

SENATE BILL NO. 386

2/11 Introduced  
2/12 Referred to Taxation  
2/12 Fiscal Note Requested  
2/20 Fiscal Note Received  
3/06 Hearing  
3/08 Adverse Committee Report  
3/08 Reconsideration  
3/08 Rereferred to Taxation  
3/18 Tabled in Committee

1 *Senate* BILL NO. *386*  
 2 INTRODUCED BY *E. Smith* *H. Hammond*  
 3 *Trust*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE LIGHT  
 5 VEHICLE FEE SYSTEM WITH A PROPERTY TAX; AMENDING SECTIONS  
 6 7-1-2111, 7-6-304, 7-6-305, 7-6-309, 15-6-139, 15-6-201,  
 7 15-8-201, 15-8-202, 15-24-101, 15-24-105, 15-24-301,  
 8 15-30-121, 15-31-114, 15-50-207, 20-9-141, 20-9-331,  
 9 20-9-333, 20-9-352, 20-9-501, 20-10-144, 61-3-303, 61-3-332,  
 10 61-3-501 THROUGH 61-3-504, 61-3-509, 61-3-701, AND 61-6-302,  
 11 MCA; REPEALING SECTIONS 61-3-531 THROUGH 61-3-536, MCA; AND  
 12 PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY  
 13 DATE."

14  
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 Section 1. Section 7-1-2111, MCA, is amended to read:  
 17 "7-1-2111. Classification of counties. (†) For the  
 18 purpose of regulating the compensation and salaries of all  
 19 county officers, not otherwise provided for, and for fixing  
 20 the penalties of officers' bonds, the several counties of  
 21 this state shall be classified according to that percentage  
 22 of the true and full valuation of the property therein upon  
 23 which the tax levy is made, as follows:

24 (†)(1) first class--all counties having such a taxable  
 25 valuation of \$50 million or over;

1 (†)(2) second class--all counties having such a  
 2 taxable valuation of more than \$30 million and less than \$50  
 3 million;

4 (†)(3) third class--all counties having such a taxable  
 5 valuation of more than \$20 million and less than \$30  
 6 million;

7 (†)(4) fourth class--all counties having such a  
 8 taxable valuation of more than \$15 million and less than \$20  
 9 million;

10 (†)(5) fifth class--all counties having such a taxable  
 11 valuation of more than \$10 million and less than \$15  
 12 million;

13 (†)(6) sixth class--all counties having such a taxable  
 14 valuation of more than \$5 million and less than \$10 million;

15 (†)(7) seventh class--all counties having such a  
 16 taxable valuation of less than \$5 million.

17 (2)--As--used--in--this--section, taxable-valuation--means  
 18 the--taxable--value--of--taxable--property--in--the--county--as--of  
 19 the--time--of--determination--plus--that--portion--of--the--taxable  
 20 value--of--the--county--on--December--31,--1981--attributable--to  
 21 automobiles--and--trucks--having--a--rated--capacity--of  
 22 three-quarters-of-a-ton-or-less."

23 Section 2. Section 7-6-304, MCA, is amended to read:

24 "7-6-304. Division of block grant funds. The division  
 25 of funds within the local government block grant account is



1 as follows:

2 (1) Except as provided in 7-6-309(1), the general  
3 purpose block grant for municipalities, counties, school  
4 districts, and other jurisdictions must be funded, before  
5 any other distributions are made from the account, ~~in an~~  
6 ~~amount sufficient to cover the reimbursements required by~~  
7 ~~61-3-536.~~

8 (2) (a) The general services block grant for counties  
9 must be funded from a percentage of the remaining funds  
10 deposited in the account equal to the ratio of the  
11 unincorporated population to the state population.

12 (b) The general services block grant for  
13 municipalities must be funded from a percentage of the  
14 remaining funds deposited in the account equal to the ratio  
15 of the incorporated population to the total state  
16 population."

17 Section 3. Section 7-6-305, MCA, is amended to read:

18 "7-6-305. Distribution of general purpose block grant  
19 funds. The general purpose block grant for municipalities,  
20 counties, school districts, and other jurisdictions must be  
21 distributed by the state to counties pursuant to 61-3-536  
22 and by counties to other jurisdictions pursuant to  
23 61-3-509."

24 Section 4. Section 7-6-309, MCA, is amended to read:

25 "7-6-309. Disposition and use of funds. Disbursements

1 from the local government block grant account shall be made  
2 as follows:

3 (1) On October 1, 1983, a disbursement must be made  
4 from the general services block grant that is the lesser of:

5 (a) \$2 million; or

6 (b) one-third of the total general fund appropriation  
7 to the account for the biennium ending June 30, 1985.

8 ~~(2) On March 1, 1984, and March 1 of each succeeding~~  
9 ~~year the reimbursement required by 61-3-536 must be~~  
10 ~~distributed.~~

11 ~~(2)~~ (2) On June 30, 1984, a disbursement must be made  
12 from the general services block grants for municipalities  
13 and counties that equals the amount which is the lesser of  
14 the difference between the account balance on that date and:

15 (a) \$3 million dollars; or

16 (b) one-half of the total general fund appropriation  
17 to the account for the biennium ending June 30, 1985.

18 ~~(3)~~ (3) On June 30, 1985, and June 30 of each  
19 succeeding year, all funds remaining in the account must be  
20 distributed.

21 ~~(4)~~ (4) The funds distributed by this part may be used  
22 for any purpose authorized by law."

23 Section 5. Section 15-6-139, MCA, is amended to read:

24 "15-6-139. Class nine property -- description --  
25 taxable percentage. (1) Class nine property includes:

1 (a) automobiles, buses, and trucks having a rated  
2 capacity of ~~more than three-quarters-of-a-ton-but~~ less than  
3 or equal to 1 1/2 tons;

4 (b) truck toppers weighing more than 300 pounds;

5 (c) furniture, fixtures, and equipment, except that  
6 specifically included in another class, used in commercial  
7 establishments as defined in this section;

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

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

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

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

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

16 "15-6-201. Exempt categories. (1) The following  
17 categories of property are exempt from taxation:

18 (a) the property of:

19 (i) the United States, the state, counties, cities,  
20 towns, school districts;

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

23 (iii) municipal corporations; and

24 (iv) public libraries;

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

1 therein, owned by a church and used for actual religious  
2 worship or for residences of the clergy, together with  
3 adjacent land reasonably necessary for convenient use of  
4 such buildings;

5 (c) property used exclusively for agricultural and  
6 horticultural societies, for educational purposes, and for  
7 hospitals;

8 (d) property that meets the following conditions:

9 (i) is owned and held by any association or  
10 corporation organized under Title 35, chapter 2, 3, 20, or  
11 21;

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

16 (iii) is not maintained and operated for private or  
17 corporate profit;

18 (e) institutions of purely public charity;

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

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

23 (h) all household goods and furniture, including but  
24 not limited to clocks, musical instruments, sewing machines,  
25 and wearing apparel of members of the family, used by the

1 owner for personal and domestic purposes or for furnishing  
2 or equipping the family residence;

3 (i) a truck canopy cover or topper weighing less than  
4 300 pounds and having no accommodations attached. Such  
5 property is also exempt from the fee in lieu of tax.

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

8 ~~{k}--automobiles--and--trucks--having--a--rated--capacity--of~~  
9 ~~three-quarters-of-a-ton-or-less;~~

10 ~~{t}{k}~~(k) fixtures, buildings, and improvements owned by  
11 a cooperative association or nonprofit corporation organized  
12 to furnish potable water to its members or customers for  
13 uses other than the irrigation of agricultural land;

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

19 ~~{n}{m}~~(m) property owned and used by a corporation or  
20 association organized and operated exclusively for the care  
21 of the developmentally disabled, mentally ill, or  
22 vocationally handicapped as defined in 18-5-101, which is  
23 not operated for gain or profit.

24 (2) (a) The term "institutions of purely public  
25 charity" includes organizations owning and operating

1 facilities for the care of the retired or aged or  
2 chronically ill, which are not operated for gain or profit.

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

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

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

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

17 Section 7. Section 15-8-201, MCA, is amended to read:

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

1 assess all mobile homes arriving in the county after  
2 midnight of January 1 next preceding. No mistake in the name  
3 of the owner or supposed owner of real property, however,  
4 renders the assessment invalid.

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

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

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

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

14 ~~(d)~~ livestock;

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

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

21 (3) Credits must be assessed as provided in  
22 15-1-101~~(1)~~~~(c)~~~~(d)~~."

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

24 "15-8-202. Motor vehicle assessment. (1) (a) The  
25 department or its agent must, in each year, ascertain and

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

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

24 (c) "Purchasers" includes dealers who apply for  
25 registration or reregistration of motor vehicles, except as

1 otherwise provided by 61-3-502.

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

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

11 Section 9. Section 15-24-101, MCA, is amended to read:

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

25 (2) With respect to any fleet contained in an original

1 application which has a situs for purpose of property  
2 taxation in Montana by the terms of this part or any other  
3 provision of the laws of Montana between January 1 and April  
4 1, the taxable vehicles are taxed for a full year. With  
5 respect to any fleet contained in an original application  
6 which acquires a situs for the purpose of property taxation  
7 in Montana under the provisions of this part or any other  
8 law of the state of Montana after April 1, the taxes on  
9 taxable vehicles are apportioned as provided in 15-24-303.

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

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

19 ~~(5)~~(4) Vehicles contained in a fleet for which current  
20 taxes, fees, or both have been assessed and paid shall not  
21 be assessed or charged fees under this section upon  
22 presentation to the department of proof of payment of taxes,  
23 or fees, or both for the current registration year. The  
24 payment of personal property taxes, fees, or both, is a  
25 condition precedent to proportional registration or

1 reregistration of an interstate motor vehicle fleet."

2 Section 10. Section 15-24-105, MCA, is amended to  
3 read:

4 "15-24-105. Deposit and distribution of taxes and fees  
5 on proportionally registered fleets. The personal property  
6 taxes and license fees collected under this part shall be  
7 deposited with the state treasurer for distribution to the  
8 general fund of each county on the following basis:

9 (1) for personal property taxes, according to the  
10 ratio of the taxable valuation of each county to the total  
11 state taxable valuation; and

12 (2) for ~~light~~ vehicle license fees, according to the  
13 ratio of ~~light~~ vehicle license fees, other than fees derived  
14 from interstate motor vehicle fleets, collected in each  
15 county to the sum of all such fees collected in all the  
16 counties."

17 Section 11. Section 15-24-301, MCA, is amended to  
18 read:

19 "15-24-301. Personal property brought into the state  
20 -- assessment -- exceptions -- custom combine equipment. (1)  
21 Except as provided in subsections (2) through ~~(6)~~ (5),  
22 property in the following cases is subject to taxation and  
23 assessment for all taxes levied that year in the county in  
24 which it is located:

25 (a) any personal property (including livestock)

1 brought, driven, or coming into this state at any time  
2 during the year that is used in the state for hire,  
3 compensation, or profit;

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

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

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

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

18 (4) Any motor vehicle ~~not-subject-to-the-light-vehicle~~  
19 ~~license-fee~~ brought, driven, or coming into this state by  
20 any nonresident person temporarily employed in Montana and  
21 used exclusively for transportation of such person is  
22 subject to taxation and assessment for taxes as follows:

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

25 (b) One-fourth of the annual tax liability of the



1 motor vehicle must be paid for each quarter or portion of a  
2 quarter of the year that the motor vehicle is located in  
3 Montana.

4 (c) The quarterly taxes are due the first day of the  
5 quarter.

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

13 ~~(6) The provisions of this part do not apply to~~  
14 ~~automobiles and trucks having a rated capacity of~~  
15 ~~three-quarters of a ton or less. These vehicles are subject~~  
16 ~~to the fee provided for in 61-3-532.~~

17 Section 12. Section 15-30-121, MCA, is amended to  
18 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 Section 13. Section 15-31-114, MCA, is amended to  
8 read:

9 "15-31-114. Deductions allowed in computing income. In  
10 computing the net income, the following deductions shall be  
11 allowed from the gross income received by such corporation  
12 within the year from all sources:

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

1 connection with securing such income shall be deductible.

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

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

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

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

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

1 (B) The deduction for depletion shall not exceed the  
 2 amount which would be allowable if computed under the cost  
 3 method.

4 (C) Any net operating loss carried over to any taxable  
 5 years beginning after December 31, 1978, must be calculated  
 6 under the provisions of this section effective for the  
 7 taxable year for which the return claiming the net operating  
 8 loss carryover is filed.

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

12 (iv) In the case of a merger of corporations, the  
 13 surviving corporation shall not be allowed a net operating  
 14 loss deduction for net operating losses sustained by the  
 15 merged corporations prior to the date of merger. In the case  
 16 of a consolidation of corporations, the new corporate entity  
 17 shall not be allowed a deduction for net operating losses  
 18 sustained by the consolidated corporations prior to the date  
 19 of consolidation.

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

23 (vi) The net operating loss deduction shall not be  
 24 allowed with respect to taxable periods which ended on or  
 25 before December 31, 1970, but shall be allowed only with

1 respect to taxable periods beginning on or after January 1,  
2 1971.

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

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

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

- 22 (i) Taxes imposed by this part.  
23 (ii) Taxes assessed against local benefits of a kind  
24 tending to increase the value of the property assessed.  
25 (iii) Taxes on or according to or measured by net

1 income or profits imposed by authority of the government of  
2 the United States.

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

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

8 ~~†6†--Eight---vehicle---license---fees,---as---provided---by~~  
9 ~~61-3-532,---paid---within---the---year.~~

10 ~~†7†(6)~~ That portion of an energy-related investment  
11 allowed as a deduction under 15-32-103.

12 ~~†8†(7)~~ (a) Except as provided in subsection (b),  
13 charitable contributions and gifts that qualify for  
14 deduction under section 170 of the Internal Revenue Code, as  
15 amended.

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

19 ~~†9†(8)~~ In lieu of the deduction allowed under  
20 subsection ~~†8†(7)~~, the taxpayer may deduct the fair market  
21 value, not to exceed 30% of the taxpayer's net income, of a  
22 computer or other sophisticated technological equipment or  
23 apparatus intended for use with the computer donated to an  
24 elementary, secondary, or accredited postsecondary school  
25 located in Montana if:

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

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

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

11 Section 14. Section 15-50-207, MCA, is amended to  
12 read:

13 "15-50-207. Credit against other taxes -- credit for  
14 personal property taxes and certain fees. (1) The additional  
15 license fees withheld or otherwise paid as provided herein  
16 may be used as a credit on the contractor's corporation  
17 license tax provided for in chapter 31 of this title or on  
18 the contractor's income tax provided for in chapter 30,  
19 depending upon the type of tax the contractor is required to  
20 pay under the laws of the state.

21 (2) Personal property taxes ~~or-light-vehicle-license~~  
22 ~~fees, as provided--by--61-3-532,~~ paid in Montana on any  
23 personal property of the contractor which is used in the  
24 business of the contractor and is located within this state  
25 may be credited against the license fees required under this

1 chapter. However, in computing the tax credit allowed by  
2 this section against the contractor's corporation license  
3 tax or income tax, the personal property tax ~~or-light~~  
4 ~~vehicle-license-fee~~ credit against the license fees herein  
5 required shall not be considered as license fees paid for  
6 the purpose of such income tax or corporation license tax  
7 credit."

8 Section 15. Section 20-9-141, MCA, is amended to read:

9 "20-9-141. Computation of general fund net levy  
10 requirement by county superintendent. (1) The county  
11 superintendent shall compute the levy requirement for each  
12 district's general fund on the basis of the following  
13 procedure:

14 (a) Determine the total of the district's nonisolated  
15 school foundation program requirement to be met by a  
16 district levy as provided in 20-9-303, the district's  
17 permissive levy amount as provided in 20-9-352, and any  
18 additional levies authorized by the electors of the district  
19 under the provisions of 20-9-353, except that the total of  
20 the permissive and additional levies shall not exceed the  
21 total amount of the final general fund budget less the  
22 foundation program.

23 (b) Determine the total of the moneys available for  
24 the reduction of the property tax on the district for the  
25 general fund by totaling:

1 (i) anticipated federal moneys received under the  
2 provisions of Title I of Public Law 81-874 or other  
3 anticipated federal moneys received in lieu of such federal  
4 act;

5 (ii) anticipated tuition payments for out-of-district  
6 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,  
7 and 20-5-313;

8 (iii) general fund cash reappropriated, as established  
9 under the provisions of 20-9-104;

10 (iv) anticipated state impact aid received under the  
11 provisions of 20-9-304;

12 ~~{v}~~~~---anticipated-motor-vehicie-fees---and---reimbursement~~  
13 ~~under-the-provisions-of-61-3-532-and-61-3-536;~~

14 ~~{vi}~~{v} anticipated interest to be earned by the  
15 investment of general fund cash in accordance with the  
16 provisions of 20-9-213(4); and

17 ~~{vii}~~{vi} any other revenue anticipated by the trustees  
18 to be received during the ensuing school fiscal year which  
19 may be used to finance the general fund.

20 (c) Subtract the total of the moneys available to  
21 reduce the property tax required to finance the general fund  
22 that has been determined in subsection (1)(b) from the total  
23 levy requirement determined in subsection (1)(a).

24 (2) The net general fund levy requirement determined  
25 in subsection (1)(c) shall be reported to the county

1 commissioners on the second Monday of August by the county  
2 superintendent as the general fund levy requirement for the  
3 district, and a levy shall be made by the county  
4 commissioners in accordance with 20-9-142."

5 Section 16. Section 20-9-331, MCA, is amended to read:

6 "20-9-331. Basic county tax and other revenues for  
7 county equalization of the elementary district foundation  
8 program. (1) It shall be the duty of the county  
9 commissioners of each county to levy an annual basic tax of  
10 28 mills on the dollars of the taxable value of all taxable  
11 property within the county for the purposes of local and  
12 state foundation program support. The revenue to be  
13 collected from this levy shall be apportioned to the support  
14 of the foundation programs of the elementary school  
15 districts in the county and to the state special revenue  
16 fund, state equalization aid account, in the following  
17 manner:

18 (a) In order to determine the amount of revenue raised  
19 by this levy which is retained by the county, the sum of the  
20 estimated revenues identified in subsections (2)(a) through  
21 (2){#}{e} below shall be subtracted from the sum of the  
22 county elementary transportation obligation and the total of  
23 the foundation programs of all elementary districts of the  
24 county.

25 (b) If the basic levy prescribed by this section

1 produces more revenue than is required to finance the  
2 difference determined above, the county commissioners shall  
3 order the county treasurer to remit the surplus funds to the  
4 state treasurer for deposit to the state special revenue  
5 fund, state equalization aid account, not later than June 1  
6 of the fiscal year for which the levy has been set.

7 (2) The proceeds realized from the county's portion of  
8 the levy prescribed by this section and the revenues from  
9 the following sources shall be used for the equalization of  
10 the elementary district foundation programs of the county as  
11 prescribed in 20-9-334, and a separate accounting shall be  
12 kept of such proceeds and revenues by the county treasurer  
13 in accordance with 20-9-212(1):

14 (a) the portion of the federal Taylor Grazing Act  
15 funds distributed to a county and designated for the common  
16 school fund under the provisions of 17-3-222;

17 (b) the portion of the federal flood control act funds  
18 distributed to a county and designated for expenditure for  
19 the benefit of the county common schools under the  
20 provisions of 17-3-232;

21 (c) all money paid into the county treasury as a  
22 result of fines for violations of law and the use of which  
23 is not otherwise specified by law;

24 (d) any money remaining at the end of the immediately  
25 preceding school fiscal year in the county treasurer's

1 account for the various sources of revenue established or  
2 referred to in this section; and

3 (e) any federal or state money, ~~including anticipated~~  
4 ~~motor vehicle fees and reimbursement under the provisions of~~  
5 ~~61-3-532 and 61-3-536,~~ distributed to the county as payment  
6 in lieu of the property taxation established by the county  
7 levy required by this section."

8 Section 17. Section 20-9-333, MCA, is amended to read:

9 "20-9-333. Basic special levy and other revenues for  
10 county equalization of high school district foundation  
11 program. (1) It shall be the duty of the county  
12 commissioners of each county to levy an annual basic special  
13 tax for high schools of 17 mills on the dollar of the  
14 taxable value of all taxable property within the county for  
15 the purposes of local and state foundation program support.  
16 The revenue to be collected from this levy shall be  
17 apportioned to the support of the foundation programs of  
18 high school districts in the county and to the state special  
19 revenue fund, state equalization aid account, in the  
20 following manner:

21 (a) In order to determine the amount of revenue raised  
22 by this levy which is retained by the county, the estimated  
23 revenues identified in subsections (2)(a) and (2)(b) below  
24 shall be subtracted from the sum of the county's high school  
25 tuition obligation and the total of the foundation programs

1 of all high school districts of the county.

2 (b) If the basic levy prescribed by this section  
3 produces more revenue than is required to finance the  
4 difference determined above, the county commissioners shall  
5 order the county treasurer to remit the surplus to the state  
6 treasurer for deposit to the state special revenue fund,  
7 state equalization aid account, not later than June 1 of the  
8 fiscal year for which the levy has been set.

9 (2) The proceeds realized from the county's portion of  
10 the levy prescribed in this section and the revenues from  
11 the following sources shall be used for the equalization of  
12 the high school district foundation programs of the county  
13 as prescribed in 20-9-334, and a separate accounting shall  
14 be kept of these proceeds by the county treasurer in  
15 accordance with 20-9-212(1):

16 (a) any money remaining at the end of the immediately  
17 preceding school fiscal year in the county treasurer's  
18 account for deposit of the proceeds from the levy  
19 established in this section; and

20 (b) any federal or state moneys, ~~including anticipated~~  
21 ~~motor-vehicle-fees-and-reimbursement-under-the-provisions-of~~  
22 ~~61-3-532-and-61-3-536~~, distributed to the county as a  
23 payment in lieu of the property taxation established by the  
24 county levy required by this section."

25 Section 18. Section 20-9-352, MCA, is amended to read:

1 "20-9-352. Permissive amount and permissive levy. (1)  
2 Whenever the trustees of any district shall deem it  
3 necessary to adopt a general fund budget in excess of the  
4 foundation program amount but not in excess of the maximum  
5 general fund budget amount for such district as established  
6 by the schedules in 20-9-316 through 20-9-321, the trustees  
7 shall adopt a resolution stating the reasons and purposes  
8 for exceeding the foundation program amount. Such excess  
9 above the foundation program amount shall be known as the  
10 "permissive amount", and it shall be financed by a levy on  
11 the taxable value of all taxable property within the  
12 district as prescribed in 20-9-141, supplemented with any  
13 biennial appropriation by the legislature for this purpose.

14 (2) The district levies to be set for the purpose of  
15 funding the permissive amount are determined as follows:

16 (a) For each elementary school district, the county  
17 commissioners shall annually set a levy not exceeding 6  
18 mills on all the taxable property in the district for the  
19 purpose of funding the permissive amount of the district.  
20 The permissive levy in mills shall be obtained by  
21 multiplying the ratio of the permissive amount to the  
22 maximum permissive amount by 6 or by using the number of  
23 mills which would fund the permissive amount, whichever is  
24 less. If the amount of revenue raised by this levy, ~~plus~~  
25 ~~anticipated--motor--vehicle-fees-and-reimbursement-under-the~~



1 ~~provisions of 61-3-532 and 61-3-536~~, is not sufficient to  
 2 fund the permissive amount in full, the amount of the  
 3 deficiency shall be paid to the district from the state  
 4 special revenue fund according to the provisions of 20-9-351  
 5 and subsection (3) of this section.

6 (b) For each high school district, the county  
 7 commissioners shall annually set a levy not exceeding 4  
 8 mills on all taxable property in the district for the  
 9 purpose of funding the permissive amount of the district.  
 10 The permissive levy in mills shall be obtained by  
 11 multiplying the ratio of the permissive levy to the maximum  
 12 permissive amount by 4 or by using the number of mills which  
 13 would fund the permissive amount, whichever is less. If the  
 14 amount of revenue raised by this levy ~~plus anticipated~~  
 15 ~~motor vehicle fees and reimbursement under the provisions of~~  
 16 ~~61-3-532 and 61-3-536~~, is not sufficient to fund the  
 17 permissive amount in full, the amount of the deficiency  
 18 shall be paid to the district from the state special revenue  
 19 fund according to the provisions of 20-9-351 and subsection  
 20 (3) of this section. The superintendent of public  
 21 instruction shall, if the appropriation by the legislature  
 22 for the permissive account [program] for the biennium is  
 23 insufficient, request the budget director to submit a  
 24 request for a supplemental appropriation in the second year  
 25 of the biennium.

1 (3) Such distribution shall be made in two payments.  
 2 The first payment shall be made at the same time as the  
 3 first distribution of state equalization aid is made after  
 4 January 1 of the fiscal year. The second payment shall be  
 5 made at the same time as the last payment of state  
 6 equalization aid is made for the fiscal year. If the  
 7 appropriation is not sufficient to finance the deficiencies  
 8 of the districts as determined according to subsection (2),  
 9 each district will receive the same percentage of its  
 10 deficiency. Surplus revenue in the second year of the  
 11 biennium may be used to reduce the appropriation required  
 12 for the next succeeding biennium or may be transferred to  
 13 the state equalization aid state special revenue fund if  
 14 revenues in that fund are insufficient to meet foundation  
 15 program requirements."

16 Section 19. Section 20-9-501, MCA, is amended to read:  
 17 "20-9-501. Retirement fund. (1) The trustees of any  
 18 district employing personnel who are members of the  
 19 teachers' retirement system or the public employees'  
 20 retirement system or who are covered by unemployment  
 21 insurance or who are covered by any federal social security  
 22 system requiring employer contributions shall establish a  
 23 retirement fund for the purposes of budgeting and paying the  
 24 employer's contributions to such systems. The district's  
 25 contribution for each employee who is a member of the

1 teachers' retirement system shall be calculated in  
 2 accordance with Title 19, chapter 4, part 6. The district's  
 3 contribution for each employee who is a member of the public  
 4 employees' retirement system shall be calculated in  
 5 accordance with 19-3-801. The district may levy a special  
 6 tax to pay its contribution to the public employees'  
 7 retirement system under the conditions prescribed in  
 8 19-3-204. The district's contributions for each employee  
 9 covered by any federal social security system shall be paid  
 10 in accordance with federal law and regulation. The  
 11 district's contribution for each employee who is covered by  
 12 unemployment insurance shall be paid in accordance with  
 13 Title 39, chapter 51, part 11.

14 (2) The trustees of any district required to make a  
 15 contribution to any such system shall include in the  
 16 retirement fund of the preliminary budget the estimated  
 17 amount of the employer's contribution and such additional  
 18 moneys, within legal limitations, as they may wish to  
 19 provide for the retirement fund cash reserve. After the  
 20 final retirement fund budget has been adopted, the trustees  
 21 shall pay the employer contributions to such systems in  
 22 accordance with the financial administration provisions of  
 23 this title.

24 (3) When the final retirement fund budget has been  
 25 adopted, the county superintendent shall establish the levy

1 requirement by:

2 (a) determining the sum of the moneys available to  
 3 reduce the retirement fund levy requirement by adding:

4 (i) any anticipated moneys that may be realized in the  
 5 retirement fund during the ensuing school fiscal year,  
 6 ~~including--anticipated--motor-vehicle-fees-and-reimbursement~~  
 7 ~~under-the-provisions-of-61-3-532-and-61-3-536; and~~

8 (ii) any cash available for reappropriation as  
 9 determined by subtracting the amount of the end-of-the-year  
 10 cash balance earmarked as the retirement fund cash reserve  
 11 for the ensuing school fiscal year by the trustees from the  
 12 end-of-the-year cash balance in the retirement fund. The  
 13 retirement fund cash reserve shall not be more than 35% of  
 14 the final retirement fund budget for the ensuing school  
 15 fiscal year and shall be used for the purpose of paying  
 16 retirement fund warrants issued by the district under the  
 17 final retirement fund budget.

18 (b) subtracting the total of the moneys available for  
 19 reduction of the levy requirement as determined in  
 20 subsection (3)(a) from the budgeted amount for expenditures  
 21 in the final retirement fund budget.

22 (4) The county superintendent shall total the net  
 23 retirement fund levy requirements separately for all  
 24 elementary school districts, all high school districts, and  
 25 all community college districts of the county, including any

1 prorated joint district or special educational cooperative  
 2 agreement levy requirements, and shall report each such levy  
 3 requirement to the county commissioners on the second Monday  
 4 of August as the respective county levy requirements for  
 5 elementary district, high school district, and community  
 6 college district retirement funds. The county commissioners  
 7 shall fix and set such county levy in accordance with  
 8 20-9-142.

9 (5) The net retirement fund levy requirement for a  
 10 joint elementary district or a joint high school district  
 11 shall be prorated to each county in which a part of such  
 12 district is located in the same proportion as the district  
 13 ANB of the joint district is distributed by pupil residence  
 14 in each such county. The county superintendents of the  
 15 counties affected shall jointly determine the net retirement  
 16 fund levy requirement for each county as provided in  
 17 20-9-151.

18 (6) The net retirement fund levy requirement for  
 19 districts that are members of special educational  
 20 cooperative agreements shall be prorated to each county in  
 21 which such district is located in the same proportion as the  
 22 budget for the special education cooperative agreement of  
 23 the district bears to the total budget of the cooperative.  
 24 The county superintendents of the counties affected shall  
 25 jointly determine the net retirement fund levy requirement

1 for each county in the same manner as provided in 20-9-151  
 2 and fix and levy the net retirement fund levy for each  
 3 county in the same manner as provided in 20-9-152."

4 Section 20. Section 20-10-144, MCA, is amended to  
 5 read:

6 "20-10-144. Computation of revenues and net tax levy  
 7 requirements for the transportation fund budget. Before the  
 8 fourth Monday of July and in accordance with 20-9-123, the  
 9 county superintendent shall compute the revenue available to  
 10 finance the transportation fund budget of each district. The  
 11 county superintendent shall compute the revenue for each  
 12 district on the following basis:

13 (1) The "schedule amount" of the preliminary budget  
 14 expenditures that is derived from the rate schedules in  
 15 20-10-141 and 20-10-142 shall be determined by adding the  
 16 following amounts:

17 (a) the sum of the maximum reimbursable expenditures  
 18 for all approved school bus routes maintained by the  
 19 district (to determine the maximum reimbursable expenditure,  
 20 multiply the applicable rate per bus mile by the total  
 21 number of miles to be traveled during the ensuing school  
 22 fiscal year on each bus route approved by the county  
 23 transportation committee and maintained by such district);  
 24 plus

25 (b) the total of all individual transportation per

1 diem reimbursement rates for such district as determined  
 2 from the contracts submitted by the district multiplied by  
 3 the number of pupil-instruction days scheduled for the  
 4 ensuing school attendance year; plus

5 (c) any estimated costs for supervised home study or  
 6 supervised correspondence study for the ensuing school  
 7 fiscal year; plus

8 (d) the amount budgeted on the preliminary budget for  
 9 the contingency amount permitted in 20-10-143, except if  
 10 such amount exceeds 10% of the total of subsections (1)(a),  
 11 (1)(b), and (1)(c) or \$100, whichever is larger, the  
 12 contingency amount on the preliminary budget shall be  
 13 reduced to such limitation amount and used in this  
 14 determination of the schedule amount.

15 (2) The schedule amount determined in subsection (1)  
 16 or the total preliminary transportation fund budget,  
 17 whichever is smaller, shall be divided by 3 and the  
 18 resulting one-third amount shall be used to determine the  
 19 available state and county revenue to be budgeted on the  
 20 following basis:

21 (a) the resulting one-third amount shall be the  
 22 budgeted state transportation reimbursement, except that the  
 23 state transportation reimbursement for the transportation of  
 24 special education pupils under the provisions of 20-7-442  
 25 shall be two-thirds of the schedule amount attributed to the

1 transportation of special education pupils;

2 (b) the resulting one-third amount, except as provided  
 3 for joint elementary districts in subsection (2)(e), shall  
 4 be the budgeted county transportation reimbursement for  
 5 elementary districts and shall be financed by the basic  
 6 county tax under the provisions of 20-9-334;

7 (c) the resulting one-third amount multiplied by 2  
 8 shall be the budgeted county transportation reimbursement  
 9 amount for high school districts financed under the  
 10 provisions of subsection (5) of this section, except as  
 11 provided for joint high school districts in subsection  
 12 (2)(e), and except that the county transportation  
 13 reimbursement for the transportation of special education  
 14 pupils under the provisions of 20-7-442 shall be one-third  
 15 of the schedule amount attributed to the transportation of  
 16 special education pupils;

17 (d) when the district has a sufficient amount of cash  
 18 for reappropriation and other sources of district revenue,  
 19 as determined in subsection (3), to reduce the total  
 20 district obligation for financing to zero, any remaining  
 21 amount of such district revenue and cash reappropriated  
 22 shall be used to reduce the county financing obligation in  
 23 subsections (2)(b) or (2)(c) and, if such county financing  
 24 obligations are reduced to zero, to reduce the state  
 25 financial obligation in subsection (2)(a); and

(e) the county revenue requirement for a joint district, after the application of any district moneys under subsection (2)(d) above, shall be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each such county.

(3) The total of the moneys available for the reduction of property tax on the district for the transportation fund shall be determined by totaling:

(a) anticipated federal moneys received under the provisions of Title I of Public Law 81-874 or other anticipated federal moneys received in lieu of such federal act; plus

(b) anticipated payments from other districts for providing school bus transportation services for such district; plus

(c) anticipated payments from a parent or guardian for providing school bus transportation services for his child; plus

(d) anticipated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4); plus

~~(e) anticipated motor vehicle fees and reimbursement under the provisions of 61-3-532 and 61-3-536; plus~~

~~(f)~~(e) any other revenue anticipated by the trustees

to be earned during the ensuing school fiscal year which may be used to finance the transportation fund; plus

~~(g)~~(f) any cash available for reappropriation as determined by subtracting the amount of the end-of-the-year cash balance earmarked as the transportation fund cash reserve for the ensuing school fiscal year by the trustees from the end-of-the-year cash balance in the transportation fund. Such cash reserve shall not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and shall be for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund shall be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount and, for an elementary district, adding such difference to the district obligation to finance one-third of the schedule amount as determined in subsection (2); and

(b) subtracting the amount of moneys available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a) above.

(5) The county levy requirement for the financing of the county transportation reimbursement to high school

1 districts shall be computed by adding all such requirements  
 2 for all the high school districts of the county, including  
 3 the county's obligation for reimbursements in joint high  
 4 school districts.

5 (6) The transportation fund levy requirements  
 6 determined in subsection (4) for each district and in  
 7 subsection (5) for the county shall be reported to the  
 8 county commissioners on the second Monday of August by the  
 9 county superintendent as the transportation fund levy  
 10 requirements for the district and for the county, and such  
 11 levies shall be made by the county commissioners in  
 12 accordance with 20-9-142."

13 Section 21. 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

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 22. Section 61-3-332, MCA, is amended to read:

11 "61-3-332. Number plates. (1) Every motor vehicle  
12 which shall be driven upon the streets or highways of this  
13 state shall display both front and rear a number plate,  
14 bearing the distinctive number assigned such vehicle. Such  
15 number plate shall be in eight series: one series for owners  
16 of motorcars, one for owners of motor vehicles of the  
17 motorcycle type, one for trailers, one for trucks, one for  
18 dealers in vehicles of the motorcycle type which shall bear  
19 the distinctive letters "MCD" or the letters "MC" and the  
20 word "DEALER", one for franchised dealers in new motorcars  
21 (including trucks and trailers) or new and used motorcars  
22 (including trucks and trailers) which shall bear the  
23 distinctive letter "D" or the word "DEALER", one for dealers  
24 in used motorcars only (including used trucks and trailers)  
25 which shall bear the distinctive letters "UD" or the letter

1 "U" and the word "DEALER", and one for dealers in trailers  
2 and/or semitrailers (new or used) which shall bear the  
3 distinctive letters "DTR" or the letters "TR" and the word  
4 "DEALER". All such markings for the aforementioned kinds of  
5 dealers' plates shall be placed on the number plates  
6 assigned thereto in such position thereon as the division  
7 may designate.

8 (2) All number plates for motor vehicles shall be  
9 issued for a minimum period of 4 years, shall bear a  
10 distinctive marking, and shall be furnished by the state.  
11 In years when number plates are not issued, the division  
12 shall provide nonremovable stickers bearing appropriate  
13 registration numbers which shall be affixed to the license  
14 plates in use.

15 (3) In the case of motorcars and trucks, number plates  
16 shall be of metal 6 inches wide and 12 inches in length. For  
17 number plates issued after 1976, the outline of the state  
18 of Montana shall be used as a distinctive border on such  
19 license plates, and the word "Montana" with the year shall  
20 be placed across the bottom of the plate. Such registration  
21 plate shall be treated with a reflectorized background  
22 material according to specifications prescribed by the  
23 division.

24 (4) The distinctive registration numbers shall begin  
25 with a number one or with a letter-number combination such

1 as "A 1" or "AA 1", or any other similar combination of  
 2 letters and numbers and be numbered consecutively for each  
 3 series of plates. The distinctive registration number or  
 4 letter-number combination assigned to the vehicle shall  
 5 appear on the plate preceded by the number of the county and  
 6 appearing in horizontal order on the same horizontal  
 7 baseline, and the county number shall be separated from the  
 8 distinctive registration number by a separation mark unless  
 9 a letter-number combination is used. The dimensions of such  
 10 numerals and letters shall be determined by the division,  
 11 provided that all county and registration numbers shall be  
 12 of equal height.

13 (5) For the use of tax-exempt motor vehicles ~~that are~~  
 14 ~~also exempt from the light vehicle license fee as provided~~  
 15 ~~in subsection (2)(a) of 61-3-532~~, in addition to the  
 16 markings herein provided, number plates shall have thereon  
 17 the following distinctive markings:

18 (a) For vehicles owned by the state the division may  
 19 designate the prefix number for the various state  
 20 departments, and all numbered plates issued to state  
 21 departments shall bear the words "State Owned" and no year  
 22 number will be indicated thereon as these numbered plates  
 23 will be of a permanent nature and will be replaced by the  
 24 division at such time when the physical condition of  
 25 numbered plates requires same.

1 (b) For vehicles owned by the counties,  
 2 municipalities, irrigation districts organized under the  
 3 laws of Montana and not operating for profit, and school  
 4 districts and used and operated by officials and employees  
 5 thereof in line of duty as such, and for vehicles on loan  
 6 from the United States government or the state of Montana,  
 7 to, or owned by, the civil air patrol and used and operated  
 8 by officials and employees thereof in the line of duty as  
 9 such, there shall be placed on the number plates assigned  
 10 thereto, in such position thereon as the division may  
 11 designate, the letter "X" or the word "EXEMPT". Distinctive  
 12 registration numbers for plates assigned to motor vehicles  
 13 of each of the counties in the state and those of the  
 14 municipalities and school districts situated within each of  
 15 said counties and those of the irrigation districts which  
 16 obtain plates within each county shall begin with number one  
 17 and be numbered consecutively.

18 (6) On all number plates assigned to motor vehicles of  
 19 the truck and trailer type, other than tax-exempt trucks  
 20 ~~that are also exempt from the light vehicle license fee as~~  
 21 ~~provided in subsection (2)(a) of 61-3-532~~ and tax exempt  
 22 trailers, there shall appear the letter "T" or the word  
 23 "TRUCK" for plates assigned to trucks and the letters "TR"  
 24 or the word "TRAILER" for plates assigned to trailers and  
 25 housetrailer. The letters "MC" or the word "CYCLE" shall



1 appear for plates assigned to vehicles of the motorcycle  
2 type.

3 (7) Number plates issued to a passenger car, truck,  
4 trailer, or vehicle of the motorcycle type may be  
5 transferred only to a replacement passenger car, truck,  
6 trailer, or motorcycle type vehicle. No registration or  
7 license fee may be assessed upon a transfer of a number  
8 plate under 61-3-317 and 61-3-335.

9 (8) For the purpose of this chapter, the several  
10 counties of the state shall be assigned numbers as follows:  
11 Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4;  
12 Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8;  
13 Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12;  
14 Ravalli, 13; Custer, 14; Lake, 15; Dawson, 16; Roosevelt,  
15 17; Beaverhead, 18; Chouteau, 19; Valley, 20; Toole, 21; Big  
16 Horn, 22; Musselshell, 23; Blaine, 24; Madison, 25; Pondera,  
17 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30;  
18 Teton, 31; Stillwater, 32; Treasure, 33; Sheridan, 34;  
19 Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38;  
20 Fallon, 39; Sweet Grass, 40; McCone, 41; Carter, 42;  
21 Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46;  
22 Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson,  
23 51; Wibaux, 52; Golden Valley, 53; Mineral, 54; Petroleum,  
24 55; Lincoln, 56. Any new counties shall be assigned numbers  
25 by the division as they may be formed, beginning with the

1 number 57."

2 Section 23. Section 61-3-501, MCA, is amended to read:  
3 "61-3-501. When vehicle taxes and fees are due. (1)  
4 Property taxes, new car taxes, ~~light-vehicle-license-fees,~~  
5 and fees in lieu of tax on a motor home or travel trailer  
6 must be paid on the date of registration or reregistration  
7 of the vehicle.

8 (2) If the anniversary date for reregistration of a  
9 vehicle passes while the vehicle is owned and held for sale  
10 by a licensed new or used car dealer, property taxes, ~~light~~  
11 ~~vehicle--license--fees,~~ or the fee in lieu of property taxes  
12 abate on such vehicle properly reported with the department  
13 of revenue until the vehicle is sold and thereafter the  
14 purchaser shall pay the pro rata balance of the taxes or the  
15 fee in lieu of tax due and owing on the vehicle.

16 (3) In the event a vehicle's registration period is  
17 changed under 61-3-315, all taxes and other fees due thereon  
18 shall be prorated and paid from the last day of the old  
19 period until the first day of the new period in which the  
20 vehicle shall be registered. Thereafter taxes and other fees  
21 must be paid from the first day of the new period for a  
22 minimum period of 1 year. When the change is to a later  
23 registration period, taxes and fees shall be prorated and  
24 paid based on the same tax year as the original registration  
25 period. Thereafter, during the appropriate anniversary

1 registration period, each vehicle shall again register or  
2 reregister and shall pay all taxes and fees due thereon for  
3 a 12-month period."

4 Section 24. Section 61-3-502, MCA, is amended to read:

5 "61-3-502. Sales tax on new motor vehicles --  
6 exemptions. (1) In consideration of the right to use the  
7 highways of the state, there is imposed a tax upon all sales  
8 of new motor vehicles for which a license is sought and an  
9 original application for title is made. The tax shall be  
10 paid by the purchaser when he applies for his original  
11 Montana license through the county treasurer.

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

14 (a) 1 1/2% of the f.o.b. factory list price or f.o.b.  
15 port-of-entry list price, during the first quarter of the  
16 year or for a registration period other than a calendar year  
17 or calendar quarter;

18 (b) 1 1/8% of the list price during the second quarter  
19 of the year;

20 (c) 3/4 of 1% during the third quarter of the year;

21 (d) 3/8 of 1% during the fourth quarter of the year.

22 (3) If the manufacturer or importer fails to furnish  
23 the f.o.b. factory list price or f.o.b. port-of-entry list  
24 price, the division may use published price lists.

25 (4) The new car sales tax on vehicles subject to the

1 provisions of 61-3-313 through 61-3-316 is 1 1/2% of the  
2 f.o.b. factory list price or f.o.b. port-of-entry list price  
3 regardless of the month in which the new vehicle is  
4 purchased.

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

8 (6) The new vehicle ~~is subject to the light-vehicle~~  
9 ~~license-fee, if applicable, but~~ is not subject to any other  
10 assessment, taxation, or fee in lieu of tax during the  
11 calendar year in which the original application for title is  
12 made.

13 (7) (a) The applicant for original registration of any  
14 new and unused motor vehicle, or a new motor vehicle  
15 furnished without charge by a dealer to a school district  
16 for use as a traffic education motor vehicle by a school  
17 district operating a state-approved traffic education  
18 program within the state, whether or not previously licensed  
19 or titled to the school district (except a mobile home as  
20 defined in 15-1-101(1)), acquired by original contract after  
21 January 1 of any year, is required, whenever the vehicle has  
22 not been otherwise assessed, to pay the motor vehicle sales  
23 tax provided by this section irrespective of whether the  
24 vehicle was in the state of Montana on January 1 of the  
25 year.

1 (b) No motor vehicle may be registered or licensed  
 2 under the provisions of this subsection unless the  
 3 application for registration is accompanied by a statement  
 4 of origin to be furnished by the dealer selling the vehicle,  
 5 showing that the vehicle has not previously been registered  
 6 or owned, except as otherwise provided herein, by any  
 7 person, firm, corporation, or association that is not a new  
 8 motor vehicle dealer holding a franchise or distribution  
 9 agreement from a new car manufacturer, distributor, or  
 10 importer.

11 (8) (a) Motor vehicles operating exclusively for  
 12 transportation of persons for hire within the limits of  
 13 incorporated cities or towns and within 15 miles from such  
 14 limits are exempt from subsection (1).

15 (b) Motor vehicles brought or driven into Montana by a  
 16 nonresident, migratory, bona fide agricultural worker  
 17 temporarily employed in agricultural work in this state  
 18 where those motor vehicles are used exclusively for  
 19 transportation of agricultural workers are also exempt from  
 20 subsection (1).

21 (c) Vehicles lawfully displaying a licensed dealer's  
 22 plate as provided in 61-4-103 are exempt from subsection (1)  
 23 when moving to or from a dealer's place of business when  
 24 unloaded or loaded with dealer's property only, and in the  
 25 case of vehicles having a gross loaded weight of less than

1 24,000 pounds, while being demonstrated in the course of the  
 2 dealer's business."

3 Section 25. Section 61-3-503, MCA, is amended to read:

4 "61-3-503. Assessment. (1) Except as provided in  
 5 subsection (2), the following apply to the taxation of motor  
 6 vehicles:

7 (a) Except as provided in subsection (1)(c), a person  
 8 who files an application for registration or reregistration  
 9 of a motor vehicle shall before filing such application with  
 10 the county treasurer submit the application to the county  
 11 assessor. The county assessor shall enter on the  
 12 application in a space to be provided for that purpose the  
 13 market value and taxable value of the vehicle as of January  
 14 1 of the year for which the application for registration is  
 15 made.

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

24 (c) Vehicles subject to the provisions of 61-3-313  
 25 through 61-3-316 shall be assessed as of the first day of

1 the registration period, using the market value as of  
 2 January 1 of the year of assessment of the vehicle as  
 3 contained in the most recent volume of the Mountain States  
 4 Edition of the National Automobile Dealers Association  
 5 Official Used Car Guide; and a lien for taxes and fees due  
 6 thereon shall occur on the anniversary date of the  
 7 registration and shall continue until such fees and taxes  
 8 have been paid.

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

13 Section 26. Section 61-3-504, MCA, is amended to read:

14 "61-3-504. Computation of tax. The amount of taxes on  
 15 a motor vehicle, other than ~~an-automobile,--truck--having--a~~  
 16 ~~rated--capacity--of-three-quarters-of-a-ton-or-less~~, a motor  
 17 home, travel trailer, or mobile home as defined in  
 18 15-1-101(1), is computed and determined by the county  
 19 treasurer on the basis of the levy of the year preceding the  
 20 current year of application for registration or  
 21 reregistration. The determination is entered on the  
 22 application form in a space provided therefor."

23 Section 27. Section 61-3-509, MCA, is amended to read:

24 "61-3-509. Disposition of taxes and fees in lieu of  
 25 tax. The county treasurer shall credit all taxes on motor

1 vehicles, ~~light-vehicle-license-fees-provided-for--in~~  
 2 ~~61-3-532~~, and fees in lieu of tax on motor homes and travel  
 3 trailers collected to a motor vehicle suspense fund, and at  
 4 some time between March 1 and March 10 of each year and  
 5 every 60 days thereafter, the county treasurer shall  
 6 distribute the money in the motor vehicle suspense fund in  
 7 the relative proportions required by the levies for state,  
 8 county, school district, and municipal purposes in the same  
 9 manner as personal property taxes are distributed."

10 Section 28. Section 61-3-701, MCA, is amended to read:

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

1 the regular license fee required for the vehicle.

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

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

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

19 Section 29. Section 61-6-302, MCA, is amended to read:

20 "61-6-302. Proof of compliance. (1) ~~Except as provided~~  
21 ~~in subsection (2), before~~ Before any applicant required to  
22 register his motor vehicle may do so, the applicant must  
23 certify to the county treasurer that he possesses an  
24 automobile liability insurance policy, a certificate of  
25 self-insurance, or a posted indemnity bond or that he is

1 eligible for an exemption under 61-6-303 covering the motor  
2 vehicle. The certification shall be on a form prescribed by  
3 the division of motor vehicles. The division may immediately  
4 cancel the registration and license plates of the vehicle  
5 upon notification that the insurance certification was not  
6 correctly represented. Any person who intentionally provides  
7 false information on an insurance certification is guilty of  
8 unsworn falsification to authorities, punishable as provided  
9 in 45-7-203.

10 ~~(2) An applicant for registration of an automobile or~~  
11 ~~a truck having a rated capacity of three-quarters of a ton~~  
12 ~~or less, who wishes to register the vehicle by mail must~~  
13 ~~sign a statement on the application stating that the~~  
14 ~~applicant is in compliance with the financial liability~~  
15 ~~requirements of 61-6-301.~~

16 ~~(3)~~ (2) An owner of a motor vehicle who ceases to  
17 maintain the insurance or bond required or whose certificate  
18 of self-insurance is canceled or whose vehicle ceases to be  
19 exempt shall immediately surrender the registration and  
20 license plates for the vehicle to the county treasurer for  
21 delivery to the division and may not operate or permit  
22 operation of the vehicle in Montana until insurance has  
23 again been furnished as required and the vehicle is again  
24 registered and licensed.

25 ~~(4)~~ (3) Every person shall carry in a motor vehicle

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

11 NEW SECTION. Section 30. Repealer. Sections 61-3-531  
12 through 61-3-536, MCA, are repealed.

13 NEW SECTION. Section 31. Extension of authority. Any  
14 existing authority of the department of revenue or the  
15 department of commerce to make rules on the subject of the  
16 provisions of this act is extended to the provisions of this  
17 act.

18 NEW SECTION. Section 32. Effective date --  
19 applicability. (1) This act is effective January 1, 1986.

20 (2) This act applies to motor vehicles registered on  
21 or after January 1, 1986.

-End-

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN 416-85

Form BD-15

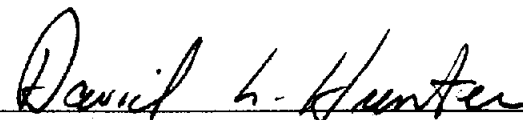
In compliance with a written request received February 13, 19 85, there is hereby submitted a Fiscal Note for Senate Bill 386 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to replace the light vehicle fee system with a property tax.

ASSUMPTIONS:

1. Licensing of motor vehicles under the proposed law is staggered; the proposed law would become effective half way through FY1986; therefore the proposed law will effect only half of all motor vehicles in FY1986.
2. In 1982, the property tax on light motor vehicles would have been \$42,016,132.
3. Inflated to 1985 (using the Implicit Price Deflators for GNP for the fourth quarter of 1984, 226.18 and for 1982, 207.38) the property tax on light motor vehicles would be \$45,825,798.
4. The local government block grant program will continue to receive oil severance tax allocation in accordance with 15-36-112 (2) (a) and 7-6-302 (3).
5. The statewide mill levy for the University System and the Foundation Program will receive a portion of the local block grant money whenever it is equal to or less than the property tax on light motor vehicles (\$45,825,798). Balances above this amount would be distributed under the general services block grant and the statewide levies would not receive a portion of the money.
6. The University mill levy is 6 mills; the School Foundation Levy is 45 mills; the average county mill levy in Montana is 227.5 mills.
7. Estimates of 1985 property taxes are held constant for FY1986 and FY1987.
8. 28 grade 7 clerks would be necessary to assess motor vehicles for  $\frac{1}{2}$  of FY1986 and all of FY1987 under proposed law.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 20, 1985

FISCAL IMPACT:

	<u>Under</u> <u>Current Law</u>	<u>FY1986</u> <u>Under</u> <u>Proposed Law</u>	<u>Difference</u>	<u>Under</u> <u>Current Law</u>	<u>FY1987</u> <u>Under</u> <u>Proposed Law</u>	<u>Difference</u>
<u>Revenues</u>						
Proposed Property Tax	\$ -0-	\$22,912,899	\$22,912,899	\$ -0-	\$45,825,798	\$45,825,798
Vehicle Fees	29,376,246	14,688,123	(14,688,123)	29,376,246	-0-	(29,376,246)
Local Government Block Grant						
Oil Severance Tax	12,327,000	12,327,000	-0-	11,637,000	11,637,000	-0-
General Fund	1,500,000	1,500,000	-0-	1,500,000	1,500,000	-0-
TOTAL	\$43,203,246	\$51,428,022	\$ 8,224,776	\$42,513,246	\$58,962,798	\$16,449,522

Distribution

University (6 mill)	\$ 1,139,426	\$ 1,208,592	\$ 69,166	\$ 1,121,229	\$ 1,208,592	\$ 87,363
Foundation (45 mill)	8,545,697	9,064,444	518,747	8,409,213	9,064,444	655,231
Local Government	33,518,123	41,154,986	7,636,863	32,982,804	48,689,762	15,706,958
TOTAL	\$43,203,246	\$51,428,022	\$ 8,224,776	\$42,513,246	\$58,962,798	16,449,522

The Department of Revenue estimates that the cost of additional clerks necessary to assess motor vehicles will be \$220,000 in FY 86 and \$413,848 in FY 87.

The Department of Justice estimates that a net savings of \$78,409 in FY86 and \$82,709 will occur due to eliminating the light vehicle re-registration by mail system (61-3-535).

The following table provides examples of the effect on the current fee system versus the proposed property tax system for selected vehicle models.

1. Assumptions

(a) Average wholesale value equals average trade in value.

(b) County mill levies as follows (1984):

Butte-Silverbow	389.05
Fallon	85.93
Sheridan	118.82
Cascade	346.81

(c) Uses Light Motor Vehicle Fee Schedule as reported by DMV 1/23/85.



EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES: (continued)

	<u>Current Fee System</u>	<u>Proposed Property Tax</u>	<u>Difference</u>
2. Butte-Silver (389.05 mills)			
1978 Mercury Bobcat	\$ 46	\$ 46.78	\$ .78
1978 Lincoln Continental	\$ 57	\$194.72	\$137.72
1984 Mercury Lynx	\$ 80	\$233.92	\$153.92
1984 Lincoln Continental	\$102	\$816.81	\$714.81
3. Fallon (85.93 mills)			
1978 Mercury Bobcat	\$ 46	\$ 10.33	(\$33.67)
1978 Lincoln Continental	\$ 57	\$ 43.01	(\$13.99)
1984 Mercury Lynx	\$ 80	\$ 51.67	(\$28.33)
1984 Lincoln Continental	\$102	\$180.41	\$78.41
4. Sheridan (118.82 mills)			
1978 Mercury Bobcat	\$ 46	\$ 14.28	(\$ 31.72)
1978 Lincoln Continental	\$ 57	\$ 59.46	\$ 2.46
1984 Mercury Lynx	\$ 80	\$ 71.44	(\$ 8.56)
1984 Lincoln Continental	\$102	\$249.46	\$147.46
5. Cascade (346.81 mills)			
1978 Mercury Bobcat	\$ 46	\$ 41.70	(\$ 4.30)
1978 Lincoln Continental	\$ 57	\$173.58	\$116.58
1984 Mercury Lynx	\$ 80	\$208.52	\$128.52
1984 Lincoln Continental	\$102	\$728.13	\$626.13

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Future revenue under this proposal will depend on mill levies and the taxable value of light motor vehicles in the state.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The distribution mechanism for the local government block grant program is not clear. The bill repeals the current distribution mechanism contained in 61-3-536 which distributes motor vehicle reimbursement money to the general purpose block grant. Section 7-6-309 (4), which is not affected by the bill, requires that all funds remaining in the block grant account on June 30 of each year must be distributed through the general services block grant. The amendment to 7-6-304 leaves it unclear as to how much money will be distributed from the various block grant accounts.

The addition of motor vehicles to the taxable values of local government may require adjustments to bonding limitation statutes.