

HOUSE BILL NO. 35

1/07 Introduced  
1/07 Referred to Highways & Transportation  
1/10 Fiscal Note Requested  
1/17 Fiscal Note Received  
1/29 Hearing  
2/01 Adverse Committee Report  
2/04 Bill Killed

1                    HOUSE    BILL NO.    35  
 2    INTRODUCED BY    ERNST  
 3  
 4    A BILL FOR AN ACT ENTITLED: "AN ACT INCLUDING TRUCKS HAVING  
 5    A RATED CAPACITY OF UP TO AND INCLUDING 1 TON IN THE  
 6    DEFINITION OF LIGHT VEHICLE; MAKING SUCH VEHICLES SUBJECT TO  
 7    A FEE IN LIEU OF TAX; APPLYING LIGHT VEHICLE LAWS TO TRUCKS  
 8    HAVING A RATED CAPACITY OF UP TO AND INCLUDING 1 TON;  
 9    AMENDING SECTIONS 10-2-301, 10-2-303, 15-6-139, 15-6-201,  
 10    15-8-201, 15-8-202, 15-24-101, 15-24-301, 61-3-503,  
 11    61-3-504, 61-3-531, AND 61-6-302, MCA; AND PROVIDING A  
 12    DELAYED EFFECTIVE DATE."  
 13  
 14    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 15        Section 1. Section 10-2-301, MCA, is amended to read:  
 16        "10-2-301. License plates to disabled veterans --  
 17    special inscriptions. (1) Any person who is a veteran of the  
 18    armed services of the United States and 100% disabled  
 19    because of an injury which has been determined by the  
 20    veterans administration to be service connected and who is a  
 21    citizen and resident of the state of Montana and who is the  
 22    owner of a passenger automobile or of a truck up to and  
 23    including ~~three-quarter~~ 1 ton GVW-rated capacity shall be  
 24    provided with specially inscribed license plates upon  
 25    payment of a fee of \$5 for such automobile or truck and upon

1    proof of 100% service-connected disability.  
 2        (2) The motor vehicle division shall assign to each  
 3    veteran qualified under subsection (1) who applies according  
 4    to the rules of the division a registration designation  
 5    bearing the letters and character "DV-" followed by a number  
 6    matching the sequence in which the designations are  
 7    assigned, and the division shall issue to the disabled  
 8    veteran two special license plates bearing the inscription  
 9    assigned to him.  
 10        (3) The special license plates may be reregistered or  
 11    renewed upon payment of the fees required in subsection (1)  
 12    and compliance with the rules of the division."  
 13        Section 2. Section 10-2-303, MCA, is amended to read:  
 14        "10-2-303. Veterans' plates limited to one automobile  
 15    or truck. No disabled veteran is entitled to license plates  
 16    under 10-2-301 for more than one passenger automobile or one  
 17    truck up to and including ~~three-quarter~~ 1 ton GVW-rated  
 18    capacity."  
 19        Section 3. Section 15-6-139, MCA, is amended to read:  
 20        "15-6-139. Class nine property -- description --  
 21    taxable percentage. (1) Class nine property includes:  
 22        (a) buses and trucks having a rated capacity of more  
 23    than ~~three-quarters-of-a~~ 1 ton but less than or equal to  
 24    1 1/2 tons;  
 25        (b) truck toppers weighing more than 300 pounds;

1 (c) furniture, fixtures, and equipment, except that  
2 specifically included in another class, used in commercial  
3 establishments as defined in this section;

4 (d) x-ray and medical and dental equipment; and

5 (e) citizens' band radios and mobile telephones.

6 (2) "Commercial establishment" includes any hotel;  
7 motel; office; petroleum marketing station; or service,  
8 wholesale, retail, or food-handling business.

9 (3) Class nine property is taxed at 13% of its market  
10 value."

11 Section 4. Section 15-6-201, MCA, is amended to read:

12 "15-6-201. Exempt categories. (1) The following  
13 categories of property are exempt from taxation:

14 (a) the property of:

15 (i) the United States, the state, counties, cities,  
16 towns, school districts;

17 (ii) irrigation districts organized under the laws of  
18 Montana and not operating for profit;

19 (iii) municipal corporations; and

20 (iv) public libraries;

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

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

4 (d) property that meets the following conditions:

5 (i) is owned and held by any association or  
6 corporation organized under Title 35, chapter 2, 3, 20, or  
7 21;

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

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

14 (e) institutions of purely public charity;

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

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

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

24 (i) a truck canopy cover or topper weighing less than  
25 300 pounds and having no accommodations attached. Such

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

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

4 (k) automobiles and trucks having a rated capacity of  
5 ~~three-quarters-of-a~~ 1 ton or less;

6 (l) fixtures, buildings, and improvements owned by a  
7 cooperative association or nonprofit corporation organized  
8 to furnish potable water to its members or customers for  
9 uses other than the irrigation of agricultural land;

10 (m) the right of entry that is a property right  
11 reserved in land or received by mesne conveyance (exclusive  
12 of leasehold interests), devise, or succession to enter land  
13 whose surface title is held by another to explore, prospect,  
14 or dig for oil, gas, coal, or minerals; and

15 (n) property owned and used by a corporation or  
16 association organized and operated exclusively for the care  
17 of the developmentally disabled, mentally ill, or  
18 vocationally handicapped as defined in 18-5-101, which is  
19 not operated for gain or profit.

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

24 (b) The terms "public art galleries" and "public  
25 observatories" include only those art galleries and

1 observatories, whether of public or private ownership, that  
2 are open to the public without charge at all reasonable  
3 hours and are used for the purpose of education only.

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

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

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

13 Section 5. Section 15-8-201, MCA, is amended to read:

14 "15-8-201. General assessment day. (1) The department  
15 of revenue or its agent must, between January 1 and the  
16 second Monday of July in each year, ascertain the names of  
17 all taxable inhabitants and assess all property subject to  
18 taxation in each county. The department or its agent must  
19 assess property to the person by whom it was owned or  
20 claimed or in whose possession or control it was at midnight  
21 of January 1 next preceding. It must also ascertain and  
22 assess all mobile homes arriving in the county after  
23 midnight of January 1 next preceding. No mistake in the name  
24 of the owner or supposed owner of real property, however,  
25 renders the assessment invalid.

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

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

6 (b) automobiles and trucks having a rated capacity of  
7 ~~three-quarters-of-a~~ 1 ton or less;

8 (c) motor homes and travel trailers subject to a fee  
9 in lieu of property tax;

10 (d) livestock;

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

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

17 (3) Credits must be assessed as provided in  
18 15-1-101(1)(c)."

19 Section 6. Section 15-8-202, MCA, is amended to read:

20 "15-8-202. Motor vehicle assessment. (1) (a) The  
21 department or its agent must, in each year, ascertain and  
22 assess all motor vehicles other than automobiles, trucks  
23 having a rated capacity of ~~three-quarters--of--a~~ 1 ton or  
24 less, motor homes, travel trailers, or mobile homes in each  
25 county subject to taxation as of January 1 or as of the

1 anniversary registration date of those vehicles subject to  
2 61-3-313 through 61-3-316 and 61-3-501. The assessment for  
3 all motor vehicles will be made using the market value as of  
4 January 1 of the year of assessment of the vehicle as  
5 contained in the most recent volume of the Mountain States  
6 Edition of the National Automobile Dealers Association  
7 Official Used Car Guide. The motor vehicles shall be  
8 assessed in each year to the persons by whom owned or  
9 claimed or in whose possession or control they were at  
10 midnight of January 1 or the anniversary registration date  
11 thereof, whichever is applicable.

12 (b) No tax may be assessed against motor vehicles  
13 subject to taxation that constitute inventory of motor  
14 vehicle dealers as of January 1. These vehicles and all  
15 other motor vehicles subject to taxation brought into the  
16 state subsequent to January 1 as motor vehicle dealers'  
17 inventories shall be assessed to their respective purchasers  
18 as of the dates the vehicles are registered by the  
19 purchasers.

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

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

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

7 Section 7. Section 15-24-101, MCA, is amended to read:

8 "15-24-101. Assessment of proportionally registered  
 9 interstate motor vehicle fleets -- tax payment required for  
 10 registration. (1) The department of revenue shall assess,  
 11 for the purpose of personal property taxes, the taxable  
 12 vehicles in interstate motor vehicle fleets proportionally  
 13 registered under the provisions of 61-3-711 through  
 14 61-3-733, and the assessment shall be apportioned on the  
 15 ratio of total miles traveled to in-state miles traveled  
 16 formula as prescribed by 61-3-721. Interstate motor vehicle  
 17 fleets are assessable for taxation purposes upon application  
 18 for proportional registration and are assessed to the  
 19 persons who own or claim or in whose possession or control  
 20 the fleet is at the time of the application.

21 (2) With respect to any fleet contained in an original  
 22 application which has a situs for purpose of property  
 23 taxation in Montana by the terms of this part or any other  
 24 provision of the laws of Montana between January 1 and April  
 25 1, the taxable vehicles are taxed for a full year. With

1 respect to any fleet contained in an original application  
 2 which acquires a situs for the purpose of property taxation  
 3 in Montana under the provisions of this part or any other  
 4 law of the state of Montana after April 1, the taxes on  
 5 taxable vehicles are apportioned as provided in 15-24-303.

6 (3) With respect to any fleet contained in a renewal  
 7 application, the taxable vehicles are assessed and taxed for  
 8 a full year.

9 (4) Automobiles and trucks having a rated capacity of  
 10 ~~three-quarters-of-a~~ 1 ton or less that are part of an  
 11 interstate motor vehicle fleet are subject to the light  
 12 vehicle license fee imposed by 61-3-532. If the fleet is  
 13 proportionally registered, the fee is apportioned in the  
 14 same fashion as the registration fee under 61-3-721.

15 (5) Vehicles contained in a fleet for which current  
 16 taxes, fees, or both have been assessed and paid shall not  
 17 be assessed or charged fees under this section upon  
 18 presentation to the department of proof of payment of taxes,  
 19 or fees, or both for the current registration year. The  
 20 payment of personal property taxes, fees, or both, is a  
 21 condition precedent to proportional registration or  
 22 reregistration of an interstate motor vehicle fleet."

23 Section 8. Section 15-24-301, MCA, is amended to read:

24 "15-24-301. Personal property brought into the state  
 25 -- assessment -- exceptions -- custom combine equipment. (1)

1 Except as provided in subsections (2) through (6), property  
2 in the following cases is subject to taxation and assessment  
3 for all taxes levied that year in the county in which it is  
4 located:

5 (a) any personal property (including livestock)  
6 brought, driven, or coming into this state at any time  
7 during the year that is used in the state for hire,  
8 compensation, or profit;

9 (b) property whose owner or user is engaged in gainful  
10 occupation or business enterprise in the state; or

11 (c) property which comes to rest and becomes a part of  
12 the general property of the state.

13 (2) The taxes on this property are levied in the same  
14 manner and to the same extent, except as otherwise provided,  
15 as though the property had been in the county on the regular  
16 assessment date, provided that the property has not been  
17 regularly assessed for the year in some other county of the  
18 state.

19 (3) Nothing in this section shall be construed to levy  
20 a tax against a merchant or dealer within this state on  
21 goods, wares, or merchandise brought into the county to  
22 replenish the stock of the merchant or dealer.

23 (4) Any motor vehicle not subject to the light vehicle  
24 license fee brought, driven, or coming into this state by  
25 any nonresident person temporarily employed in Montana and

1 used exclusively for transportation of such person is  
2 subject to taxation and assessment for taxes as follows:

3 (a) The motor vehicle is taxed by the county in which  
4 it is located.

5 (b) One-fourth of the annual tax liability of the  
6 motor vehicle must be paid for each quarter or portion of a  
7 quarter of the year that the motor vehicle is located in  
8 Montana.

9 (c) The quarterly taxes are due the first day of the  
10 quarter.

11 (5) Agricultural harvesting machinery classified under  
12 class eight, licensed in other states, and operated on the  
13 lands of persons other than the owner of the machinery under  
14 contracts for hire shall be subject to a fee in lieu of  
15 taxation of \$35 per machine for the calendar year in which  
16 the fee is collected. The machines shall be subject to  
17 taxation under class eight only if they are sold in Montana.

18 (6) The provisions of this part do not apply to  
19 automobiles and trucks having a rated capacity of  
20 ~~three-quarters--of--a~~ 1 ton or less. These vehicles are  
21 subject to the fee provided for in 61-3-532."

22 Section 9. Section 61-3-503, MCA, is amended to read:

23 "61-3-503. Assessment. (1) Except as provided in  
24 subsection (2), the following apply to the taxation of motor  
25 vehicles:

1 (a) Except as provided in subsection (1)(c), a person  
 2 who files an application for registration or reregistration  
 3 of a motor vehicle shall before filing such application with  
 4 the county treasurer submit the application to the county  
 5 assessor. The county assessor shall enter on the  
 6 application in a space to be provided for that purpose the  
 7 market value and taxable value of the vehicle as of January  
 8 1 of the year for which the application for registration is  
 9 made.

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

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

1 registration and shall continue until such fees and taxes  
 2 have been paid.

3 (2) The provisions of subsections (1)(a) through  
 4 (1)(c) do not apply to automobiles and trucks having a rated  
 5 capacity of ~~three-quarters-of-a~~ 1 ton or less, motor homes,  
 6 travel trailers, or mobile homes as defined in 15-1-101(1)."

7 Section 10. Section 61-3-504, MCA, is amended to read:

8 "61-3-504. Computation of tax. The amount of taxes on  
 9 a motor vehicle, other than an automobile, truck having a  
 10 rated capacity of ~~three-quarters-of-a~~ 1 ton or less, motor  
 11 home, travel trailer, or mobile home as defined in  
 12 15-1-101(1), is computed and determined by the county  
 13 treasurer on the basis of the levy of the year preceding the  
 14 current year of application for registration or  
 15 reregistration. The determination is entered on the  
 16 application form in a space provided therefor."

17 Section 11. Section 61-3-531, MCA, is amended to read:

18 "61-3-531. Light vehicle fee -- definitions. As used  
 19 in 61-3-531 through 61-3-536, the following definitions  
 20 apply:

21 (1) "Light vehicle" means an automobile or a truck  
 22 having a rated capacity of ~~three-quarters-of-a~~ 1 ton or  
 23 less.

24 (2) "Vehicle age" means the difference between the  
 25 calendar year of the first day of the registration period



1 and the manufacturer's designated model year."

2 Section 12. Section 61-6-302, MCA, is amended to read:

3 "61-6-302. Proof of compliance. (1) Except as provided  
4 in subsection (2), before any applicant required to register  
5 his motor vehicle may do so, the applicant must certify to  
6 the county treasurer that he possesses an automobile  
7 liability insurance policy, a certificate of self-insurance,  
8 or a posted indemnity bond or that he is eligible for an  
9 exemption under 61-6-303 covering the motor vehicle. The  
10 certification shall be on a form prescribed by the division  
11 of motor vehicles. The division may immediately cancel the  
12 registration and license plates of the vehicle upon  
13 notification that the insurance certification was not  
14 correctly represented. Any person who intentionally provides  
15 false information on an insurance certification is guilty of  
16 unsworn falsification to authorities, punishable as provided  
17 in 45-7-203.

18 (2) An applicant for registration of an automobile or  
19 a truck having a rated capacity of ~~three-quarters-of-a~~ 1 ton  
20 or less, who wishes to register the vehicle by mail must  
21 sign a statement on the application stating that the  
22 applicant is in compliance with the financial liability  
23 requirements of 61-6-301.

24 (3) An owner of a motor vehicle who ceases to maintain  
25 the insurance or bond required or whose certificate of

1 self-insurance is canceled or whose vehicle ceases to be  
2 exempt shall immediately surrender the registration and  
3 license plates for the vehicle to the county treasurer for  
4 delivery to the division and may not operate or permit  
5 operation of the vehicle in Montana until insurance has  
6 again been furnished as required and the vehicle is again  
7 registered and licensed.

8 (4) Every person shall carry in a motor vehicle being  
9 operated by him an insurance card approved by the division  
10 but issued by the insurance carrier to the motor vehicle  
11 owner as proof of compliance with 61-6-301. A motor vehicle  
12 operator shall exhibit the insurance card upon demand of a  
13 justice of the peace, a peace officer, a highway patrolman,  
14 or a field deputy or inspector of the division. However, no  
15 person charged with violating this subsection may be  
16 convicted if he produces in court or the office of the  
17 arresting officer proof of insurance valid at the time of  
18 his arrest."

19 NEW SECTION. Section 13. Extension of authority. Any  
20 existing authority of the department of revenue to make  
21 rules on the subject of the provisions of this act is  
22 extended to the provisions of this act.

23 NEW SECTION. Section 14. Effective date. This act is  
24 effective January 1, 1986.

-End-

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN 055-85

Form BD-15

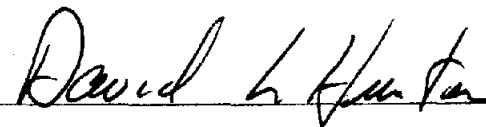
In compliance with a written request received January 11, 19 85, there is hereby submitted a Fiscal Note for H.B. 35 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act including trucks having a rated capacity of up to and including 1 ton in the definition of light vehicle; making such vehicles subject to a fee in lieu of tax; applying light vehicle laws to trucks having a rated capacity of up to and including 1 ton, and providing a delayed effective date.

ASSUMPTIONS:

1. Number of 1 ton trucks registered in Montana in 1984, 10,004, assumed constant over the 1986 and 1987 biennium (Division of Motor Vehicles).
2. Use of the 1984 vehicle fee schedule ignores the effect that inflation will have on fees in 1986 and 1987.
3. University mill levy is 6 mills; School Foundation Program mill levy is 45 mills; average county mill levy is 237 mills.
4. One ton trucks account for 43.24%  $\frac{(10,004)}{(23,134)}$  of all trucks that county assessors report in the category of one to one and a half ton trucks; therefore, 43.24% of reported taxable value in that category is assumed to be the maximum that can be attributed to one ton trucks.
5. One ton trucks are currently assessed on January 1 of each year, the same date that this law would take effect; therefore, the proposed fee system would effect all 1 ton vehicles for half of FY 1986 and all of FY 1987.
6. Under the new law 1 ton trucks will be subject to current light vehicle fee schedules.
7. Light vehicle fees are distributed on the basis of relative mill levies.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Jan 16, 1985

FISCAL IMPACT:

|                              | <u>Under</u><br><u>Current Law</u> | <u>FY 86</u><br><u>Under</u><br><u>Proposed Law</u> | <u>Difference</u> | <u>Under</u><br><u>Current Law</u> | <u>FY 87</u><br><u>Under</u><br><u>Proposed Law</u> | <u>Difference</u> |
|------------------------------|------------------------------------|---|-------------------|------------------------------------|---|-------------------|
| School Foundation (45 mills) | \$ 73,996                          | \$ 74,412   | \$ 416            | \$ 73,996                          | \$ 74,827   | \$ 831            |
| University System (6 mills)  | 9,866                              | 9,917   | 51                | 9,866                              | 9,969   | 103               |
| Total Revenue                | \$ 83,862                          | 84,329  | 467               | 83,862                             | 84,796  | 934               |

AFFECT ON COUNTY OR OTHER LOCAL REVENUE:

|                                 | <u>FY 86</u> | <u>FY 87</u> |
|---------------------------------|--------------|--------------|
| Revenue from one ton trucks     |              |              |
| Property tax under current law  | \$ 305,850   | \$ 305,850   |
| Registration under proposed law | 307,545      | 309,240      |
| Estimated Increase              | \$ 1,695     | \$ 3,390     |

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Future revenue will depend on the number and distribution by age of one ton trucks.