

HOUSE BILL NO. 307

1/21 Introduced  
1/21 Referred to Taxation  
1/22 Fiscal Note Requested  
1/26 Fiscal Note Received  
1/29 Hearing  
2/07 Adverse Committee Report  
2/08 Bill Killed

1 House BILL NO. 307  
 2 INTRODUCED BY Mendham  
 3 J. Brito.

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A FEE IN LIEU  
 5 OF PROPERTY TAX FOR MOTORBOATS 16 FEET IN LENGTH OR LONGER;  
 6 AMENDING SECTIONS 15-6-138, 15-6-201, 15-8-201, 15-8-301,  
 7 15-8-404, 23-2-512, AND 23-2-515, MCA; AND PROVIDING AN  
 8 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."  
 9

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

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

12 "15-6-138. Class eight property -- description --  
 13 taxable percentage. (1) Class eight property includes:

- 14 (a) all agricultural implements and equipment;
- 15 (b) all mining machinery, fixtures, equipment, tools,  
 16 and supplies except:

  - 17 (i) those included in class five; and
  - 18 (ii) coal and ore haulers;

- 19 (c) all manufacturing machinery, fixtures, equipment,  
 20 tools, and supplies except those included in class five;
- 21 (d) motorcycles;
- 22 (e) watercraft, except motorboats 16 feet in length or  
 23 longer;
- 24 (f) all trailers up to and including 18,000 pounds  
 25 maximum gross loaded weight, except those subject to a fee

- 1 in lieu of property tax;
- 2 (g) aircraft;
- 3 (h) all-terrain vehicles;
- 4 (i) harness, saddlery, and other tack equipment;
- 5 (j) all goods and equipment intended for rent or  
 6 lease, except goods and equipment specifically included and  
 7 taxed in another class; and
- 8 (k) all other machinery except that specifically  
 9 included in another class.

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

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

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

- 15 (a) the property of:

  - 16 (i) the United States, the state, counties, cities,  
 17 towns, school districts;
  - 18 (ii) irrigation districts organized under the laws of  
 19 Montana and not operating for profit;
  - 20 (iii) municipal corporations; and
  - 21 (iv) public libraries;

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

1 such buildings;

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

5 (d) property that meets the following conditions:

6 (i) is owned and held by any association or  
7 corporation organized under Title 35, chapter 2, 3, 20, or  
8 21;

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

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

15 (e) institutions of purely public charity;

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

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

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

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

1 300 pounds and having no accommodations attached. Such  
2 property is also exempt from the fee in lieu of tax.

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

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

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

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

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

21 (o) motorboats 16 feet in length or longer.

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

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

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

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

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

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

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

1 of the owner or supposed owner of real property, however,  
2 renders the assessment invalid.

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

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

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

10 (c) motor homes, motorboats 16 feet in length or  
11 longer, and travel trailers subject to a fee in lieu of  
12 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."

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

2 "15-8-404. Property of particular types of firms. (1)  
3 The personal property belonging to the business of a  
4 merchant or of a manufacturer must be listed in the town or  
5 district where his business is carried on.

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

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

16 Section 6. Section 23-2-512, MCA, is amended to read:

17 "23-2-512. Identification number. (1) The owner of  
18 each motorboat requiring numbering by this state shall file  
19 an application for number in the office of the county  
20 treasurer where the motorboat is owned or taxable on forms  
21 prepared and furnished by the division of motor vehicles.  
22 The application must be signed by the owner of the motorboat  
23 and be accompanied by a fee of \$1. Any alteration, change,  
24 or false statement contained in the application will render  
25 the certificate of number void. Upon receipt of the

1 application in approved form, the county treasurer shall  
2 issue to the applicant a certificate of number prepared and  
3 furnished by the division of motor vehicles, stating the  
4 number assigned to the motorboat and the name and address of  
5 the owner.

6 (2) Before filing the application with the county  
7 treasurer, the applicant for a number for a motorboat less  
8 than 16 feet in length shall submit it to the county  
9 assessor, who shall enter on the application, in a space to  
10 be provided for that purpose, the market value and taxable  
11 value of the motorboat for the year for which the  
12 application for registration is made.

13 (3) The applicant, upon the filing of the application,  
14 shall pay to the county treasurer the registration fee and  
15 the personal property taxes assessed against the motorboat  
16 or vessel or the fee in lieu of tax required for a motorboat  
17 16 feet in length or longer for the current year of  
18 registration before the application for registration or  
19 reregistration may be accepted by the county treasurer.

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

25 (5) If an agency of the United States government has

1 in force a comprehensive system of identification numbering  
2 for motorboats in the United States, the numbering system  
3 employed pursuant to this part by the division of motor  
4 vehicles must be in conformity.

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

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

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

1 (9) A holder of a certificate of number shall notify  
2 the county treasurer within reasonable time if his address  
3 no longer conforms to the address appearing on the  
4 certificate and furnish the county treasurer with his new  
5 address. The division of motor vehicles may provide by rule  
6 for the surrender of the certificate bearing the former  
7 address and its replacement with a certificate bearing the  
8 new address or the alteration of an outstanding certificate  
9 to show the new address of the holder.

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

1 number may be carried as to interfere with the motorboat's  
 2 identification. No number other than the number and license  
 3 decal assigned to a motorboat or granted reciprocity under  
 4 this part may be painted, attached, or otherwise displayed  
 5 on either side of the forward half of the motorboat.

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

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

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

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

1 use."

2 Section 7. Section 23-2-515, MCA, is amended to read:  
 3 "23-2-515. License decals to be displayed. (1) Every  
 4 Montana boat numbered in accordance with the provisions of  
 5 23-2-512 and 23-2-513 shall be required to display license  
 6 decals. For this purpose the county treasurer, upon receipt  
 7 of the fee in lieu of tax for motorboats 16 feet in length  
 8 or longer or a certificate of tax of personal property  
 9 showing payment of tax on the motorboat for the current  
 10 year, shall issue a pair of decals prepared and furnished by  
 11 the division of motor vehicles with all new certificates of  
 12 number and renewals thereof.

13 (2) The decals shall be of a style and design  
 14 prescribed by the division of motor vehicles and shall be a  
 15 color differing from the preceding year. The license decal  
 16 will be serially numbered and have the expiration date of  
 17 April 30 of the appropriate year printed thereon.

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

21 NEW SECTION. Section 8. Fee in lieu of tax for  
 22 motorboats sixteen feet or longer in length. (1) There is a  
 23 fee in lieu of property tax imposed on motorboats 16 feet in  
 24 length or longer. The fee is in addition to the annual fee  
 25 required by 23-2-512 for filing of the application for a



1 certificate of number.

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

5 NEW SECTION. Section 9. Fees for motorboats sixteen  
6 feet in length or longer. (1) The owner of a motorboat 16  
7 feet in length or longer shall pay a fee based on the length  
8 of the motorboat.

9 (2) The fee for a motorboat 16 feet in length is \$32.

10 (3) The fee for a motorboat more than 16 feet in  
11 length but less than 19 feet in length is \$3 a foot or  
12 fraction of a foot.

13 (4) The fee for a motorboat 19 feet in length or  
14 longer is \$4 a foot or fraction of a foot.

15 NEW SECTION. Section 10. Disposition of fees in lieu  
16 of tax. The county treasurer shall distribute all fees in  
17 lieu of tax collected on motorboats 16 feet in length or  
18 longer pursuant to [sections 8 and 9] in the relative  
19 proportions required by the levies for state, county, school  
20 district, and municipal purposes in the same manner as  
21 personal property taxes are distributed.

22 NEW SECTION. Section 11. Penalty -- disposition.

23 (1) Failure to pay the fee in lieu of tax as provided for  
24 in 23-2-512 and [section 9] is a misdemeanor, punishable not  
25 as provided in 23-2-507 but by a fine equal to 50% of the

1 fee in lieu of tax that is due on the motorboat for the  
2 current year of registration.

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

5 (a) 50% to the general fund of the county in which the  
6 motorboat is registered; and

7 (b) 50% to the motorboat account of the state special  
8 revenue fund for use by the department in the enforcement of  
9 this part.

10 NEW SECTION. Section 12. Codification instruction.  
11 Sections 8 through 11 are intended to be codified as an  
12 integral part of Title 23, chapter 2, part 5, and the  
13 provisions of Title 23, chapter 2, part 5, apply to sections  
14 8 through 11.

15 NEW SECTION. Section 13. Extension of authority. Any  
16 existing authority of the department of revenue or the motor  
17 vehicle division to make rules on the subject of the  
18 provisions of this act is extended to the provisions of this  
19 act.

20 NEW SECTION. Section 14. Effective date --  
21 applicability. This act is effective on passage and approval  
22 and applies to motorboats registered on or after January 1,  
23 1986.

-End-

STATE OF MONTANA

REQUEST NO. FNN164-85

FISCAL NOTE

Form **BD-15**

In compliance with a written request received January 22, 1985, there is hereby submitted a Fiscal Note for H.B. 307 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

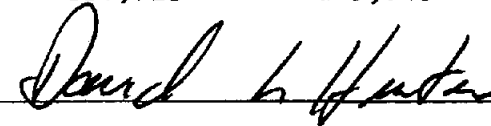
An act providing a fee in lieu of property tax for motorboats 16 feet in length or longer.

ASSUMPTIONS

- 1) The total taxable value of motorboats 16 feet and over - \$2,680,855 (85% of the taxable value of all watercraft - \$3,153,947 - 1984 data).
- 2) The number of motorboats 16 feet and over - 16,490 (50% of all watercraft - 32,981 - 1983 data).
- 3) Distribution of motorboats 16 feet and over - 60% - 16 ft., 30% over 16 ft. but less than 19 ft., and 10% 19 ft. and over.
- 4) Average fees - 16 ft. - \$32; 16 ft - 19 ft. - \$52.50 (17.5 ft. X \$3/ft.); and 19 ft. and over - \$84 (\$21 ft. X \$4/ft.).
- 5) University levy - 6 mills; School Foundation Program Levy - 45 mills; the weighted average local levy - 169 mills; School Funding - 60% of total property taxes.
- 6) Revenues from fee system are distributed in the same relative proportions as other personal property taxes - university levy - 2.7%, school foundation program - 20.5% and local governments - 76.8%.

FISCAL IMPACT

	<u>FY86</u>			<u>FY87</u>		
	<u>Under</u>	<u>Under</u>	<u>Estimated</u>	<u>Under</u>	<u>Under</u>	<u>Estimated</u>
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>
University Levy (6 mills)	16,085	19,301	3,216	16,085	19,301	3,216
School Foundation Program (45 mills)	120,638	146,542	25,904	120,638	146,542	25,904
Total Revenue	136,723	165,843	29,120	136,723	165,843	29,120



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Jan 25, 1985  
**HB 307**

Request No. FNN164-85  
Form BD-15 Page 2  
H.B. 307

EFFECT ON COUNTY OR OTHER LOCAL REVENUE

The proposed legislation would increase local revenues \$95,934 each year. (\$548,998 - \$453,064). School funding would be increased \$75,032 annually (.60 X (29,120 + 95,934)).