regardless of the month in which the  
new vehicle is purchased"

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~~(4) The new car sales tax imposed in this section may not be prorated for~~ ~~ON vehicles subject to the provisions of 61-3-313 through 61-3-316 IS 1 1/2% OF THE F.O.B. FACTORY LIST PRICE OR F.O.B. PORT-OF-ENTRY LIST PRICE REGARDLESS OF THE MONTH IN WHICH THE NEW VEHICLE IS PURCHASED.~~

~~(4)(5)~~ The proceeds from this tax shall be remitted to the state treasurer every 30 days for credit to the state highway account of the earmarked revenue fund.

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

~~(6)(7)~~ (a) The applicant for original registration of any new and unused motor vehicle, or a new motor vehicle furnished without charge by a dealer to a school district for use as a traffic education motor vehicle by a school district operating a state-approved traffic education

1 program within the state, whether or not previously licensed  
 2 or titled to the school district (except a mobile home as  
 3 defined in 15-1-101(1)), acquired by original contract after  
 4 January 1 of any year, is required, whenever the vehicle has  
 5 not been otherwise assessed, to pay the motor vehicle sales  
 6 tax provided by this section irrespective of whether the  
 7 vehicle was in the state of Montana on January 1 of the  
 8 year.

9 (b) No motor vehicle may be registered or licensed  
 10 under the provisions of this subsection unless the  
 11 application for registration is accompanied by a statement  
 12 of origin to be furnished by the dealer selling the vehicle,  
 13 showing that the vehicle has not previously been registered  
 14 or owned, except as otherwise provided herein, by any  
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 21 new car taxes shall be for a ~~full registration 12-month~~  
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-End-