

HOUSE BILL NO. 719

2/08 Introduced
2/08 Referred to Taxation
2/08 Fiscal Note Requested
2/14 Fiscal Note Received
2/14 Fiscal Note Requested
2/19 Hearing
Died in Committee

1 HOUSE BILL NO. 719
 2 INTRODUCTION BY Seby
 3 BY REQUEST OF THE DEPARTMENT OF COMMERCE
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAW
 6 RELATING TO TAXATION OF AIRCRAFT; PROVIDING FOR PRORATION OF
 7 TAXES FOR MIGRATORY AIRCRAFT; DIVERTING 2 PERCENT OF ALL
 8 AIRCRAFT TAX REVENUE TO THE DEPARTMENT OF COMMERCE; AMENDING
 9 SECTIONS 15-24-304 AND 67-3-201, MCA; AND PROVIDING AN
 10 EFFECTIVE DATE."
 11

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

13 Section 1. Section 15-24-304, MCA, is amended to read:

14 "15-24-304. Prorated taxes -- aircraft. (1) A person
 15 who acquires an aircraft required to be registered under
 16 subsections (2) through (7) of 67-3-201 after March 1 in any
 17 year shall register the aircraft within 30 days of acquiring
 18 it. The county assessor shall prorate the personal property
 19 tax due on the aircraft for the remaining portion of the
 20 year in the manner provided in 15-24-303.

21 (2) Taxes for migratory aircraft required to be
 22 registered under 67-3-201(6) must be paid in the manner
 23 provided for in subsection (1); however, a prorated rebate
 24 for taxes paid for the remaining months following the month
 25 of departure from the state is allowed for migratory

1 aircraft if a claim for the rebate is made within 15 days of
 2 leaving the state. To be eligible for such rebate, the owner
 3 of a migratory aircraft that has left the state and will not
 4 reenter the state in a manner requiring registration as
 5 provided for in 67-3-201(6) must transmit to the county
 6 treasurer an affidavit certifying the date the migratory
 7 aircraft left the state. A person who makes a false claim
 8 under this section commits the offense of false swearing,
 9 pursuant to 45-7-202."

10 Section 2. Section 67-3-201, MCA, is amended to read:

11 "67-3-201. Aircraft registration and licensing. (1)
 12 Except as provided in 67-3-102 and in subsection (7) of this
 13 section, a person may not operate or cause or authorize to
 14 be operated a civil aircraft within this state unless the
 15 aircraft has an appropriate effective registration, license,
 16 certificate, or permit issued or approved by the United
 17 States government which has been registered with the
 18 department and the registration with the department is in
 19 force.

20 (2) Aircraft customarily kept in this state shall be
 21 registered with the department, which may charge a fee
 22 therefor of not more than \$10. The registration shall be
 23 renewed annually on or before March 1 each year.

24 (3) Section 67-3-202 and subsections (2) through (7)
 25 of this section shall not apply to:



1 (a) aircraft owned and operated by the federal
2 government, the state, or any political subdivision thereof;

3 (b) aircraft owned and held by an aircraft dealer
4 solely for the purpose of resale;

5 (c) aircraft operated by an airline company and
6 regularly scheduled for the primary purpose of carrying
7 persons or property for hire in interstate or international
8 transportation; or

9 (d) dismantled or otherwise nonflyable aircraft.

10 (4) An aircraft shall be registered as property within
11 a particular county of the state. This county shall be the
12 county of the owner's principal residence, if the owner is a
13 natural person, or the owner's principal place of doing
14 business in the state, if the owner is not a natural person.
15 However, if the owner declares by affidavit that the
16 aircraft is customarily kept at a landing facility in
17 another county within the state, he may register the
18 aircraft as property within such other county.

19 (5) Except as provided in 15-6-210, all aircraft shall
20 be subject to all state, county, and school district tax
21 levies and all other levies designated for aircraft- or
22 airport-related uses. Such aircraft shall not be liable for
23 other city tax levies. The county treasurer shall credit all
24 aircraft taxes to a suspense fund and, on or before July 1
25 of each year, after deducting any amount of prorated taxes

1 rebated as provided for in 15-24-304(2), shall:

2 (a) transmit 2% of the money in the fund to the state
3 treasurer, who shall deposit the money received in the state
4 special revenue fund to the credit of the department for the
5 purposes provided in 67-1-301; and

6 (b) distribute the remaining money in the fund as
7 required by the levies for state, county, school district,
8 and municipal purposes, in the same manner as other personal
9 property taxes are distributed.

10 (6) Aircraft not registered in the state but entering
11 the state to engage in commercial operations shall be
12 registered prior to commencing operation.

13 (7) Owners of ultralight aircraft for which no
14 appropriate effective license, certificate, or permit is
15 issued by the United States government shall file with the
16 department an appropriate registration recognized and
17 approved by the United States government."

18 NEW SECTION. Section 3. Effective date. This act is
19 effective July 1, 1985.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 371-85Form BD-15

In compliance with a written request received February 9, 19 85, there is hereby submitted a Fiscal Note for H.B. 719 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 revising the law relating to taxation of aircraft; providing for proration of taxes for migratory aircraft; diverting 2 percent of all aircraft tax revenue to the Department of Commerce; amending sections 15-24-304 and 67-3-201, MCA; and providing an effective date.

ASSUMPTIONS:

1. There are 1,783 locally assessed aircraft on which property taxes are paid in Montana; the taxable value of these aircraft is \$5,499,157 (from DOR annual report).
2. This proposal will have little or no impact on property tax collections on aircraft in the state because only a very small number of migratory aircraft (those in the state on or before January 1 of each year) would be affected by it; migratory aircraft coming into the state after January 1 are currently subject to property taxes that are prorated (MCA 15-24-301 and MCA 15-24-303).
3. The School Foundation Levy is 45 mills; the University Levy is 6 mills; the average county mill levy is 227.5 mills.
4. This proposal will affect the allocation of property taxes on aircraft in FY 1986 and FY 1987.

FISCAL IMPACT:

| | FY 86 | | | FY 87 | | |
|--|----------------------|-----------------------|------------|----------------------|-----------------------|------------|
| | Under Current Law | Under Proposed Law | Difference | Under Current Law | Under Proposed Law | Difference |
| Revenues Affecting General Fund: | | | | | | |
| University System (6 mills) | \$ 32,995 | \$ 32,335 | \$ (660) | \$ 32,995 | \$ 32,335 | \$ (660) |
| School Foundation (45 mills) | 247,462 | 242,513 | (4,949) | 247,462 | 242,513 | (4,949) |
| | \$ 280,457 | \$ 274,848 | \$ (5,609) | \$ 280,457 | \$ 274,848 | \$ (5,609) |
| Revenue to Earmarked Special Revenue Fund | \$ -0- | \$ 25,021 | \$ 25,021 | \$ -0- | \$ 25,021 | \$ 25,021 |
| <u>Expenditures:</u> | \$ -0- | \$ 25,021 | \$ 25,021 | -0- | 25,021 | 25,021 |

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 14, 1985

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Estimated Property Tax Allocation From Locally Assessed Aircraft

| | <u>FY 1986</u> | <u>FY 1987</u> |
|-------------------------------|----------------|----------------|
| Under Current Law | \$ 970,601 | \$ 970,601 |
| Under Proposed Law | 951,189 | 951,189 |
| Estimated Increase (Decrease) | \$ (19,412) | \$ (19,412) |

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Future fiscal impact will depend on mill levies and the taxable value of aircraft in the state.

TECHNICAL NOTE:

Through comparisons with FAA records, it is estimated that 40% of the aircraft in the state (1,426 planes) are not currently registered with the state. This note assumes these aircraft will remain unregistered.