

HOUSE BILL NO. 36

1/07 Introduced  
1/07 Referred to Taxation  
1/10 Fiscal Note Requested  
1/15 Fiscal Note Received  
1/15 Hearing  
Died in Committee

1 HOUSE BILL NO. 36  
2 INTRODUCED BY KITSELMAN

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE PRESENT  
5 SYSTEM OF TAXATION OF MOTORCYCLES WITH A FEE SYSTEM;  
6 AMENDING SECTIONS 15-6-138, 15-6-201, 15-8-201, 15-8-202,  
7 15-30-121, 15-31-114, 61-3-303, 61-3-501 THROUGH 61-3-504,  
8 61-3-509, 61-3-534, AND 61-3-701, MCA; AND PROVIDING AN  
9 EFFECTIVE DATE AND AN APPLICABILITY SECTION."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 NEW SECTION. Section 1. Motorcycle license fee. (1)  
13 Except as provided in subsection (2), motorcycles are  
14 subject to a license fee. This fee is imposed in lieu of a  
15 property tax and is in addition to the tax on new motor  
16 vehicles.

17 (2) (a) Motorcycles that meet the description of  
18 property exempt from taxation under the provisions of  
19 15-6-201(1)(a), (1)(c), (1)(d), or (1)(e) or 15-6-203(2) are  
20 exempt from the fee imposed in subsection (1).

21 (b) A dealer for motorcycles is not required to pay  
22 the license fee for motorcycles held for sale or used in the  
23 dealer's business in selling or demonstrating the  
24 motorcycles. Motorcycles exempt under this subsection may  
25 not be operated for the personal use of the dealer, his

1 family, or his employees or for any use not necessary in the  
2 pursuit of business.

3 NEW SECTION. Section 2. Schedule of fees for  
4 motorcycles. (1) The following schedule based on motorcycle  
5 age and size shall be used to determine the fee imposed by  
6 [section 1]:

Motorcycle Age	Motorcycle Size		
	1,000cc or less	500cc but more or less than 500cc	More than 1,000cc
Less than or equal to 2 years	\$25	\$35	\$45
More than 2 years but less than or equal to 4 years	\$15	\$25	\$35
More than 4 years	\$10	\$15	\$25

18 (2) "Motorcycle age" means the difference between the  
19 calendar year of the first day of the registration period  
20 and the manufacturer's designated model year.

21 Section 3. Section 15-6-138, MCA, is amended to read:  
22 "15-6-138. Class eight property -- description --  
23 taxable percentage. (1) Class eight property includes:  
24 (a) all agricultural implements and equipment;  
25 (b) all mining machinery, fixtures, equipment, tools,



1 and supplies except:

2 (i) those included in class five; and

3 (ii) coal and ore haulers;

4 (c) all manufacturing machinery, fixtures, equipment,

5 tools, and supplies except those included in class five;

6 ~~(d) motorcycles;~~

7 ~~(e) watercraft;~~

8 ~~(f) all trailers up to and including 18,000 pounds~~

9 ~~maximum gross loaded weight, except those subject to a fee~~

10 ~~in lieu of property tax;~~

11 ~~(g) aircraft;~~

12 ~~(h) all-terrain vehicles;~~

13 ~~(i) harness, saddlery, and other tack equipment;~~

14 ~~(j) all goods and equipment intended for rent or~~

15 ~~lease, except goods and equipment specifically included and~~

16 ~~taxed in another class; and~~

17 ~~(k) all other machinery except that specifically~~

18 ~~included in another class.~~

19 (2) Class eight property is taxed at 11% of its market

20 value."

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

22 "15-6-201. Exempt categories. (1) The following

23 categories of property are exempt from taxation:

24 (a) the property of:

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

1 towns, school districts;

2 (ii) irrigation districts organized under the laws of

3 Montana and not operating for profit;

4 (iii) municipal corporations; and

5 (iv) public libraries;

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

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

8 worship or for residences of the clergy, together with

9 adjacent land reasonably necessary for convenient use of

10 such buildings;

11 (c) property used exclusively for agricultural and

12 horticultural societies, for educational purposes, and for

13 hospitals;

14 (d) property that meets the following conditions:

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

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

17 21;

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

19 cemetery or cemeteries for which a permanent care and

20 improvement fund has been established as provided for in

21 Title 35, chapter 20, part 3; and

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

23 corporate profit;

24 (e) institutions of purely public charity;

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

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

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

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

9 (i) a truck canopy cover or topper weighing less than  
10 300 pounds and having no accommodations attached. Such  
11 property is also exempt from the fee in lieu of tax.

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

14 (k) automobiles and trucks having a rated capacity of  
15 three-quarters of a ton or less;

16 (l) motorcycles;

17 ~~(i)~~(m) fixtures, buildings, and improvements owned by  
18 a cooperative association or nonprofit corporation organized  
19 to furnish potable water to its members or customers for  
20 uses other than the irrigation of agricultural land;

21 ~~(m)~~(n) the right of entry that is a property right  
22 reserved in land or received by mesne conveyance (exclusive  
23 of leasehold interests), devise, or succession to enter land  
24 whose surface title is held by another to explore, prospect,  
25 or dig for oil, gas, coal, or minerals; and

1 ~~(n)~~(o) property owned and used by a corporation or  
2 association organized and operated exclusively for the care  
3 of the developmentally disabled, mentally ill, or  
4 vocationally handicapped as defined in 18-5-101, which is  
5 not operated for gain or profit.

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

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

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

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

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

24 Section 5. Section 15-8-201, MCA, is amended to read:  
25 "15-8-201. General assessment day. (1) The department

1 of revenue or its agent must, between January 1 and the  
 2 second Monday of July in each year, ascertain the names of  
 3 all taxable inhabitants and assess all property subject to  
 4 taxation in each county. The department or its agent must  
 5 assess property to the person by whom it was owned or  
 6 claimed or in whose possession or control it was at midnight  
 7 of January 1 next preceding. It must also ascertain and  
 8 assess all mobile homes arriving in the county after  
 9 midnight of January 1 next preceding. No mistake in the name  
 10 of the owner or supposed owner of real property, however,  
 11 renders the assessment invalid.

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

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

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

19 (c) motorcycles, motor homes, and travel trailers  
 20 subject to a fee in lieu of property tax;

21 (d) livestock;

22 (e) property defined in 61-1-104~~(2)~~ as "special mobile  
 23 equipment" that is subject to assessment for personal  
 24 property taxes on the date that application is made for a  
 25 special mobile equipment plate; and

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

3 (3) Credits must be assessed as provided in  
 4 15-1-101(1)~~(c)~~(d)."

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

6 "15-8-202. Motor vehicle assessment. (1) (a) The  
 7 department or its agent must, in each year, ascertain and  
 8 assess all motor vehicles other than automobiles, trucks  
 9 having a rated capacity of three-quarters of a ton or less,  
 10 motorcycles, motor homes, travel trailers, or mobile homes  
 11 in each county subject to taxation as of January 1 or as of  
 12 the anniversary registration date of those vehicles subject  
 13 to 61-3-313 through 61-3-316 and 61-3-501. The assessment  
 14 for all motor vehicles will be made using the market value  
 15 as of January 1 of the year of assessment of the vehicle as  
 16 contained in the most recent volume of the Mountain States  
 17 Edition of the National Automobile Dealers Association  
 18 Official Used Car Guide. The motor vehicles shall be  
 19 assessed in each year to the persons by whom owned or  
 20 claimed or in whose possession or control they were at  
 21 midnight of January 1 or the anniversary registration date  
 22 thereof, whichever is applicable.

23 (b) No tax may be assessed against motor vehicles  
 24 subject to taxation that constitute inventory of motor  
 25 vehicle dealers as of January 1. These vehicles and all

1 other motor vehicles subject to taxation brought into the  
 2 state subsequent to January 1 as motor vehicle dealers'  
 3 inventories shall be assessed to their respective purchasers  
 4 as of the dates the vehicles are registered by the  
 5 purchasers.

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

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

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

18 Section 7. Section 15-30-121, MCA, is amended to read:

19 "15-30-121. Deductions allowed in computing net  
 20 income. In computing net income, there are allowed as  
 21 deductions:

22 (1) the items referred to in sections 161 and 211 of  
 23 the Internal Revenue Code of 1954, or as sections 161 and  
 24 211 shall be labeled or amended, subject to the following  
 25 exceptions which are not deductible:

- 1 (a) items provided for in 15-30-123;  
 2 (b) state income tax paid;  
 3 (2) federal income tax paid within the taxable year;  
 4 (3) child and dependent care expenses determined in  
 5 accordance with the provisions of section 214 of the  
 6 Internal Revenue Code of 1954 that were in effect for the  
 7 taxable year that began January 1, 1974, except that:  
 8 (a) the limitation set forth in section 214(e)(4) of  
 9 the Internal Revenue Code of 1954 as that section was in  
 10 effect for the taxable year that began January 1, 1974,  
 11 applies only to payments made to a child of the taxpayer who  
 12 is under 19 years of age at the close of the taxable year  
 13 and to payments made to an individual with respect to whom a  
 14 deduction is allowable under 15-30-112(5) to the taxpayer or  
 15 the taxpayer's spouse;  
 16 (b) the limitation set forth in section 214(e)(1) of  
 17 the Internal Revenue Code of 1954 as that section was in  
 18 effect for the taxable year that began January 1, 1974, does  
 19 not apply when the taxpayers file separately on the same  
 20 form; and  
 21 (c) the deduction for child and dependent care  
 22 expenses shall be divided equally between the taxpayers;  
 23 (4) in the case of an individual, political  
 24 contributions determined in accordance with the provisions  
 25 of section 218(a) and (b) of the Internal Revenue Code that

1 were in effect for the taxable year ended December 31, 1978;

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

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

7 (7) motorcycle fees in lieu of tax, as provided by  
8 [section 1], paid during the taxable year."

9 Section 8. Section 15-31-114, MCA, is amended to read:

10 "15-31-114. Deductions allowed in computing income. In  
11 computing the net income, the following deductions shall be  
12 allowed from the gross income received by such corporation  
13 within the year from all sources:

14 (1) All the ordinary and necessary expenses paid or  
15 incurred during the taxable year in the maintenance and  
16 operation of its business and properties, including  
17 reasonable allowance for salaries for personal services  
18 actually rendered, subject to the limitation hereinafter  
19 contained, rentals or other payments required to be made as  
20 a condition to the continued use or possession of property  
21 to which the corporation has not taken or is not taking  
22 title or in which it has no equity. No deduction shall be  
23 allowed for salaries paid upon which the recipient thereof  
24 has not paid Montana state income tax; provided, however,  
25 that where domestic corporations are taxed on income derived

1 from without the state, salaries of officers paid in  
2 connection with securing such income shall be deductible.

3 (2) (a) All losses actually sustained and charged off  
4 within the year and not compensated by insurance or  
5 otherwise, including a reasonable allowance for the wear and  
6 tear and obsolescence of property used in the trade or  
7 business, such allowance to be determined according to the  
8 provisions of section 167 of the Internal Revenue Code in  
9 effect with respect to the taxable year. All elections for  
10 depreciation shall be the same as the elections made for  
11 federal income tax purposes. No deduction shall be allowed  
12 for any amount paid out for any buildings, permanent  
13 improvements, or betterments made to increase the value of  
14 any property or estate, and no deduction shall be made for  
15 any amount of expense of restoring property or making good  
16 the exhaustion thereof for which an allowance is or has been  
17 made.

18 (b) (i) There shall be allowed as a deduction for the  
19 taxable period a net operating loss deduction determined  
20 according to the provisions of this subsection. The net  
21 operating loss deduction is the aggregate of net operating  
22 loss carryovers to such taxable period plus the net  
23 operating loss carrybacks to such taxable period. The term  
24 "net operating loss" means the excess of the deductions  
25 allowed by this section, 15-31-114, over the gross income,

1 with the modifications specified in (ii) of this subsection.  
 2 If for any taxable period beginning after December 31, 1970,  
 3 a net operating loss is sustained, such loss shall be a net  
 4 operating loss carryback to each of the three taxable  
 5 periods preceding the taxable period of such loss and shall  
 6 be a net operating loss carryover to each of the five  
 7 taxable periods following the taxable period of such loss. A  
 8 net operating loss for any taxable period ending after  
 9 December 31, 1975, in addition to being a net operating loss  
 10 carryback to each of the three preceding taxable periods,  
 11 shall be a net operating loss carryover to each of the seven  
 12 taxable periods following the taxable period of such loss.  
 13 The portion of such loss which shall be carried to each of  
 14 the other taxable years shall be the excess, if any, of the  
 15 amount of such loss over the sum of the net income for each  
 16 of the prior taxable periods to which such loss was carried.  
 17 For purposes of the preceding sentence, the net income for  
 18 such prior taxable period shall be computed with the  
 19 modifications specified in (ii)(B) of this subsection and by  
 20 determining the amount of the net operating loss deduction  
 21 without regard to the net operating loss for the loss period  
 22 or any taxable period thereafter, and the net income so  
 23 computed shall not be considered to be less than zero.  
 24 (ii) The modifications referred to in (i) of this  
 25 subsection shall be as follows:

1 (A) No net operating loss deduction shall be allowed.  
 2 (B) The deduction for depletion shall not exceed the  
 3 amount which would be allowable if computed under the cost  
 4 method.  
 5 (C) Any net operating loss carried over to any taxable  
 6 years beginning after December 31, 1978, must be calculated  
 7 under the provisions of this section effective for the  
 8 taxable year for which the return claiming the net operating  
 9 loss carryover is filed.  
 10 (iii) A net operating loss deduction shall be allowed  
 11 only with regard to losses attributable to the business  
 12 carried on within the state of Montana.  
 13 (iv) In the case of a merger of corporations, the  
 14 surviving corporation shall not be allowed a net operating  
 15 loss deduction for net operating losses sustained by the  
 16 merged corporations prior to the date of merger. In the case  
 17 of a consolidation of corporations, the new corporate entity  
 18 shall not be allowed a deduction for net operating losses  
 19 sustained by the consolidated corporations prior to the date  
 20 of consolidation.  
 21 (v) Notwithstanding the provisions of 15-31-531,  
 22 interest shall not be paid with respect to a refund of tax  
 23 resulting from a net operating loss carryback or carryover.  
 24 (vi) The net operating loss deduction shall not be  
 25 allowed with respect to taxable periods which ended on or



1 before December 31, 1970, but shall be allowed only with  
2 respect to taxable periods beginning on or after January 1,  
3 1971.

4 (3) In the case of mines, other natural deposits, oil  
5 and gas wells, and timber, a reasonable allowance for  
6 depletion and for depreciation of improvements; such  
7 reasonable allowance to be determined according to the  
8 provisions of the Internal Revenue Code in effect for the  
9 taxable year. All elections made under the Internal Revenue  
10 Code with respect to capitalizing or expensing exploration  
11 and development costs and intangible drilling expenses for  
12 corporation license tax purposes shall be the same as the  
13 elections made for federal income tax purposes.

14 (4) The amount of interest paid within the year on its  
15 indebtedness incurred in the operation of the business from  
16 which its income is derived; but no interest shall be  
17 allowed as a deduction if paid on an indebtedness created  
18 for the purchase, maintenance, or improvement of property or  
19 for the conduct of business unless the income from such  
20 property or business would be taxable under this part.

21 (5) (a) Taxes paid within the year, except the  
22 following:

23 (i) Taxes imposed by this part.

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

1 (iii) Taxes on or according to or measured by net  
2 income or profits imposed by authority of the government of  
3 the United States.

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

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

9 (6) Light vehicle license fees, as provided by  
10 61-3-532, and fees in lieu of tax for motorcycles, as  
11 provided by [section 1], paid within the year.

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

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

18 (b) The public service commission shall not allow in  
19 the rate base of a regulated corporation the inclusion of  
20 contributions made under this subsection.

21 (9) In lieu of the deduction allowed under subsection  
22 (8), the taxpayer may deduct the fair market value, not to  
23 exceed 30% of the taxpayer's net income, of a computer or  
24 other sophisticated technological equipment or apparatus  
25 intended for use with the computer donated to an elementary,

1 secondary, or accredited postsecondary school located in  
2 Montana if:

3 (a) the contribution is made no later than 5 years  
4 after the manufacture of the donated property is  
5 substantially completed;

6 (b) the property is not transferred by the donee in  
7 exchange for money, other property, or services; and

8 (c) the taxpayer receives a written statement from the  
9 donee in which the donee agrees to accept the property and  
10 representing that the use and disposition of the property  
11 will be in accordance with the provisions of (b) of this  
12 subsection (9)."

13 Section 9. Section 61-3-303, MCA, is amended to read:

14 "61-3-303. Application for registration. (1) Every  
15 owner of a motor vehicle operated or driven upon the public  
16 highways of this state shall for each motor vehicle owned,  
17 except as herein otherwise expressly provided, file or cause  
18 to be filed in the office of the county treasurer where the  
19 motor vehicle is owned or taxable an application for  
20 registration or reregistration upon a blank form to be  
21 prepared and furnished by the division. The application  
22 shall contain:

23 (a) name and address of owner, giving county, school  
24 district, and town or city within whose corporate limits the  
25 motor vehicle is taxable, if taxable, or within whose

1 corporate limits the owner's residence is located if the  
2 motor vehicle is not taxable;

3 (b) name and address of the holder of any security  
4 interest in the motor vehicle;

5 (c) description of motor vehicle, including make, year  
6 model, engine or serial number, manufacturer's model or  
7 letter, gross weight, type of body, and if truck, the rated  
8 capacity;

9 (d) in case of reregistration, the license number for  
10 the preceding year; and

11 (e) such other information as the division may  
12 require.

13 (2) A person who files an application for registration  
14 or reregistration of a motor vehicle, except of a mobile  
15 home as defined in 15-1-101(1), shall upon the filing of the  
16 application pay to the county treasurer:

17 (a) the registration fee, as provided in 61-3-311 and  
18 61-3-321; and

19 (b) unless it has been previously paid:

20 (i) the personal property taxes assessed;

21 (ii) the new motor vehicle sales tax against the  
22 vehicle for the current year of registration and/or the  
23 license fee imposed by 61-3-532 or [section 1]; or

24 (iii) in the case of a motor home, travel trailer, or  
25 camper, the fee in lieu of property tax for the current year

1 of registration.

2 (3) The application may not be accepted by the county  
3 treasurer unless the payments required by subsection (2)  
4 accompany the application.

5 (4) The county treasurer may make full and complete  
6 investigation of the tax status of the vehicle. Any  
7 applicant for registration or reregistration must submit  
8 proof from the tax or other appropriate records of the  
9 proper county at the request of the county treasurer."

10 Section 10. Section 61-3-501, MCA, is amended to read:

11 "61-3-501. When vehicle taxes and fees are due. (1)  
12 Property taxes, new car taxes, light vehicle license fees,  
13 and fees in lieu of tax on a motorcycle, motor home, or  
14 travel trailer must be paid on the date of registration or  
15 reregistration of the vehicle.

16 (2) If the anniversary date for reregistration of a  
17 vehicle passes while the vehicle is owned and held for sale  
18 by a licensed new or used car dealer, property taxes, light  
19 vehicle license fees, or the fee in lieu of property taxes  
20 abate on such vehicle properly reported with the department  
21 of revenue until the vehicle is sold and thereafter the  
22 purchaser shall pay the pro rata balance of the taxes or the  
23 fee in lieu of tax due and owing on the vehicle.

24 (3) In the event a vehicle's registration period is  
25 changed under 61-3-315, all taxes and other fees due thereon

1 shall be prorated and paid from the last day of the old  
2 period until the first day of the new period in which the  
3 vehicle shall be registered. Thereafter taxes and other fees  
4 must be paid from the first day of the new period for a  
5 minimum period of 1 year. When the change is to a later  
6 registration period, taxes and fees shall be prorated and  
7 paid based on the same tax year as the original registration  
8 period. Thereafter, during the appropriate anniversary  
9 registration period, each vehicle shall again register or  
10 reregister and shall pay all taxes and fees due thereon for  
11 a 12-month period."

12 Section 11. Section 61-3-502, MCA, is amended to read:

13 "61-3-502. Sales tax on new motor vehicles --  
14 exemptions. (1) In consideration of the right to use the  
15 highways of the state, there is imposed a tax upon all sales  
16 of new motor vehicles for which a license is sought and an  
17 original application for title is made. The tax shall be  
18 paid by the purchaser when he applies for his original  
19 Montana license through the county treasurer.

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

22 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.  
23 port-of-entry list price, during the first quarter of the  
24 year or for a registration period other than a calendar year  
25 or 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) 3/8 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 on vehicles subject to the  
9 provisions of 61-3-313 through 61-3-316 is 1 1/2% of the  
10 f.o.b. factory list price or f.o.b. port-of-entry list price  
11 regardless of the month in which the new vehicle is  
12 purchased.

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

16 (6) The new vehicle is subject to the light vehicle  
17 license fee or the fee in lieu of tax imposed on  
18 motorcycles, if applicable, but is not subject to any other  
19 assessment, taxation, or fee in lieu of tax during the  
20 calendar year in which the original application for title is  
21 made.

22 (7) (a) The applicant for original registration of any  
23 new and unused motor vehicle, or a new motor vehicle  
24 furnished without charge by a dealer to a school district  
25 for use as a traffic education motor vehicle by a school

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

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

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

24 (b) Motor vehicles brought or driven into Montana by a  
25 nonresident, migratory, bona fide agricultural worker

1 temporarily employed in agricultural work in this state  
 2 where those motor vehicles are used exclusively for  
 3 transportation of agricultural workers are also exempt from  
 4 subsection (1).

5 (c) Vehicles lawfully displaying a licensed dealer's  
 6 plate as provided in 61-4-103 are exempt from subsection (1)  
 7 when moving to or from a dealer's place of business when  
 8 unloaded or loaded with dealer's property only, and in the  
 9 case of vehicles having a gross loaded weight of less than  
 10 24,000 pounds, while being demonstrated in the course of the  
 11 dealer's business."

12 Section 12. Section 61-3-503, MCA, is amended to read:

13 "61-3-503. Assessment. (1) Except as provided in  
 14 subsection (2), the following apply to the taxation of motor  
 15 vehicles:

16 (a) Except as provided in subsection (1)(c), a person  
 17 who files an application for registration or reregistration  
 18 of a motor vehicle shall before filing such application with  
 19 the county treasurer submit the application to the county  
 20 assessor. The county assessor shall enter on the  
 21 application in a space to be provided for that purpose the  
 22 market value and taxable value of the vehicle as of January  
 23 1 of the year for which the application for registration is  
 24 made.

25 (b) Except as provided in subsection (1)(c), motor

1 vehicles are assessed for taxes on January 1 in each year  
 2 irrespective of the time fixed by law for the assessment of  
 3 other classes of personal property and irrespective of  
 4 whether the levy and tax may be a lien upon real property  
 5 within the state. In no event may any motor vehicle be  
 6 subject to assessment, levy, and taxation more than once in  
 7 each year.

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

18 (2) The provisions of subsections (1)(a) through  
 19 (1)(c) do not apply to automobiles and trucks having a rated  
 20 capacity of three-quarters of a ton or less, motorcycles,  
 21 motor homes, travel trailers, or mobile homes as defined in  
 22 15-1-101(1)."

23 Section 13. Section 61-3-504, MCA, is amended to read:

24 "61-3-504. Computation of tax. The amount of taxes on  
 25 a motor vehicle, other than an automobile, truck having a

1 rated capacity of three-quarters of a ton or less,  
 2 motorcycle, motor home, travel trailer, or mobile home as  
 3 defined in 15-1-101(1), is computed and determined by the  
 4 county treasurer on the basis of the levy of the year  
 5 preceding the current year of application for registration  
 6 or reregistration. The determination is entered on the  
 7 application form in a space provided therefor."

8 Section 14. Section 61-3-509, MCA, is amended to read:

9 "61-3-509. Disposition of taxes and fees in lieu of  
 10 tax. The county treasurer shall credit all taxes on motor  
 11 vehicles, light vehicle license fees provided for in  
 12 61-3-532, and fees in lieu of tax on motorcycles, motor  
 13 homes, and travel trailers collected to a motor vehicle  
 14 suspense fund, and at some time between March 1 and March 10  
 15 of each year and every 60 days thereafter, the county  
 16 treasurer shall distribute the money in the motor vehicle  
 17 suspense fund in the relative proportions required by the  
 18 levies for state, county, school district, and municipal  
 19 purposes in the same manner as personal property taxes are  
 20 distributed."

21 Section 15. Section 61-3-534, MCA, is amended to read:

22 "61-3-534. Payment of fee required for operation. (1)  
 23 No light vehicle subject to the fee imposed by 61-3-532 or  
 24 motorcycle subject to the fee imposed by [section 1] may be  
 25 operated unless the fee has been paid and the vehicle is

1 licensed.

2 (2) A properly licensed and registered light vehicle  
 3 or motorcycle may be operated within Montana, subject to all  
 4 applicable federal, state, and local laws."

5 Section 16. Section 61-3-701, MCA, is amended to read:

6 "61-3-701. Foreign vehicles used in gainful occupation  
 7 to be registered -- reciprocity. (1) Before any foreign  
 8 licensed motor vehicle may be operated on the highways of  
 9 this state for hire, compensation, or profit or before the  
 10 owner and/or user thereof uses the vehicle if such owner  
 11 and/or user is engaged in gainful occupation or business  
 12 enterprise in the state, including highway work, the owner  
 13 of the vehicle shall make application to a county treasurer  
 14 for registration upon an application form furnished by the  
 15 division. Upon satisfactory evidence of ownership submitted  
 16 to the county treasurer and the payment of property taxes,  
 17 if appropriate, as required by 15-8-201 ~~through-15-8-203~~ and  
 18 15-8-202 or 15-24-301 or the payment of the light vehicle  
 19 license fee as provided by 61-3-532 or the fee in lieu of  
 20 tax for motorcycles as provided by [section 1], the  
 21 treasurer shall accept the application for registration and  
 22 shall collect the regular license fee required for the  
 23 vehicle.

24 (2) The treasurer shall thereupon issue to the  
 25 applicant a copy of the application entitled "Owner's

1 Certificate of Registration and Payment Receipt" and forward  
2 a duplicate copy of the certificate to the division. The  
3 treasurer shall at the same time issue to the applicant the  
4 proper license plates or other identification markers, which  
5 shall at all times be displayed upon the vehicle when  
6 operated or driven upon roads and highways of this state  
7 during the period of the life of the license.

8 (3) The registration receipt shall not constitute  
9 evidence of ownership but shall be used only for  
10 registration purposes. No Montana certificate of ownership  
11 shall be issued for this type of registration.

12 (4) This section is not applicable to any vehicle  
13 covered by a valid and existing reciprocal agreement or  
14 declaration entered into under the provisions of the laws of  
15 Montana."

16 NEW SECTION. Section 17. Effective date. This act is  
17 effective January 1, 1986.

18 NEW SECTION. Section 18. Applicability. This act  
19 applies to motorcycles registered during and after 1986.

20 NEW SECTION. Section 19. Codification instruction.  
21 Sections 1 and 2 are intended to be codified as an integral  
22 part of Title 61, chapter 3, part 5, and the provisions of  
23 Title 61 apply to sections 1 and 2.

-End-

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN056-85

Form **BD-15**

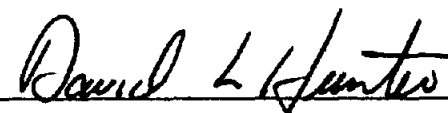
In compliance with a written request received January 11, 19 85, there is hereby submitted a Fiscal Note for H.B. 36 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

An act to replace the present system of taxation of motorcycles with a fee system, and providing an effective date and an applicability section.

ASSUMPTIONS

1. There are 18,589 tax paid motorcycles registered in Montana as reported by the Division of Motor Vehicles (DMV).
2. Approximately half of the registered motorcycles are 500-1000 cc in size, one quarter are over 1000 cc, and one quarter are under 500 cc (DMV).
3. The taxable value of motorcycles in FY1984 was \$1,811,383.
4. Motorcycle fees are distributed on the basis of relative mill levies.
5. The proposed fee system will effect all motorcycles in FY1986 and FY1987.
6. The number of tax paid motorcycles registered in Montana will remain constant over FY1986 and FY1987.
7. 6.7% of motorcycles are 2 years old or less; 28.2% of motorcycles are 2 years old but less than or 4 years old; 65% are over 4 years old.
8. The University mill levy is 6 mills; the School Foundation mill levy is 45 mills; the average mill levy in a Montana city in FY1984 was 275 mills.



BUDGET DIRECTOR  
Office of Budget and Program Planning



Request No. FNN056-85

Form PD-15

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H.B. 36

EFFECT ON REVENUE

	<u>Under</u> <u>Current Law</u>	<u>FY86</u> <u>Under</u> <u>Proposed Law</u>	<u>Estimated</u> <u>(Decrease)</u>	<u>Under</u> <u>Current Law</u>	<u>FY87</u> <u>Under</u> <u>Proposed Law</u>	<u>Estimated</u> <u>(Decrease)</u>
School Foundation Program (45 mills)	\$81,512	\$60,783	(\$20,729)	\$81,512	\$60,783	(\$20,729)
University System (6 mills)	<u>\$10,868</u>	<u>\$ 8,104</u>	<u>(\$ 2,764)</u>	<u>\$10,868</u>	<u>\$ 8,104</u>	<u>(\$ 2,764)</u>
TOTAL REVENUE	\$92,380	\$68,887	(\$23,493)	\$92,380	\$68,887	(\$23,493)

EFFECT ON COUNTY REVENUE

Revenue from Motorcycles:

	<u>FY 86</u>	<u>FY 87</u>
Property Tax under current law	\$405,749	\$405,749
Registration under proposed law	\$302,563	\$302,563
Estimated Decrease	\$103,186	\$103,186

LONG-RANGE EFFECTS

Future revenue will depend on the number of motorcycles in Montana and their respective ages and sizes.