

SENATE BILL NO. 254

Introduced: 01/22/83

Referred to Committee on Taxation: 01/22/83

Hearing: 2/3/83

Report: 02/14/83, Do Not Pass. Report Adopted.

Bill Killed.

1 *Amended* BILL NO. *254*  
 2 INTRODUCED BY *Berg* *Edmund* *Harold* *Christensen*  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A FEE IN LIEU  
 5 OF PROPERTY TAX FOR MOTORBOATS; ALLOWING OPERATION OF A  
 6 MOTORBOAT ON A 20-DAY BILL OF SALE; AMENDING SECTIONS  
 7 15-6-138, 15-6-201, 15-8-201, 15-8-301, 15-8-404, 15-30-121,  
 8 15-31-114, 23-2-511 THROUGH 23-2-513, AND 23-2-515, MCA; AND  
 9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY  
 10 DATE."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 15-6-138, MCA, is amended to read:

14 "15-6-138. Class eight property -- description --  
 15 taxable percentage. (1) Class eight property includes:

16 (a) all agricultural implements and equipment;  
 17 (b) all mining machinery, fixtures, equipment, tools,

18 and supplies except:

19 (i) those included in class five; and

20 (ii) coal and ore haulers;

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

23 (d) motorcycles;

24 (e) watercraft, except motorboats subject to a fee in  
 25 lieu of tax;

1 (f) light utility and boat trailers;  
 2 (g) aircraft;  
 3 (h) all-terrain vehicles;  
 4 (i) harness, saddlery, and other tack equipment; and  
 5 (j) all other machinery except that specifically  
 6 included in another class.

7 (2) Class eight property is taxed at 11% of its market  
 8 value."

9 Section 2. Section 15-6-201, MCA, is amended to read:

10 "15-6-201. (Temporary) Exempt categories. (1) The  
 11 following 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; and

2 (k) automobiles and trucks having a rated capacity of

3 three-quarters of a ton or less; and

4 (1) motorboats.

5 (2) (a) The term "institutions of purely public

6 charity" includes organizations owning and operating

7 facilities for the care of the retired or aged or

8 chronically ill, which are not operated for gain or profit.

9 (b) The terms "public art galleries" and "public

10 observatories" include only those art galleries and

11 observatories, whether of public or private ownership, that

12 are open to the public without charge at all reasonable

13 hours and are used for the purpose of education only.

14 (3) The following portions of the appraised value of a

15 capital investment made after January 1, 1979, in a

16 recognized nonfossil form of energy generation, as defined

17 in 15-32-102, are exempt from taxation for a period of 10

18 years following installation of the property:

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

20 dwelling;

21 (b) \$100,000 in the case of a multifamily residential

22 dwelling or a nonresidential structure.

23 15-6-201. (Effective as provided in Compiler's

24 Comment) Exempt categories. (1) The following categories of

25 property are exempt from taxation:

1 (a) the property of:

2 (i) the United States, the state, counties, cities,

3 towns, school districts, except property constructed, owned,

4 or operated by a public agency created by the congress to

5 transmit or distribute electric energy produced at privately

6 owned generating facilities (not including rural electric

7 cooperatives);

8 (ii) irrigation districts organized under the laws of

9 Montana and not operating for profit;

10 (iii) municipal corporations; and

11 (iv) public libraries;

12 (b) buildings, with land they occupy and furnishings

13 therein, owned by a church and used for actual religious

14 worship or for residences of the clergy, together with

15 adjacent land reasonably necessary for convenient use of

16 such buildings;

17 (c) property used exclusively for agricultural and

18 horticultural societies, for educational purposes, and for

19 hospitals;

20 (d) property that meets the following conditions:

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

22 corporation organized under Title 35, chapter 2, 3, 20, or

23 21;

24 (ii) is devoted exclusively to use in connection with a

25 cemetery or cemeteries for which a permanent care and

1 improvement fund has been established as provided for in

2 Title 35, chapter 20, part 3; and

3 (iii) is not maintained and operated for private or

4 corporate profit;

5 (e) institutions of purely public charity;

6 (f) evidence of debt secured by mortgages of record

7 upon real or personal property in the state of Montana;

8 (g) public art galleries and public observatories not

9 used or held for private or corporate profit;

10 (h) all household goods and furniture, including but

11 not limited to clocks, musical instruments, sewing machines,

12 and wearing apparel of members of the family, used by the

13 owner for personal and domestic purposes or for furnishing

14 or equipping the family residence;

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

16 300 pounds and having no accommodations attached. Such

17 property is also exempt from the fee in lieu of tax.

18 (j) a bicycle, as defined in 61-1-123, used by the

19 owner for personal transportation purposes; and

20 (k) automobiles and trucks having a rated capacity of

21 three-quarters of a ton or less; and

22 (l) motorboats.

23 (2) (a) The term "institutions of purely public

24 charity" includes organizations owning and operating

25 facilities for the care of the retired or aged or

1 chronically ill, which are not operated for gain or profit.

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

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

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

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

16 Section 3. Section 15-8-201, MCA, is amended to read:

17 "15-8-201. General assessment day. (1) The department  
18 of revenue or its agent must, between January 1 and the  
19 second Monday of July in each year, ascertain the names of  
20 all taxable inhabitants and assess all property subject to  
21 taxation in each county. The department or its agent must  
22 assess property to the person by whom it was owned or  
23 claimed or in whose possession or control it was at midnight  
24 of January 1 next preceding. It must also ascertain and  
25 assess all mobile homes arriving in the county after

1 midnight of January 1 next preceding. No mistake in the name  
2 of the owner or supposed owner of real property, however,  
3 renders the assessment invalid.

4 (2) The procedure provided by this section may not  
5 apply to:

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

9 (b) automobiles and trucks having a rated capacity of  
10 three-quarters of a ton or less;

11 (c) motor homes, ~~motorboats~~, and travel trailers  
12 subject to a fee in lieu of property tax;

13 (d) livestock;

14 (e) property defined in 61-1-104(2) as "special mobile  
15 equipment" that is subject to assessment for personal  
16 property taxes on the date that application is made for a  
17 special mobile equipment plate; and

18 (f) mobile homes held by a distributor or dealer of  
19 mobile homes as a part of his stock in trade.

20 (3) Credits must be assessed as provided in  
21 15-1-101(1)(c)."

22 Section 4. Section 15-8-301, MCA, is amended to read:

23 "15-8-301. Statement -- what to contain. (1) The  
24 department of revenue or its agent must require from each  
25 person a statement under oath setting forth specifically all

1 the real and personal property owned by such person or in  
2 his possession or under his control at midnight on January  
3 1. Such statement must be in writing, showing separately:

4 (a) all property belonging to, claimed by, or in the  
5 possession or under the control or management of such  
6 person;

7 (b) all property belonging to, claimed by, or in the  
8 possession or under the control or management of any firm of  
9 which such person is a member;

10 (c) all property belonging to, claimed by, or in the  
11 possession or under the control or management of any  
12 corporation of which such person is president, secretary,  
13 cashier, or managing agent;

14 (d) the county in which such property is situated or  
15 in which it is liable to taxation and (if liable to taxation  
16 in the county in which the statement is made) also the city,  
17 town, school district, road district, or other revenue  
18 districts in which it is situated;

19 (e) an exact description of all lands in parcels or  
20 subdivisions not exceeding 640 acres each and the sections  
21 and fractional sections of all tracts of land containing  
22 more than 640 acres which have been sectionized by the  
23 United States government; improvements and personal  
24 property, including all ~~vessels, steamers, and other~~  
25 ~~watercraft not subject to a fee in lieu of tax~~; all taxable

1 state, county, city, or other municipal or public bonds and  
2 the taxable bonds of any person, firm, or corporation and  
3 deposits of money, gold dust, or other valuables and the  
4 names of the persons with whom such deposits are made and  
5 the places in which they may be found; all mortgages, deeds  
6 of trust, contracts, and other obligations by which a debt  
7 is secured and the property in the county affected thereby;

8 (f) all solvent credits, secured or unsecured, due or  
9 owing to such person or any firm of which he is a member or  
10 due or owing to any corporation of which he is president,  
11 secretary, cashier, or managing agent;

12 (g) all depots, shops, stations, buildings, and other  
13 structures erected on the space covered by the right-of-way  
14 and all other property owned by any person owning or  
15 operating any railroad within the county.

16 (2) Whenever one member of a firm or one of the proper  
17 officers of a corporation has made a statement showing the  
18 property of the firm or corporation, another member of the  
19 firm or another officer need not include such property in  
20 the statement made by him but this statement must show the  
21 name of the person or officer who made the statement in  
22 which such property is included.

23 (3) The fact that such statement is not required or  
24 that a person has not made such statement, under oath or  
25 otherwise, does not relieve his property from taxation."

Section 5. Section 15-8-404, MCA, is amended to read:

"15-8-404. Property of particular types of firms. (1)

The personal property belonging to the business of a merchant or of a manufacturer must be listed in the town or district where his business is carried on.

(2) The personal property of express, transportation, and stage companies, ~~steamboats, vessels,~~ and other watercraft not subject to a fee in lieu of tax must be listed and assessed in the county, town, or district where such property is usually kept.

(3) The personal property and franchises of gas and water companies must be listed and assessed in the county, town, or district where the principal works are located. Gas and water mains and pipes laid in roads, streets, or alleys are personal property."

Section 6. Section 15-30-121, MCA, is amended to read:

"15-30-121. Deductions allowed in computing net income. In computing net income, there are allowed as deductions:

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

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

(b) state income tax paid;

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

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

(4) in the case of an individual, political contributions determined in accordance with the provisions of section 218(a) and (b) of the Internal Revenue Code that were in effect for the taxable year ended December 31, 1978;

(5) that portion of expenses for organic fertilizer allowed as a deduction under 15-32-303 which was not otherwise deducted in computing taxable income;

(6) light vehicle license fees, as provided by 61-3-532, paid during the taxable year; and

(7) motorboat fees, as provided by [section 12], paid during the taxable year."

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

1 "15-31-114. Deductions allowed in computing income. In  
2 computing the net income, the following deductions shall be  
3 allowed from the gross income received by such corporation  
4 within the year from all sources:

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

19 (2) (a) All losses actually sustained and charged off  
20 within the year and not compensated by insurance or  
21 otherwise, including a reasonable allowance for the wear and  
22 tear and obsolescence of property used in the trade or  
23 business, such allowance to be determined according to the  
24 provisions of section 167 of the Internal Revenue Code in  
25 effect with respect to the taxable year. All elections for

1 depreciation shall be the same as the elections made for  
2 federal income tax purposes. No deduction shall be allowed  
3 for any amount paid out for any buildings, permanent  
4 improvements, or betterments made to increase the value of  
5 any property or estate, and no deduction shall be made for  
6 any amount of expense of restoring property or making good  
7 the exhaustion thereof for which an allowance is or has been  
8 made.

9 (b) (i) There shall be allowed as a deduction for the  
10 taxable period a net operating loss deduction determined  
11 according to the provisions of this subsection. The net  
12 operating loss deduction is the aggregate of net operating  
13 loss carryovers to such taxable period plus the net  
14 operating loss carrybacks to such taxable period. The term  
15 "net operating loss" means the excess of the deductions  
16 allowed by this section, 15-31-114, over the gross income,  
17 with the modifications specified in (ii) of this subsection.  
18 If for any taxable period beginning after December 31, 1970,  
19 a net operating loss is sustained, such loss shall be a net  
20 operating loss carryback to each of the three taxable  
21 periods preceding the taxable period of such loss and shall  
22 be a net operating loss carryover to each of the five  
23 taxable periods following the taxable period of such loss. A  
24 net operating loss for any taxable period ending after  
25 December 31, 1975, in addition to being a net operating loss

1 carryback to each of the three preceding taxable periods,  
 2 shall be a net operating loss carryover to each of the seven  
 3 taxable periods following the taxable period of such loss.  
 4 The portion of such loss which shall be carried to each of  
 5 the other taxable years shall be the excess, if any, of the  
 6 amount of such loss over the sum of the net income for each  
 7 of the prior taxable periods to which such loss was carried.  
 8 For purposes of the preceding sentence, the net income for  
 9 such prior taxable period shall be computed with the  
 10 modifications specified in (ii)(B) of this subsection and by  
 11 determining the amount of the net operating loss deduction  
 12 without regard to the net operating loss for the loss period  
 13 or any taxable period thereafter, and the net income so  
 14 computed shall not be considered to be less than zero.

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

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

18 (b) The deduction for depletion shall not exceed the  
 19 amount which would be allowable if computed under the cost  
 20 method.

21 (C) Any net operating loss carried over to any taxable  
 22 years beginning after December 31, 1978, must be calculated  
 23 under the provisions of this section effective for the  
 24 taxable year for which the return claiming the net operating  
 25 loss carryover is filed.

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

4 (iv) In the case of a merger of corporations, the  
 5 surviving corporation shall not be allowed a net operating  
 6 loss deduction for net operating losses sustained by the  
 7 merged corporations prior to the date of merger. In the case  
 8 of a consolidation of corporations, the new corporate entity  
 9 shall not be allowed a deduction for net operating losses  
 10 sustained by the consolidated corporations prior to the date  
 11 of consolidation.

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

15 (vi) The net operating loss deduction shall not be  
 16 allowed with respect to taxable periods which ended on or  
 17 before December 31, 1970, but shall be allowed only with  
 18 respect to taxable periods beginning on or after January 1,  
 19 1971.

20 (3) In the case of mines, other natural deposits, oil  
 21 and gas wells, and timber, a reasonable allowance for  
 22 depletion and for depreciation of improvements; such  
 23 reasonable allowance to be determined according to the  
 24 provisions of the Internal Revenue Code in effect for the  
 25 taxable year. All elections made under the Internal Revenue

1 Code with respect to capitalizing or expensing exploration  
2 and development costs and intangible drilling expenses for  
3 corporation license tax purposes shall be the same as the  
4 elections made for federal income tax purposes.

5 (4) The amount of interest paid within the year on its  
6 indebtedness incurred in the operation of the business from  
7 which its income is derived; but no interest shall be  
8 allowed as a deduction if paid on an indebtedness created  
9 for the purchase, maintenance, or improvement of property or  
10 for the conduct of business unless the income from such  
11 property or business would be taxable under this part.

12 (5) (a) Taxes paid within the year except the  
13 following:

14 (i) Taxes imposed by this part.

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

17 (iii) Taxes on or according to or measured by net  
18 income or profits imposed by authority of the government of  
19 the United States.

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

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

25 (6) Light vehicle license fees, as provided by

1 61-3-532, and motorboat fees, as provided by [section 12],  
2 paid within the year.

3 (7) That portion of an energy-related investment  
4 allowed as a deduction under 15-32-103.

5 (8) (a) Except as provided in subsection (b),  
6 charitable contributions and gifts that qualify for  
7 deduction under section 170 of the Internal Revenue Code, as  
8 amended.

9 (b) The public service commission shall not allow in  
10 the rate base of a regulated corporation the inclusion of  
11 contributions made under this subsection."

12 Section 8. Section 23-2-511, MCA, is amended to read:

13 "23-2-511. Operation of unnumbered motorboats  
14 prohibited — display of decals. (1) Every Except as  
15 provided in subsection (2)(b), every motorboat on the waters  
16 of this state, propelled by a motor or an engine of any  
17 description, must be properly numbered and display valid  
18 license decals. No person may operate or give permission for  
19 the operation of any motorboat on such waters unless the  
20 motorboat is numbered and displays valid license decals in  
21 accordance with this part, with applicable federal law, or  
22 with a federally approved numbering system of another state  
23 and unless:

24 (a) the certificate of number assigned to the  
25 motorboat is in full force and effect; and

(b) the identifying number set forth in the certificate of number and the valid license decals are displayed on such motorboat.

(2) (a) Any person who operates a motorboat on the waters of this state without displaying the appropriate numbers and license decals as required by this section is punishable by a fine not to exceed \$10. However, the arresting officer may issue a courtesy citation in lieu of the penalty provided for in this subsection.

(b) a motorboat may be operated without being properly numbered and without valid license decals if the operator has in his possession a valid bill of sale dated not more than 20 days prior to the date of operation."

Section 9. Section 23-2-512, MCA, is amended to read:

"23-2-512. Identification number. (1) The owner of each motorboat requiring numbering by this state shall file an application for number in the office of the county treasurer where the motorboat is owned or taxable on forms prepared and furnished by the division of motor vehicles. The application must be signed by the owner of the motorboat and be accompanied by a fee of \$1. Any alteration, change, or false statement contained in the application will render the certificate of number void. Upon receipt of the application in approved form, the county treasurer shall issue to the applicant a certificate of number prepared and

furnished by the division of motor vehicles, stating the number assigned to the motorboat and the name and address of the owner.

~~(2) before filing the application with the county treasurer, the applicant shall submit it to the county assessor, who shall enter on the application, in a space to be provided for that purpose, the market value and taxable value of the motorboat for the year for which the application for registration is made.~~

~~(3)(2)~~ The applicant, upon the filing of the application, shall pay to the county treasurer the registration fee and the ~~personal property taxes assessed against fee in lieu of tax required for~~ the motorboat or vessel for the current year of registration before the application for registration or reregistration may be accepted by the county treasurer.

~~(4)(3)~~ Should the ownership of a motorboat change, a new application form with the registration fee must be filed within a reasonable time with the county treasurer and a new certificate of number assigned in the same manner as provided for in an original assignment of number.

~~(5)(4)~~ If an agency of the United States government has in force a comprehensive system of identification numbering for motorboats in the United States, the numbering system employed pursuant to this part by the division of

1 motor vehicles must be in conformity.

2 ~~(6)~~(5) Every certificate of number and the license  
3 decals assigned under this part continues in effect for a  
4 period not to exceed 1 year unless terminated or  
5 discontinued in accordance with the provisions of this part.  
6 Certificates of number and license decals must show the date  
7 of expiration and may be renewed by the owner in the same  
8 manner provided for in the initial securing of the  
9 certificate.

10 ~~(7)~~(6) Certificates of number expire on April 30 of  
11 each year and may not be in effect unless renewed under this  
12 part.

13 ~~(8)~~(7) In event of transfer of ownership, the  
14 purchaser shall furnish the county treasurer notice within a  
15 reasonable time of the acquisition of all or any part of his  
16 interest, other than the creation of a security interest, in  
17 a motorboat numbered in this state or of the loss, theft,  
18 destruction, or abandonment of the motorboat. The transfer,  
19 loss, theft, destruction, or abandonment terminates the  
20 certificate of number for the motorboat. Recovery from theft  
21 or transfer of a part interest that does not affect the  
22 owner's right to operate the motorboat does not terminate  
23 the certificate of number.

24 ~~(9)~~(8) A holder of a certificate of number shall  
25 notify the county treasurer within reasonable time if his

1 address no longer conforms to the address appearing on the  
2 certificate and furnish the county treasurer with his new  
3 address. The division of motor vehicles may provide by rule  
4 for the surrender of the certificate bearing the former  
5 address and its replacement with a certificate bearing the  
6 new address or the alteration of an outstanding certificate  
7 to show the new address of the holder.

8 ~~(10)~~(9) (a) The number assigned must be painted on or  
9 attached to each outboard side of the forward half of the  
10 motorboat or, if there are no such sides, at a corresponding  
11 location on both outboard sides of the foredeck of the  
12 motorboat. The number assigned must read from left to right  
13 in Arabic numerals and block characters of good proportion  
14 at least 3 inches tall excluding border or trim of a color  
15 that contrasts with the color of the background and be so  
16 maintained as to be clearly visible and legible. The number  
17 may not be placed on the obscured underside of the flared  
18 bow where it cannot be easily seen from another vessel or  
19 ashore. No numerals, letters, or devices other than those  
20 used in connection with the identifying number issued may be  
21 placed in the proximity of the identifying number. No  
22 numerals, letters, or devices that might interfere with the  
23 ready identification of the motorboat by its identifying  
24 number may be carried as to interfere with the motorboat's  
25 identification. No number other than the number and license

1 decal assigned to a motorboat or granted reciprocity under  
2 this part may be painted, attached, or otherwise displayed  
3 on either side of the forward half of the motorboat.

4 (b) The certificate of number shall be pocket size and  
5 available to federal, state, or local law enforcement  
6 officers at all reasonable times for inspection on the  
7 motorboat whenever the motorboat is on waters of this state.

8 (c) Boat liveries are not required to have the  
9 certificate of number on board each motorboat, but a rental  
10 agreement must be carried on board livery motorboats in  
11 place of the certificate of number.

12 ~~(11)~~ (10) Fees, other than fees in lieu of tax,  
13 collected under this section shall be transmitted to the  
14 state treasurer who shall deposit the fees in the motorboat  
15 certificate identification account of an earmarked revenue  
16 fund. These fees shall be used only for the administration  
17 and enforcement of this part, as amended.

18 ~~(12)~~ (11) An owner of a motorboat must within a  
19 reasonable time notify the division of motor vehicles,  
20 giving the motorboat's identifying number and the owner's  
21 name when that motorboat becomes documented as a vessel of  
22 the United States or is transferred, lost, destroyed,  
23 abandoned, or frauded or within 60 days after change of  
24 state of principal use."

25 Section 10. Section 23-2-513, MCA, is amended to read:

1 "23-2-513. Dealer's identification number. (1) A  
2 dealer or manufacturer may apply directly to the division of  
3 motor vehicles for one identifying number and one or more  
4 certificates of number. A dealer's or manufacturer's  
5 identifying number shall be displayed on his boat while the  
6 boat is operating for a purpose related to the buying,  
7 selling, or exchanging of the boat by the dealer or  
8 manufacturer.

9 (2) The application for a dealer's or manufacturer's  
10 identifying number must include his name and business  
11 address. Each dealer or manufacturer will have one  
12 identifying number assigned to his business.

13 (3) An application for dealer's or manufacturer's  
14 identifying number and certificate of number must be  
15 accompanied by the following fees:

16 (a) for the identifying number, first certificate of  
17 number, and set of license decals, \$5;

18 (b) for each additional certificate of number and set  
19 of license decals applied for in any application, \$2.

20 (4) The division of motor vehicles shall issue  
21 certificates of number for the identifying numbers assigned  
22 to a dealer or manufacturer in the same manner as provided  
23 in 23-2-512(1) and ~~(10)~~ (9), as amended, except that no boat  
24 may be described in the certificate and each certificate  
25 must state that the identifying number has been assigned to

1 a dealer or manufacturer. A dealer's or manufacturer's  
2 certificate of number expires on April 30 of the year for  
3 which it is issued.

4 (5) A dealer's or manufacturer's identifying number  
5 shall be displayed in the same manner as provided in  
6 23-2-512~~(10)~~(12), as amended, except that the number may be  
7 temporarily attached. The last three letters shall be "DLR"  
8 for dealer and "MFR" for manufacturer. These letters shall  
9 be included, respectively, in dealer or manufacturer  
10 identification numbers only.

11 (6) No person other than a dealer or manufacturer or  
12 an employee of a dealer or manufacturer may display or use a  
13 dealer's or manufacturer's identifying number. A dealer's or  
14 manufacturer's identifying number may be displayed only on  
15 motorboats owned by the dealer or manufacturer.

16 (7) No dealer or manufacturer or employee of a dealer  
17 or manufacturer may use a dealer's or manufacturer's  
18 identifying number for any purpose other than the purpose  
19 described in subsection (1) of this section."

20 Section 11. Section 23-2-515, MCA, is amended to read:

21 "23-2-515. License decals to be displayed. (1) Every  
22 Montana boat numbered in accordance with the provisions of  
23 23-2-512 and 23-2-513 shall be required to display license  
24 decals. For this purpose the county treasurer, upon receipt  
25 ~~of a certificate of tax of personal property showing payment~~

1 of the fee in lieu of tax on the motorboat for the current  
2 year, shall issue a pair of decals prepared and furnished by  
3 the division of motor vehicles with all new certificates of  
4 number and renewals thereof.

5 (2) The decals shall be of a style and design  
6 prescribed by the division of motor vehicles and shall be a  
7 color differing from the preceding year. The license decal  
8 will be serially numbered and have the expiration date of  
9 April 30 of the appropriate year printed thereon.

10 (3) License decals shall be displayed only in the  
11 following manner: one valid license decal on each side of  
12 the forward half, 3 inches aft of the identifying numbers."

13 ~~NEW SECTION.~~ Section 12. Fee in lieu of tax for  
14 motorboats. (1) There is a fee in lieu of property tax  
15 imposed on motorboats. The fee is in addition to the annual  
16 fee required by 23-2-512 for filing of the application for a  
17 certificate of number.

18 (2) The fee imposed by subsection (1) need not be paid  
19 by a dealer for motorboats that constitute inventory of the  
20 dealership.

21 ~~NEW SECTION.~~ Section 13. Amount of motorboat fee. (1)  
22 The owner of a motorboat shall pay a fee based on the length  
23 of the motorboat.

24 (2) The fee for a motorboat 14 feet or less in length  
25 is \$7.50.

(3) The fee for a motorboat 14 feet in length or longer but less than 19 feet in length is \$1 a foot or fraction of a foot.

(4) The fee for a motorboat 19 feet in length or longer but less than 25 feet in length is \$2 a foot or fraction of a foot.

(5) The fee for a motorboat 25 feet in length or longer is \$3 a foot or fraction of a foot.

NEW SECTION. Section 14. Disposition of fees in lieu of tax. The county treasurer shall distribute all fees in lieu of tax collected on motorboats pursuant to [sections 12 and 13] 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.

NEW SECTION. Section 15. Penalty -- disposition.  
(1) Failure to pay the fee in lieu of tax as provided for in 23-2-512 and [section 13] is a misdemeanor, punishable not as provided in 23-2-507 but by a fine of not less than \$20 or more than \$100.

(2) All fines collected pursuant to subsection (1) must be distributed in the following ratio:

(a) 50% to the general fund of the county in which the motorboat should be registered; and

(b) 50% to the earmarked fund for use by the

department in the enforcement of this part.

NEW SECTION. Section 16. Codification instruction.  
Sections 12 through 15 are intended to be codified as an integral part of Title 23, chapter 2, part 5, and the provisions of Title 23, chapter 2, part 5, apply to sections 12 through 15.

NEW SECTION. Section 17. Effective date -- applicability. This act is effective on passage and approval and applies to motorboats registered on or after January 1, 1984.

-End-

## STATE OF MONTANA

REQUEST NO. 228-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 25, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 254 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

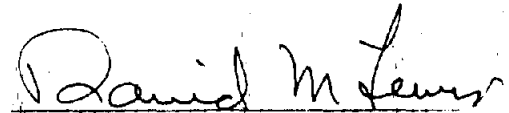
Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 254 provides a fee in lieu of property tax for motorboats; allows operation of a motorboat on a 20-day bill of sale; and provides an immediate effective date and an applicability date.

ASSUMPTIONS:

- 1) The number of registered watercraft will be approximately the same in 1984 and 1985 as it was 1982--30,370. All are assumed to be motorboats.
- 2) The total taxable value of motorboats is approximately \$1,929,538, the figure reported for 1982, and the average tax paid for motorboats is \$14.00.
- 3) The distribution of motorboats is approximately as follows: 40 percent are under 14 feet; 40 percent are 14 to 18.99 feet; 17 percent are 19 to 24.99 feet; and 3 percent are 25 feet or more.
- 4) Although the proposed law specified two different fees for a 14-foot boat (see Technical Note), it is assumed that 14-foot boats would be classified as 14 feet or longer and not as 14 feet or less.
- 5) The average length of a boat 14 - 18.99 feet long is 16 feet; the average length of a boat 19 - 24.99 feet long is 21 feet; and the average length of a boat over 25 feet long is 27 feet.
- 6) The university system levy is 6 mills and the school foundation levy is 40 mills. The remainder of the revenue from property taxes and fees in lieu of property tax is approximately 175 mills, which goes to local governments.
- 7) The number of violations for failure to register motorboats will remain at the present figure of 251 per year.
- 8) Arrests will be for first time violators and the minimum fine of \$20 will be assessed.
- 9) Every case filed in Justice Court carries a court fee of \$7.50.

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-31-83

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
<u>Motorboat Revenue Only:</u>		
University Levy		
Under Current Law	\$ 11,577	\$ 11,577
Under Proposed Law	15,670	15,670
Estimated Increase	<u>\$ 4,093</u>	<u>\$ 4,093</u>
School Foundation Levy		
Under Current Law	77,182	77,182
Under Proposed Law	104,277	104,277
Estimated Increase	<u>27,095</u>	<u>27,095</u>
<u>Motorboat Fine Revenue:</u>		
Under Current Law	878	878
Under Proposed Law	1,569	1,569
Estimated Increase	<u>691</u>	<u>691</u>
County General Fund		
Under Current Law	878	878
Under Proposed Law	1,569	1,569
Estimated Increase	<u>691</u>	<u>691</u>

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Revenue:

Property Tax on Motorboats		
Under Current Law	\$337,669	\$337,669
Under Estimated Law	456,168	456,168
Estimated Increase	<u>\$118,499</u>	<u>\$118,499</u>

TECHNICAL NOTE:

Section 13 (new section) Part (2) includes motorboats 14 feet long in the category to be charged \$7.50, but Part (3) includes 14-foot motorboats in the category to be charged \$1.00 per foot.