

HOUSE BILL NO. 512

INTRODUCED BY REAM, SCHYE, BRANDEWIE, GILBERT, KOLSTAD,
CRIPPEN, LYNCH

IN THE HOUSE

JANUARY 28, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 10, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 11, 1987 PRINTING REPORT.

MARCH 13, 1987 SECOND READING, DO PASS.

MARCH 14, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.
 AYES, 94; NOES, 2.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 16, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 24, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 31, 1987 SECOND READING, CONCURRED IN.

APRIL 1, 1987 THIRD READING, CONCURRED IN.
 AYES, 47; NOES, 2.

 RETURNED TO HOUSE.

IN THE HOUSE

APRIL 1, 1987 RECEIVED FROM SENATE.

 SENT TO ENROLLING.

1 House BILL NO. 512
 2 INTRODUCED BY Sean Schae Brandlewicz
 3 Gilbert Kulestad Op Suprit

4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A FEE IN LIEU
 5 OF TAX ON AIRCRAFT OTHER THAN AIRLINES; EXEMPTING AIRCRAFT
 6 OTHER THAN AIRLINES TAXABLE UNDER THE PROVISIONS OF
 7 15-23-401 THROUGH 15-23-403, MCA, FROM PERSONAL PROPERTY
 8 TAXATION; PROVIDING FOR COLLECTION AND DISTRIBUTION OF THE
 9 FEE IN LIEU OF TAX ON AIRCRAFT; CHANGING THE PENALTY FOR
 10 FAILURE TO REGISTER AN AIRCRAFT; AMENDING SECTIONS 15-6-138,
 11 15-8-111, 15-24-304, 17-7-502, 67-3-201, AND 67-3-202, MCA;
 12 REPEALING SECTION 15-6-210, MCA; AND PROVIDING AN
 13 APPLICABILITY DATE."

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

16 NEW SECTION. Section 1. Registration application --
 17 payment of fees -- deposit of fees. (1) The owner of an
 18 aircraft subject to the fee in lieu of property tax must
 19 submit an application for registration or registration
 20 renewal to the department on or before March 1 of each year.
 21 The application must be accompanied by the fee in lieu of
 22 tax prescribed in [section 4].

23 (2) An aircraft subject to the fee in lieu of tax may
 24 not be registered until payment of the fee is made to the
 25 department.

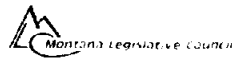
1 (3) All fees paid to the department for registration
 2 must be deposited to the account established in [section 3].

3 NEW SECTION. Section 2. Fee in lieu of tax on
 4 registered aircraft -- decal. (1) Except as provided in
 5 subsection (3), aircraft required to be registered in
 6 Montana are subject to a license fee. The registration fee
 7 is in lieu of property tax.

8 (2) The department shall issue a decal to the owner of
 9 the aircraft required to be registered at the time of
 10 payment of the registration fee in lieu of tax, as provided
 11 in 67-3-201. No aircraft subject to a fee in lieu of tax may
 12 be operated in this state unless there is displayed on the
 13 aircraft a decal as visual proof that the fee in lieu of tax
 14 has been paid for the aircraft and that the aircraft is
 15 registered for the current year.

16 (3) Aircraft that meet the description of property
 17 described in 15-6-147 are exempt from the fee imposed by
 18 subsection (1). Aircraft subject to the fee in lieu of tax
 19 are exempt from all other taxation.

20 NEW SECTION. Section 3. Aircraft registration account
 21 -- source of funds -- allocation. (1) There is an account of
 22 the agency fund type, to which must be credited all money
 23 received from fees paid in lieu of tax on aircraft as
 24 required in this part and 15-24-304 and all penalties
 25 collected for registration violations as provided in



1 67-3-202.

2 (2) Money in the account is allocated as follows:

3 (a) 90% to the counties in the proportion that each
4 county's collections bear to the total collections
5 statewide; and

6 (b) 10% to the department for the purpose of
7 administering and enforcing aircraft registration.

8 (3) The allocations required in subsection (2)(a) must
9 be made twice annually by the department. The first
10 allocation must be made between March 15 and March 30 and
11 the second allocation must be made between July 1 and July
12 15.

13 (4) The allocation required in subsection (2)(b) must
14 be made on July 1 of each year.

15 (5) On receipt of the money allocated as provided in
16 subsection (2)(a), the county treasurer shall distribute the
17 money in the relative proportions required by the levies for
18 state, county, school district, and municipal purposes in
19 the same manner as personal property taxes are distributed.

20 (6) The allocations required in subsection (2) are
21 considered statutory appropriations as described in
22 17-7-502.

23 NEW SECTION. Section 4. Schedule of fees in lieu of
24 tax for aircraft. (1) The appropriate fee in lieu of tax
25 imposed on aircraft must be determined from the following

1 schedule:

	YEARS				
	0 - 5	6 - 10	11 - 20	21 - 30	31 - 40
2 Single engine, fixed gear, 200 horsepower and under					
3 300	175	100	50	25	
4 Single engine, fixed gear, over 200 horsepower					
5 500	250	150	75	50	
6 Single engine, retractable gear, 200 horsepower and under					
7 600	300	175	100	75	
8 Single engine, retractable gear, over 200 horsepower					
9 700	400	200	125	100	
10 Multi-engine, piston engine					
11 800	500	250	175	150	
12 Helicopter, piston engine					
13 700	450	225	150	125	
14 Single engine jet helicopter, prop jet					
15 1,500	700	450	300	175	
16 Multi-engine jet helicopter, prop jet					
17 2,000	1,000	600	400	200	
18 Jet engine, no propeller					
19 3,000	1,500	800	500	250	
20 (2) The fee in lieu of tax imposed on any glider, 21 ultralight, gyrocopter, balloon, homebuilt aircraft, 22 antiques, or any aircraft over 40 years old is \$20.					
23 Section 5. Section 15-6-138, MCA, is amended to read:					

1 "15-6-138. Class eight property -- description --
 2 taxable percentage. (1) Class eight property includes:
 3 (a) all agricultural implements and equipment;
 4 (b) all mining machinery, fixtures, equipment, tools,
 5 and supplies except:
 6 (i) those included in class five; and
 7 (ii) coal and ore haulers;
 8 (c) all manufacturing machinery, fixtures, equipment,
 9 tools, and supplies except those included in class five;
 10 (d) all trailers up to and including 18,000 pounds
 11 maximum gross loaded weight, except those subject to a fee
 12 in lieu of property tax;
 13 ~~(e)~~--aircraft;
 14 ~~(f)~~(e) all goods and equipment intended for rent or
 15 lease, except goods and equipment specifically included and
 16 taxed in another class; and
 17 ~~(g)~~(f) all other machinery except that specifically
 18 included in another class.
 19 (2) Class eight property is taxed at 11% of its market
 20 value."
 21 Section 6. Section 15-8-111, MCA, is amended to read:
 22 "15-8-111. Assessment -- market value standard --
 23 exceptions. (1) All taxable property must be assessed at
 24 100% of its market value except as provided in subsection
 25 (5) of this section and in 15-7-111 through 15-7-114.

1 (2) (a) Market value is the value at which property
 2 would change hands between a willing buyer and a willing
 3 seller, neither being under any compulsion to buy or to sell
 4 and both having reasonable knowledge of relevant facts.
 5 (b) Except as provided in subsection (3), the market
 6 value of all motor trucks; agricultural tools, implements,
 7 and machinery; and vehicles of all kinds, including but not
 8 limited to ~~aircraft~~ and boats and all watercraft, is the
 9 average wholesale value shown in national appraisal guides
 10 and manuals or the value of the vehicle before
 11 reconditioning and profit margin. The department of revenue
 12 shall prepare valuation schedules showing the average
 13 wholesale value when no national appraisal guide exists.
 14 (3) The department of revenue or its agents may not
 15 adopt a lower or different standard of value from market
 16 value in making the official assessment and appraisal of the
 17 value of property in 15-6-134 through 15-6-140 and 15-6-145
 18 through 15-6-149, except:
 19 (a) the wholesale value for agricultural implements
 20 and machinery is the loan value as shown in the Official
 21 Guide, Tractor and Farm Equipment, published by the national
 22 farm and power equipment dealers association, St. Louis,
 23 Missouri; and
 24 (b) for agricultural implements and machinery not
 25 listed in the official guide, the department shall prepare a

1 supplemental manual where the values reflect the same
2 depreciation as those found in the official guide.

3 (4) For purposes of taxation, assessed value is the
4 same as appraised value.

5 (5) The taxable value for all property in classes four
6 through eleven and fifteen through nineteen is the
7 percentage of market value established for each class of
8 property in 15-6-134 through 15-6-141 and 15-6-145 through
9 15-6-149.

10 (6) The assessed value of properties in 15-6-131
11 through 15-6-133 is as follows:

12 (a) Properties in 15-6-131, under class one, are
13 assessed at 100% of the annual net proceeds after deducting
14 the expenses specified and allowed by 15-23-503.

15 (b) Properties in 15-6-132, under class two, are
16 assessed at 100% of the annual gross proceeds.

17 (c) Properties in 15-6-133, under class three, are
18 assessed at 100% of the productive capacity of the lands
19 when valued for agricultural purposes. All lands that meet
20 the qualifications of 15-7-202 are valued as agricultural
21 lands for tax purposes.

22 (d) Properties in 15-6-143, under class thirteen, are
23 assessed at 100% of the combined appraised value of the
24 standing timber and grazing productivity of the land when
25 valued as timberland.

1 (7) Land and the improvements thereon are separately
2 assessed when any of the following conditions occur:

3 (a) ownership of the improvements is different from
4 ownership of the land;

5 (b) the taxpayer makes a written request; or

6 (c) the land is outside an incorporated city or town.

7 (8) The taxable value of all property in 15-6-131 and
8 classes two, three, and thirteen is the percentage of
9 assessed value established in 15-6-131(2), 15-6-132,
10 15-6-133, and 15-6-143 for each class of property.
11 (Subsections (3)(a) and (3)(b) applicable to tax years
12 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
13 Subsection (6)(d) and references in (8) to class thirteen
14 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
15 1985.)"

16 Section 7. Section 15-24-304, MCA, is amended to read:

17 "15-24-304. Prorated taxes fee in lieu of tax --
18 aircraft. (1) A person who acquires an aircraft required to
19 be registered under subsections (2) through (7) (6) of
20 67-3-201 after March 1 in any year shall register the
21 aircraft within 30 days of acquiring it. ~~The county assessor~~
22 ~~shall--prorate the personal property tax due on the aircraft~~
23 ~~for the remaining portion of the year in the manner provided~~
24 ~~in 15-24-303.~~

25 (2) The fee in lieu of tax must be prorated for

1 aircraft registered for a period less than 1 year in the
 2 same manner as personal property taxes are prorated in
 3 15-24-303.

4 (3) A person failing to register an aircraft within 30
 5 days following acquisition of the aircraft or bringing the
 6 aircraft into the state for commercial purposes is subject
 7 to the penalty provided in 67-3-202.

8 (4) A person owning a migratory aircraft shall
 9 register as prescribed in 67-3-201(5) and pay the fee in
 10 lieu of tax."

11 Section 8. Section 17-7-502, MCA, is amended to read:

12 "17-7-502. Statutory appropriations -- definition --
 13 requisites for validity. (1) A statutory appropriation is an
 14 appropriation made by permanent law that authorizes spending
 15 by a state agency without the need for a biennial
 16 legislative appropriation or budget amendment.

17 (2) Except as provided in subsection (4), to be
 18 effective, a statutory appropriation must comply with both
 19 of the following provisions:

20 (a) The law containing the statutory authority must be
 21 listed in subsection (3).

22 (b) The law or portion of the law making a statutory
 23 appropriation must specifically state that a statutory
 24 appropriation is made as provided in this section.

25 (3) The following laws are the only laws containing

1 statutory appropriations:

- 2 (a) 2-9-202;
 3 (b) 2-17-105;
 4 (c) 2-18-812;
 5 (d) 10-3-203;
 6 (e) 10-3-312;
 7 (f) 10-3-314;
 8 (g) 10-4-301;
 9 (h) 13-37-304;
 10 (i) 15-31-702;
 11 (j) 15-36-112;
 12 (k) 15-70-101;
 13 (l) 16-1-404;
 14 (m) 16-1-410;
 15 (n) 16-1-411;
 16 (o) 17-3-212;
 17 (p) 17-5-404;
 18 (q) 17-5-424;
 19 (r) 17-5-804;
 20 (s) 19-8-504;
 21 (t) 19-9-702;
 22 (u) 19-9-1007;
 23 (v) 19-10-205;
 24 (w) 19-10-305;
 25 (x) 19-10-506;

1 (y) 19-11-512;
 2 (z) 19-11-513;
 3 (aa) 19-11-606;
 4 (bb) 19-12-301;
 5 (cc) 19-13-604;
 6 (dd) 20-6-406;
 7 (ee) 20-8-111;
 8 (ff) 23-5-612;
 9 (gg) 37-51-501;
 10 (hh) 53-24-206;
 11 (ii) [section 3];
 12 ~~(ii)~~(jj) 75-1-1101;
 13 ~~(jj)~~(kk) 75-7-305;
 14 ~~(kk)~~(ll) 80-2-103;
 15 ~~(ll)~~(mm) 80-2-228;
 16 ~~(mm)~~(nn) 90-3-301;
 17 ~~(nn)~~(oo) 90-3-302;
 18 ~~(oo)~~(pp) 90-15-103; and
 19 ~~(pp)~~(qq) Sec. 13, HB 861, L. 1985.
 20 (4) There is a statutory appropriation to pay the
 21 principal, interest, premiums, and costs of issuing, paying,
 22 and securing all bonds, notes, or other obligations, as due,
 23 that have been authorized and issued pursuant to the laws of
 24 Montana. Agencies that have entered into agreements
 25 authorized by the laws of Montana to pay the state

1 treasurer, for deposit in accordance with 17-2-101 through
 2 17-2-107, as determined by the state treasurer, an amount
 3 sufficient to pay the principal and interest as due on the
 4 bonds or notes have statutory appropriation authority for
 5 such payments."

6 Section 9. Section 67-3-201, MCA, is amended to read:
 7 "67-3-201. Aircraft registration and licensing
 8 required. (1) Except as provided in 67-3-102 and in
 9 subsection ~~(7)~~ (6) of this section, a person may not operate
 10 or cause or authorize to be operated a civil aircraft within
 11 this state unless the aircraft has an appropriate effective
 12 registration, license, certificate, or permit issued or
 13 approved by the United States government which has been
 14 registered with the department and the registration with the
 15 department is in force.

16 (2) Aircraft customarily kept in this state ~~shall~~ must
 17 be registered on or before March 1 of each year with the
 18 department, which ~~may~~ must charge a fee therefor ~~of not more~~
 19 ~~than--\$10~~ according to the fee schedule in [section 4]. The
 20 registration ~~shall~~ must be renewed annually on or before
 21 March 1 each year.

22 (3) Section 67-3-202 and subsections (2) through ~~(7)~~
 23 (6) of this section ~~shall~~ do not apply to:

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

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

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

7 (d) dismantled or otherwise nonflyable aircraft.

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

17 ~~{5}--Except-as-provided-in-15-6-2107-all-aircraft-shall~~
18 ~~be-subject-to-all-state, county, and school district tax~~
19 ~~levies--and--all--other--levies--designated-for-aircraft--or~~
20 ~~airport-related-uses, Such aircraft shall not be liable for~~
21 ~~other city tax levies.~~

22 ~~{6}~~(5) Aircraft not registered in the state but
23 entering the state to engage in commercial operations shall
24 be registered prior to commencing operation.

25 ~~{7}~~(6) Owners of ultralight aircraft for which no

1 appropriate effective license, certificate, or permit is
2 issued by the United States government shall pay the fee
3 required in [section 4] and file with the department an
4 appropriate registration recognized and approved by the
5 United States government."

6 Section 10. Section 67-3-202, MCA, is amended to read:

7 "67-3-202. Penalty for registration violations. (1)
8 When an aircraft required to be registered under the
9 provisions of subsections (2) through ~~{7}~~ (6) of 67-3-201 is
10 not registered on or before March 1 of the current calendar
11 year, a ~~penalty fee of \$100 shall~~ of five times the annual
12 registration fee provided in [section 4] must be added to
13 the registration fee and collected. Registration of an
14 aircraft in the name of the applicant for the year
15 immediately preceding the year for which application for
16 registration is made shall be prima facie evidence that the
17 aircraft has been based in this state during the year for
18 which application for registration is made.

19 ~~{2}--Except-for-aircraft-exempt-from-property--taxation~~
20 ~~as--provided--in--15-6-2107--an-application-for-registration~~
21 ~~shall-be-accompanied-by-a-copy-of-the-receipt-for-or~~
22 ~~statement--of--personal--property--tax--paid, signed-by-the~~
23 ~~treasurer-of-the-county-where-the-aircraft-is-registered, or~~
24 ~~a-statement-of-lien-assignment-against-real-property, signed~~
25 ~~by-the-county-assessor-where-the-aircraft-is--registered,--A~~

1 ~~person who pays personal property tax on his aircraft to any~~
 2 ~~jurisdiction other than the county where the aircraft is~~
 3 ~~required to be registered is liable for the tax in that~~
 4 ~~county without credit for such other taxes paid. In addition~~
 5 ~~to this civil liability, a person who attempts to establish~~
 6 ~~the situs of his aircraft in any jurisdiction other than the~~
 7 ~~county where the aircraft is required to be registered with~~
 8 ~~intent to avoid payment of taxes to that county commits the~~
 9 ~~offense of false swearing as defined in 45-7-202.~~

10 †3†(2) A person who owns or causes or authorizes an
 11 aircraft to be operated or who operates an aircraft required
 12 to be registered in the state without having displayed upon
 13 such aircraft a certificate of registration issued by the
 14 department for that aircraft commits a misdemeanor."

15 NEW SECTION. Section 11. Codification instruction.
 16 Sections 1 through 4 are intended to be codified as an
 17 integral part of Title 67, chapter 3, part 2, and the
 18 provisions of Title 67, chapter 3, apply to sections 1
 19 through 4.

20 NEW SECTION. Section 12. Repealer. Section 15-6-210,
 21 MCA, is repealed.

22 NEW SECTION. Section 13. Applicability. This act
 23 applies to taxable years beginning after December 31, 1987,
 24 and to aircraft registered on or after January 1, 1988.

25 NEW SECTION. Section 14. Extension of authority. Any

1 existing authority of the department of commerce or the
 2 department of revenue to make rules on the subject of the
 3 provisions of this act is extended to the provisions of this
 4 act.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB512, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act imposing a fee in lieu of tax on aircraft other than airlines; exempting aircraft other than airlines taxable under the provisions of 15-23-401 through 15-23-403, MCA, from personal property taxation; providing for collection and distribution of the fee in lieu of tax on aircraft; changing the penalty for failure to register an aircraft; amending sections 15-6-138, 15-8-111, 15-24-304, 17-7-502, 67-3-201, and 67-3-202, MCA; repealing section 15-6-210, MCA; and providing an applicability date.

ASSUMPTIONS:

1. Average mills for aircraft in the 56 counties is 251.42 mills (University levy = 6 mills, school equalization = 45 mills).
2. Total taxable value in FY86 on aircraft under current law is \$4,715,980. Assume the same taxable value for FY88 and FY89.
3. The 1,825 total number of aircraft currently registered would remain constant in FY88 and FY89.
4. 1,825 total aircraft would generate \$230,915 in fees in both FY88 and FY89. 90% (\$207,824) of the fee revenue is allocated in the relative proportions to taxing jurisdictions. 10% (\$23,091) is allocated to the Department of Commerce for administering and enforcing aircraft registration.
5. The Department of Commerce estimates that the administration costs of the proposed legislation would be \$54,949 in both FY88 and FY89. Current law costs are \$6,368 in both FY88 and FY89.

FISCAL IMPACT:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Department of Commerce						
Aircraft Registration	\$ 6,368	\$ 54,949	\$ 48,581	\$ 6,368	\$ 54,949	\$ 48,581

NOTE: Available funding for administering and enforcing aircraft registration would be \$23,091 per year based on the 10 percent specification in the bill. Department of Commerce indicated they would need \$54,949 per year for administration. This leaves a deficit of \$31,858.

David L. Hunter DATE 2/3/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Bob Ream DATE 2/4/87
 BOB REAM, PRIMARY SPONSOR

Fiscal Note for HB512, as introduced.

HB 512

Fiscal Note Request, HB512, as introduced.

Form BD-15

Page 2

Revenues:

University Levy	\$ 28,296	\$ 4,135	(\$ 24,161)	\$ 28,296	\$ 3,969	(\$ 24,327)
School Equalization	<u>212,219</u>	<u>31,014</u>	<u>(181,205)</u>	<u>212,219</u>	<u>29,773</u>	<u>(182,446)</u>
TOTAL	\$ 240,515	\$ 35,149	(\$ 205,366)	\$ 240,515	\$ 33,742	(\$206,773)

According to the FAA, 3,320 airplanes should be registered in Montana. If this legislation increases compliance of aircraft registering, revenues will be increased by \$3,700 each year for the University Levy and \$27,700 each year for School Equalization. Local revenue would be increased by \$157,800 in each year.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposed legislation would decrease revenues to local governments by \$172,675 in FY88 and \$174,082 in FY89.

HB 512

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 512

INTRODUCED BY REAM, SCHYE, BRANDEWIE, GILBERT, KOLSTAD,

CRIPPEN, LYNCH

A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A FEE IN LIEU OF TAX ON AIRCRAFT OTHER THAN AIRLINES; EXEMPTING AIRCRAFT OTHER THAN AIRLINES TAXABLE UNDER THE PROVISIONS OF 15-23-401 THROUGH 15-23-403, MCA, FROM PERSONAL PROPERTY TAXATION; PROVIDING FOR COLLECTION AND DISTRIBUTION OF THE FEE IN LIEU OF TAX ON AIRCRAFT; CHANGING THE PENALTY FOR FAILURE TO REGISTER AN AIRCRAFT; AMENDING SECTIONS 15-6-138, 15-8-111, 15-24-304, 17-7-502, 67-3-201, AND 67-3-202, MCA; REPEALING SECTION 15-6-210, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Registration application -- payment of fees -- deposit of fees. (1) The owner of an aircraft subject to the fee in lieu of property tax must submit an application for registration or registration renewal to the department on or before March 1 of each year. The application must be accompanied by the fee in lieu of tax prescribed in [section 4].

(2) An aircraft subject to the fee in lieu of tax may not be registered until payment of the fee is made to the

department.

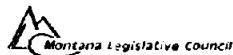
(3) All fees paid to the department for registration must be deposited to the account established in [section 3].

NEW SECTION. Section 2. Fee in lieu of tax on registered aircraft -- decal. (1) Except as provided in subsection (3), aircraft required to be registered in Montana are subject to a license fee. The registration fee is in lieu of property tax.

(2) The department shall issue a decal to the owner of the aircraft required to be registered at the time of payment of the registration fee in lieu of tax, as provided in 67-3-201. No aircraft subject to a fee in lieu of tax may be operated in this state unless there is displayed on the aircraft a decal as visual proof that the fee in lieu of tax has been paid for the aircraft and that the aircraft is registered for the current year.

(3) Aircraft that meet the description of property described in 15-6-147 are exempt from the fee imposed by subsection (1). Aircraft subject to the fee in lieu of tax are exempt from all other taxation.

NEW SECTION. Section 3. Aircraft registration account -- source of funds -- allocation. (1) There is an account of ~~the--agency--fund-type,~~ IN THE STATE SPECIAL REVENUE FUND to which must be credited all money received from fees paid in lieu of tax on aircraft as required in this part and



1 15-24-304 and all penalties collected for registration
 2 violations as provided in 67-3-202.

3 (2) Money in the account is allocated as follows:

4 (a) 90% to the counties in the proportion that each
 5 county's collections bear to the total collections
 6 statewide; and

7 (b) 10% to the department for the purpose of
 8 administering and enforcing aircraft registration.

9 (3) The allocations required in subsection (2)(a) must
 10 be made twice annually by the department. The first
 11 allocation must be made between March 15 and March 30 and
 12 the second allocation must be made between July 1 and July
 13 15.

14 (4) The allocation required in subsection (2)(b) must
 15 be made on July 1 of each year.

16 (5) On receipt of the money allocated as provided in
 17 subsection (2)(a), the county treasurer shall distribute the
 18 money in the relative proportions required by the levies for
 19 state, county, school district, and municipal purposes in
 20 the same manner as personal property taxes are distributed.

21 (6) The allocations required in subsection (2) are
 22 considered statutory appropriations as described in
 23 17-7-502.

24 NEW SECTION. Section 4. Schedule of fees in lieu of
 25 tax for aircraft. (1) The appropriate fee in lieu of tax

1 imposed on aircraft must be determined from the following
 2 schedule:

	YEARS				
	0 - 5	6 - 10	11 - 20	21 - 30	31 - 40
3 Single engine, fixed gear, 200 horsepower and under					
4 300	175	100	50	25	
5 Single engine, fixed gear, over 200 horsepower					
6 500	250	150	75	50	
7 Single engine, retractable gear, 200 horsepower and under					
8 600	300	175	100	75	
9 Single engine, retractable gear, over 200 horsepower					
10 700	400	200	125	100	
11 Multi-engine, piston engine					
12 800	500	250	175	150	
13 Helicopter, piston engine					
14 700	450	225	150	125	
15 Single engine jet helicopter, prop jet					
16 1,500	700	450	300	175	
17 Multi-engine jet helicopter, prop jet					
18 2,000	1,000	600	400	200	
19 Jet engine, no propeller					
20 3,000	1,500	800	500	250	

21 (2) The fee in lieu of tax imposed on any glider,
 22 ultralight, gyrocopter, balloon, homebuilt aircraft,
 23 antiques, or any aircraft over 40 years old is \$20.
 24
 25

1 Section 5. Section 15-6-138, MCA, is amended to read:

2 "15-6-138. Class eight property -- description --
3 taxable percentage. (1) Class eight property includes:

- 4 (a) all agricultural implements and equipment;
- 5 (b) all mining machinery, fixtures, equipment, tools,
6 and supplies except:

- 7 (i) those included in class five; and
- 8 (ii) coal and ore haulers;

9 (c) all manufacturing machinery, fixtures, equipment,
10 tools, and supplies except those included in class five;

11 (d) all trailers up to and including 18,000 pounds
12 maximum gross loaded weight, except those subject to a fee
13 in lieu of property tax;

14 ~~(e) aircraft;~~

15 ~~(f)~~(e) all goods and equipment intended for rent or
16 lease, except goods and equipment specifically included and
17 taxed in another class; and

18 ~~(g)~~(F) all other machinery except that specifically
19 included in another class.

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

22 Section 6. Section 15-8-111, MCA, is amended to read:

23 "15-8-111. Assessment -- market value standard --
24 exceptions. (1) All taxable property must be assessed at
25 100% of its market value except as provided in subsection

1 (5) of this section and in 15-7-111 through 15-7-114.

2 (2) (a) Market value is the value at which property
3 would change hands between a willing buyer and a willing
4 seller, neither being under any compulsion to buy or to sell
5 and both having reasonable knowledge of relevant facts.

6 (b) Except as provided in subsection (3), the market
7 value of all motor trucks; agricultural tools, implements,
8 and machinery; and vehicles of all kinds, including but not
9 limited to aircraft and boats and all watercraft, is the
10 average wholesale value shown in national appraisal guides
11 and manuals or the value of the vehicle before
12 reconditioning and profit margin. The department of revenue
13 shall prepare valuation schedules showing the average
14 wholesale value when no national appraisal guide exists.

15 (3) The department of revenue or its agents may not
16 adopt a lower or different standard of value from market
17 value in making the official assessment and appraisal of the
18 value of property in 15-6-134 through 15-6-140 and 15-6-145
19 through 15-6-149, except:

20 (a) the wholesale value for agricultural implements
21 and machinery is the loan value as shown in the Official
22 Guide, Tractor and Farm Equipment, published by the national
23 farm and power equipment dealers association, St. Louis,
24 Missouri; and

25 (b) for agricultural implements and machinery not

1 listed in the official guide, the department shall prepare a
2 supplemental manual where the values reflect the same
3 depreciation as those found in the official guide.

4 (4) For purposes of taxation, assessed value is the
5 same as appraised value.

6 (5) The taxable value for all property in classes four
7 through eleven and fifteen through nineteen is the
8 percentage of market value established for each class of
9 property in 15-6-134 through 15-6-141 and 15-6-145 through
10 15-6-149.

11 (6) The assessed value of properties in 15-6-131
12 through 15-6-133 is as follows:

13 (a) Properties in 15-6-131, under class one, are
14 assessed at 100% of the annual net proceeds after deducting
15 the expenses specified and allowed by 15-23-503.

16 (b) Properties in 15-6-132, under class two, are
17 assessed at 100% of the annual gross proceeds.

18 (c) Properties in 15-6-133, under class three, are
19 assessed at 100% of the productive capacity of the lands
20 when valued for agricultural purposes. All lands that meet
21 the qualifications of 15-7-202 are valued as agricultural
22 lands for tax purposes.

23 (d) Properties in 15-6-143, under class thirteen, are
24 assessed at 100% of the combined appraised value of the
25 standing timber and grazing productivity of the land when

1 valued as timberland.

2 (7) Land and the improvements thereon are separately
3 assessed when any of the following conditions occur:

4 (a) ownership of the improvements is different from
5 ownership of the land;

6 (b) the taxpayer makes a written request; or

7 (c) the land is outside an incorporated city or town.

8 (8) The taxable value of all property in 15-6-131 and
9 classes two, three, and thirteen is the percentage of
10 assessed value established in 15-6-131(2), 15-6-132,
11 15-6-133, and 15-6-143 for each class of property.
12 (Subsections (3)(a) and (3)(b) applicable to tax years
13 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
14 Subsection (6)(d) and references in (8) to class thirteen
15 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
16 1985.)"

17 Section 7. Section 15-24-304, MCA, is amended to read:

18 "15-24-304. Prorated ~~taxes~~ fee in lieu of tax --
19 aircraft. (1) A person who acquires an aircraft required to
20 be registered under subsections (2) through ~~(7)~~ (6) of
21 67-3-201 after March 1 in any year shall register the
22 aircraft within 30 days of acquiring it. ~~The county assessor~~
23 ~~shall--prorate the personal property tax due on the aircraft~~
24 ~~for the remaining portion of the year in the manner provided~~
25 ~~in 15-24-303.~~

1 (2) The fee in lieu of tax must be prorated for
2 aircraft registered for a period less than 1 year in the
3 same manner as personal property taxes are prorated in
4 15-24-303.

5 (3) A person failing to register an aircraft within 30
6 days following acquisition of the aircraft or bringing the
7 aircraft into the state for commercial purposes is subject
8 to the penalty provided in 67-3-202.

9 (4) A person owning a migratory aircraft shall
10 register as prescribed in 67-3-201(5) and pay the fee in
11 lieu of tax."

12 Section 8. Section 17-7-502, MCA, is amended to read:
13 "17-7-502. Statutory appropriations -- definition --
14 requisites for validity. (1) A statutory appropriation is an
15 appropriation made by permanent law that authorizes spending
16 by a state agency without the need for a biennial
17 legislative appropriation or budget amendment.

18 (2) Except as provided in subsection (4), to be
19 effective, a statutory appropriation must comply with both
20 of the following provisions:

21 (a) The law containing the statutory authority must be
22 listed in subsection (3).

23 (b) The law or portion of the law making a statutory
24 appropriation must specifically state that a statutory
25 appropriation is made as provided in this section.

1 (3) The following laws are the only laws containing
2 statutory appropriations:

- 3 (a) 2-9-202;
- 4 (b) 2-17-105;
- 5 (c) 2-18-812;
- 6 (d) 10-3-203;
- 7 (e) 10-3-312;
- 8 (f) 10-3-314;
- 9 (g) 10-4-301;
- 10 (h) 13-37-304;
- 11 (i) 15-31-702;
- 12 (j) 15-36-112;
- 13 (k) 15-70-101;
- 14 (l) 16-1-404;
- 15 (m) 16-1-410;
- 16 (n) 16-1-411;
- 17 (o) 17-3-212;
- 18 (p) 17-5-404;
- 19 (q) 17-5-424;
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- 21 (s) 19-8-504;
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- 24 (v) 19-10-205;
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1 (x) 19-10-506;
 2 (y) 19-11-512;
 3 (z) 19-11-513;
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 5 (bb) 19-12-301;
 6 (cc) 19-13-604;
 7 (dd) 20-6-406;
 8 (ee) 20-8-111;
 9 (ff) 23-5-612;
 10 (gg) 37-51-501;
 11 (hh) 53-24-206;
 12 (ii) [section 3];
 13 ~~(jj)~~(jj) 75-1-1101;
 14 ~~(kk)~~(kk) 75-7-305;
 15 ~~(ll)~~(ll) 80-2-103;
 16 ~~(mm)~~(mm) 80-2-228;
 17 ~~(nn)~~(nn) 90-3-301;
 18 ~~(oo)~~(oo) 90-3-302;
 19 ~~(pp)~~(pp) 90-15-103; and
 20 ~~(qq)~~(qq) Sec. 13, HB 861, L. 1985.
 21 (4) There is a statutory appropriation to pay the
 22 principal, interest, premiums, and costs of issuing, paying,
 23 and securing all bonds, notes, or other obligations, as due,
 24 that have been authorized and issued pursuant to the laws of
 25 Montana. Agencies that have entered into agreements

1 authorized by the laws of Montana to pay the state
 2 treasurer, for deposit in accordance with 17-2-101 through
 3 17-2-107, as determined by the state treasurer, an amount
 4 sufficient to pay the principal and interest as due on the
 5 bonds or notes have statutory appropriation authority for
 6 such payments."

7 Section 9. Section 67-3-201, MCA, is amended to read:
 8 "67-3-201. Aircraft registration and licensing
 9 required. (1) Except as provided in 67-3-102 and in
 10 subsection ~~(7)~~ (6) of this section, a person may not operate
 11 or cause or authorize to be operated a civil aircraft within
 12 this state unless the aircraft has an appropriate effective
 13 registration, license, certificate, or permit issued or
 14 approved by the United States government which has been
 15 registered with the department and the registration with the
 16 department is in force.

17 (2) Aircraft customarily kept in this state ~~shall~~ must
 18 be registered on or before March 1 of each year with the
 19 department, which may ~~must~~ charge a fee therefor ~~of not more~~
 20 ~~than--\$10~~ according to the fee schedule in [section 4]. The
 21 registration ~~shall~~ must be renewed annually on or before
 22 March 1 each year.

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

25 (a) aircraft owned and operated by the federal

1 government, the state, or any political subdivision thereof;

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

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

8 (d) dismantled or otherwise nonflyable aircraft.

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

18 ~~{5}--Except-as-provided-in-15-6-2107-all-aircraft-shall~~
19 ~~be-subject-to-all-state, county, and school-district-tax~~
20 ~~levies--and--all--other--levies--designated-for-aircraft--or~~
21 ~~airport-related-uses,--Such-aircraft-shall-not-be-liable--for~~
22 ~~other-city-tax-levies.~~

23 {6}{5} Aircraft not registered in the state but
24 entering the state to engage in commercial operations shall
25 be registered prior to commencing operation.

1 {7}{6} Owners of ultralight aircraft for which no
2 appropriate effective license, certificate, or permit is
3 issued by the United States government shall pay the fee
4 required in [section 4] and file with the department an
5 appropriate registration recognized and approved by the
6 United States government."

7 Section 10. Section 67-3-202, MCA, is amended to read:

8 "67-3-202. Penalty for registration violations. (1)
9 When an aircraft required to be registered under the
10 provisions of subsections (2) through {7} (6) of 67-3-201 is
11 not registered on or before March 1 of the current calendar
12 year, a penalty fee of \$100 shall of five times the annual
13 registration fee provided in [section 4] must be added to
14 the registration fee and collected. Registration of an
15 aircraft in the name of the applicant for the year
16 immediately preceding the year for which application for
17 registration is made shall be prima facie evidence that the
18 aircraft has been based in this state during the year for
19 which application for registration is made.

20 {2}--Except-for-aircraft-exempt-from-property--taxation
21 as--provided--in--15-6-2107--an-application-for-registration
22 shall-be-accompanied-by--a--copy--of--the--receipt--for--or
23 statement--of--personal--property--tax--paid,--signed-by-the
24 treasurer-of-the-county-where-the-aircraft-is-registered,--or
25 a-statement-of-lien-assignment-against-real-property,--signed

1 ~~by the county assessor where the aircraft is registered. A~~
 2 ~~person who pays personal property tax on his aircraft to any~~
 3 ~~jurisdiction other than the county where the aircraft is~~
 4 ~~required to be registered is liable for the tax in that~~
 5 ~~county without credit for such other taxes paid. In addition~~
 6 ~~to this civil liability, a person who attempts to establish~~
 7 ~~the situs of his aircraft in any jurisdiction other than the~~
 8 ~~county where the aircraft is required to be registered with~~
 9 ~~intent to avoid payment of taxes to that county commits the~~
 10 ~~offense of false swearing as defined in 45-7-202.~~

11 †3†(2) A person who owns or causes or authorizes an
 12 aircraft to be operated or who operates an aircraft required
 13 to be registered in the state without having displayed upon
 14 such aircraft a certificate of registration issued by the
 15 department for that aircraft commits a misdemeanor."

16 NEW SECTION. Section 11. Codification instruction.
 17 Sections 1 through 4 are intended to be codified as an
 18 integral part of Title 67, chapter 3, part 2, and the
 19 provisions of Title 67, chapter 3, apply to sections 1
 20 through 4.

21 NEW SECTION. Section 12. Repealer. Section 15-6-210,
 22 MCA, is repealed.

23 NEW SECTION. Section 13. Applicability. This act
 24 applies to taxable years beginning after December 31, 1987,
 25 and to aircraft registered on or after January 1, 1988.

1 NEW SECTION. Section 14. Extension of authority. Any
 2 existing authority of the department of commerce or the
 3 department of revenue to make rules on the subject of the
 4 provisions of this act is extended to the provisions of this
 5 act.

-End-

1 HOUSE BILL NO. 512

2 INTRODUCED BY REAM, SCHYE, BRANDEWIE, GILBERT, KOLSTAD,
3 CRIPPEN, LYNCH
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A FEE IN LIEU
6 OF TAX ON AIRCRAFT OTHER THAN AIRLINES; EXEMPTING AIRCRAFT
7 OTHER THAN AIRLINES TAXABLE UNDER THE PROVISIONS OF
8 15-23-401 THROUGH 15-23-403, MCA, FROM PERSONAL PROPERTY
9 TAXATION; PROVIDING FOR COLLECTION AND DISTRIBUTION OF THE
10 FEE IN LIEU OF TAX ON AIRCRAFT; CHANGING THE PENALTY FOR
11 FAILURE TO REGISTER AN AIRCRAFT; AMENDING SECTIONS 15-6-138,
12 15-8-111, 15-24-304, 17-7-502, 67-3-201, AND 67-3-202, MCA;
13 REPEALING SECTION 15-6-210, MCA; AND PROVIDING AN
14 APPLICABILITY DATE."

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

17 NEW SECTION. Section 1. Registration application --
18 payment of fees -- deposit of fees. (1) The owner of an
19 aircraft subject to the fee in lieu of property tax must
20 submit an application for registration or registration
21 renewal to the department on or before March 1 of each year.
22 The application must be accompanied by the fee in lieu of
23 tax prescribed in [section 4].

24 (2) An aircraft subject to the fee in lieu of tax may
25 not be registered until payment of the fee is made to the

1 department.

2 (3) All fees paid to the department for registration
3 must be deposited to the account established in [section 3].

4 NEW SECTION. Section 2. Fee in lieu of tax on
5 registered aircraft -- decal. (1) Except as provided in
6 subsection (3), aircraft required to be registered in
7 Montana are subject to a license fee. The registration fee
8 is in lieu of property tax.

9 (2) The department shall issue a decal to the owner of
10 the aircraft required to be registered at the time of
11 payment of the registration fee in lieu of tax, as provided
12 in 67-3-201. No aircraft subject to a fee in lieu of tax may
13 be operated in this state unless there is displayed on the
14 aircraft a decal as visual proof that the fee in lieu of tax
15 has been paid for the aircraft and that the aircraft is
16 registered for the current year.

17 (3) Aircraft that meet the description of property
18 described in 15-6-147 are exempt from the fee imposed by
19 subsection (1). Aircraft subject to the fee in lieu of tax
20 are exempt from all other taxation.

21 NEW SECTION. Section 3. Aircraft registration account
22 -- source of funds -- allocation. (1) There is an account of
23 the--agency--fund-type, IN THE STATE SPECIAL REVENUE FUND to
24 which must be credited all money received from fees paid in
25 lieu of tax on aircraft as required in this part and

1 15-24-304 and all penalties collected for registration
 2 violations as provided in 67-3-202.

3 (2) Money in the account is allocated as follows:

4 (a) 90% to the counties in the proportion that each
 5 county's collections bear to the total collections
 6 statewide; and

7 (b) 10% to the department for the purpose of
 8 administering and enforcing aircraft registration.

9 (3) The allocations required in subsection (2)(a) must
 10 be made twice annually by the department. The first
 11 allocation must be made between March 15 and March 30 and
 12 the second allocation must be made between July 1 and July
 13 15.

14 (4) The allocation required in subsection (2)(b) must
 15 be made on July 1 of each year.

16 (5) On receipt of the money allocated as provided in
 17 subsection (2)(a), the county treasurer shall distribute the
 18 money in the relative proportions required by the levies for
 19 state, county, school district, and municipal purposes in
 20 the same manner as personal property taxes are distributed.

21 (6) The allocations required in subsection (2) are
 22 considered statutory appropriations as described in
 23 17-7-502.

24 NEW SECTION. Section 4. Schedule of fees in lieu of
 25 tax for aircraft. (1) The appropriate fee in lieu of tax

1 imposed on aircraft must be determined from the following
 2 schedule:

	YEARS				
	0 - 5	6 - 10	11 - 20	21 - 30	31 - 40
3 Single engine, fixed gear, 200 horsepower and under	4 300	5 175	6 100	7 50	8 25
9 Single engine, fixed gear, over 200 horsepower	10 500	11 250	12 150	13 75	14 50
15 Single engine, retractable gear, 200 horsepower and under	16 600	17 300	18 175	19 100	20 75
21 Single engine, retractable gear, over 200 horsepower	22 700	23 400	24 200	25 125	26 100
27 Multi-engine, piston engine	28 800	29 500	30 250	31 175	32 150
33 Helicopter, piston engine	34 700	35 450	36 225	37 150	38 125
39 Single engine jet helicopter, prop jet	40 1,500	41 700	42 450	43 300	44 175
45 Multi-engine jet helicopter, prop jet	46 2,000	47 1,000	48 600	49 400	50 200
51 Jet engine, no propeller	52 3,000	53 1,500	54 800	55 500	56 250

(2) The fee in lieu of tax imposed on any glider,
 ultralight, gyrocopter, balloon, homebuilt aircraft,
 antiques, or any aircraft over 40 years old is \$20.

1 Section 5. Section 15-6-138, MCA, is amended to read:

2 "15-6-138. Class eight property -- description --

3 taxable percentage. (1) Class eight property includes:

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5 (b) all mining machinery, fixtures, equipment, tools,
6 and supplies except:

7 (i) those included in class five; and
8 (ii) coal and ore haulers;
9 (c) all manufacturing machinery, fixtures, equipment,
10 tools, and supplies except those included in class five;

11 (d) all trailers up to and including 18,000 pounds
12 maximum gross loaded weight, except those subject to a fee
13 in lieu of property tax;

14 ~~(e) --aircraft;~~

15 ~~(f)(e)~~ all goods and equipment intended for rent or
16 lease, except goods and equipment specifically included and
17 taxed in another class; and

18 ~~(g)(f)~~ all other machinery except that specifically
19 included in another class.

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

22 Section 6. Section 15-8-111, MCA, is amended to read:

23 "15-8-111. Assessment -- market value standard --
24 exceptions. (1) All taxable property must be assessed at
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1 (5) of this section and in 15-7-111 through 15-7-114.

2 (2) (a) Market value is the value at which property
3 would change hands between a willing buyer and a willing
4 seller, neither being under any compulsion to buy or to sell
5 and both having reasonable knowledge of relevant facts.

6 (b) Except as provided in subsection (3), the market
7 value of all motor trucks; agricultural tools, implements,
8 and machinery; and vehicles of all kinds, including but not
9 limited to aircraft and boats and all watercraft, is the
10 average wholesale value shown in national appraisal guides
11 and manuals or the value of the vehicle before
12 reconditioning and profit margin. The department of revenue
13 shall prepare valuation schedules showing the average
14 wholesale value when no national appraisal guide exists.

15 (3) The department of revenue or its agents may not
16 adopt a lower or different standard of value from market
17 value in making the official assessment and appraisal of the
18 value of property in 15-6-134 through 15-6-140 and 15-6-145
19 through 15-6-149, except:

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21 and machinery is the loan value as shown in the Official
22 Guide, Tractor and Farm Equipment, published by the national
23 farm and power equipment dealers association, St. Louis,
24 Missouri; and

25 (b) for agricultural implements and machinery not

1 listed in the official guide, the department shall prepare a
2 supplemental manual where the values reflect the same
3 depreciation as those found in the official guide.

4 (4) For purposes of taxation, assessed value is the
5 same as appraised value.

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8 percentage of market value established for each class of
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15 the expenses specified and allowed by 15-23-503.

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17 assessed at 100% of the annual gross proceeds.

18 (c) Properties in 15-6-133, under class three, are
19 assessed at 100% of the productive capacity of the lands
20 when valued for agricultural purposes. All lands that meet
21 the qualifications of 15-7-202 are valued as agricultural
22 lands for tax purposes.

23 (d) Properties in 15-6-143, under class thirteen, are
24 assessed at 100% of the combined appraised value of the
25 standing timber and grazing productivity of the land when

1 valued as timberland.

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3 assessed when any of the following conditions occur:

4 (a) ownership of the improvements is different from
5 ownership of the land;

6 (b) the taxpayer makes a written request; or

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8 (8) The taxable value of all property in 15-6-131 and
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10 assessed value established in 15-6-131(2), 15-6-132,
11 15-6-133, and 15-6-143 for each class of property.
12 (Subsections (3)(a) and (3)(b) applicable to tax years
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22 aircraft within 30 days of acquiring it. ~~The county assessor~~
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24 ~~for the remaining portion of the year in the manner provided~~
25 ~~in 15-24-303.~~

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 2 aircraft registered for a period less than 1 year in the
 3 same manner as personal property taxes are prorated in
 4 15-24-303.

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 6 days following acquisition of the aircraft or bringing the
 7 aircraft into the state for commercial purposes is subject
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 20 of the following provisions:

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 22 listed in subsection (3).

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 24 appropriation must specifically state that a statutory
 25 appropriation is made as provided in this section.

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 2 statutory appropriations:

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- 10 (h) 13-37-304;
- 11 (i) 15-31-702;
- 12 (j) 15-36-112;
- 13 (k) 15-70-101;
- 14 (l) 16-1-404;
- 15 (m) 16-1-410;
- 16 (n) 16-1-411;
- 17 (o) 17-3-212;
- 18 (p) 17-5-404;
- 19 (q) 17-5-424;
- 20 (r) 17-5-804;
- 21 (s) 19-8-504;
- 22 (t) 19-9-702;
- 23 (u) 19-9-1007;
- 24 (v) 19-10-205;
- 25 (w) 19-10-305;

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 5 (bb) 19-12-301;
 6 (cc) 19-13-604;
 7 (dd) 20-6-406;
 8 (ee) 20-8-111;
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 13 ~~(jj)~~(jj) 75-1-1101;
 14 ~~(kk)~~(kk) 75-7-305;
 15 ~~(ll)~~(ll) 80-2-103;
 16 ~~(mm)~~(mm) 80-2-228;
 17 ~~(nn)~~(nn) 90-3-301;
 18 ~~(oo)~~(oo) 90-3-302;
 19 ~~(pp)~~(pp) 90-15-103; and
 20 ~~(qq)~~(qq) Sec. 13, HB 861, L. 1985.
 21 (4) There is a statutory appropriation to pay the
 22 principal, interest, premiums, and costs of issuing, paying,
 23 and securing all bonds, notes, or other obligations, as due,
 24 that have been authorized and issued pursuant to the laws of
 25 Montana. Agencies that have entered into agreements

1 authorized by the laws of Montana to pay the state
 2 treasurer, for deposit in accordance with 17-2-101 through
 3 17-2-107, as determined by the state treasurer, an amount
 4 sufficient to pay the principal and interest as due on the
 5 bonds or notes have statutory appropriation authority for
 6 such payments."
 7 Section 9. Section 67-3-201, MCA, is amended to read:
 8 "67-3-201. Aircraft registration and licensing
 9 required. (1) Except as provided in 67-3-102 and in
 10 subsection ~~(7)~~ (6) of this section, a person may not operate
 11 or cause or authorize to be operated a civil aircraft within
 12 this state unless the aircraft has an appropriate effective
 13 registration, license, certificate, or permit issued or
 14 approved by the United States government which has been
 15 registered with the department and the registration with the
 16 department is in force.
 17 (2) Aircraft customarily kept in this state ~~shall~~ must
 18 be registered on or before March 1 of each year with the
 19 department, which may must charge a fee therefor ~~of not more~~
 20 ~~than--\$10~~ according to the fee schedule in [section 4]. The
 21 registration ~~shall~~ must be renewed annually on or before
 22 March 1 each year.
 23 (3) Section 67-3-202 and subsections (2) through ~~(7)~~
 24 (6) of this section ~~shall~~ do not apply to:
 25 (a) aircraft owned and operated by the federal

1 government, the state, or any political subdivision thereof;

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

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

8 (d) dismantled or otherwise nonflyable aircraft.

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

18 ~~{5}--Except-as-provided-in-15-6-210, all aircraft shall~~
19 ~~be subject to all state, county, and school district tax~~
20 ~~levies and all other levies designated for aircraft or~~
21 ~~airport-related uses. Such aircraft shall not be liable for~~
22 ~~other city tax levies.~~

23 {6}{5} Aircraft not registered in the state but
24 entering the state to engage in commercial operations shall
25 be registered prior to commencing operation.

1 {7}{6} Owners of ultralight aircraft for which no
2 appropriate effective license, certificate, or permit is
3 issued by the United States government shall pay the fee
4 required in [section 4] and file with the department an
5 appropriate registration recognized and approved by the
6 United States government."

7 Section 10. Section 67-3-202, MCA, is amended to read:

8 "67-3-202. Penalty for registration violations. (1)
9 When an aircraft required to be registered under the
10 provisions of subsections (2) through {7} {6} of 67-3-201 is
11 not registered on or before March 1 of the current calendar
12 year, a penalty fee of \$100 shall of five times the annual
13 registration fee provided in [section 4] must be added to
14 the registration fee and collected. Registration of an
15 aircraft in the name of the applicant for the year
16 immediately preceding the year for which application for
17 registration is made shall be prima facie evidence that the
18 aircraft has been based in this state during the year for
19 which application for registration is made.

20 {2}--Except for aircraft exempt from property taxation
21 as provided in 15-6-210, an application for registration
22 shall be accompanied by a copy of the receipt for or
23 statement of personal property tax paid, signed by the
24 treasurer of the county where the aircraft is registered, or
25 a statement of lien assignment against real property, signed

1 ~~by the county assessor where the aircraft is registered. A~~
 2 ~~person who pays personal property tax on his aircraft to any~~
 3 ~~jurisdiction other than the county where the aircraft is~~
 4 ~~required to be registered is liable for the tax in that~~
 5 ~~county without credit for such other taxes paid. In addition~~
 6 ~~to this civil liability, a person who attempts to establish~~
 7 ~~the situs of his aircraft in any jurisdiction other than the~~
 8 ~~county where the aircraft is required to be registered with~~
 9 ~~intent to avoid payment of taxes to that county commits the~~
 10 ~~offense of false swearing as defined in 45-7-202.~~

11 (3)(2) A person who owns or causes or authorizes an
 12 aircraft to be operated or who operates an aircraft required
 13 to be registered in the state without having displayed upon
 14 such aircraft a certificate of registration issued by the
 15 department for that aircraft commits a misdemeanor."

16 NEW SECTION. Section 11. Codification instruction.
 17 Sections 1 through 4 are intended to be codified as an
 18 integral part of Title 67, chapter 3, part 2, and the
 19 provisions of Title 67, chapter 3, apply to sections 1
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 22 MCA, is repealed.

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 24 applies to taxable years beginning after December 31, 1987,
 25 and to aircraft registered on or after January 1, 1988.

1 NEW SECTION. Section 14. Extension of authority. Any
 2 existing authority of the department of commerce or the
 3 department of revenue to make rules on the subject of the
 4 provisions of this act is extended to the provisions of this
 5 act.

-End-

1 HOUSE BILL NO. 512

2 INTRODUCED BY REAM, SCHYE, BRANDEWIE, GILBERT, KOLSTAD,
3 CRIPPEN, LYNCH

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A FEE IN LIEU
6 OF TAX ON AIRCRAFT OTHER THAN AIRLINES; EXEMPTING AIRCRAFT
7 OTHER THAN AIRLINES TAXABLE UNDER THE PROVISIONS OF
8 15-23-401 THROUGH 15-23-403, MCA, FROM PERSONAL PROPERTY
9 TAXATION; PROVIDING FOR COLLECTION AND DISTRIBUTION OF THE
10 FEE IN LIEU OF TAX ON AIRCRAFT; CHANGING THE PENALTY FOR
11 FAILURE TO REGISTER AN AIRCRAFT; AMENDING SECTIONS 15-6-138,
12 15-8-111, 15-24-304, 17-7-502, 67-3-201, AND 67-3-202, MCA;
13 REPEALING SECTION 15-6-210, MCA; AND PROVIDING AN
14 APPLICABILITY DATE."

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

17 NEW SECTION. Section 1. Registration application --
18 payment of fees -- deposit of fees. (1) The owner of an
19 aircraft subject to the fee in lieu of property tax must
20 submit an application for registration or registration
21 renewal to the department on or before March 1 of each year.
22 The application must be accompanied by the fee in lieu of
23 tax prescribed in [section 4].

24 (2) An aircraft subject to the fee in lieu of tax may
25 not be registered until payment of the fee is made to the

1 department.

2 (3) All fees paid to the department for registration
3 must be deposited to the account established in [section 3].

4 NEW SECTION. Section 2. Fee in lieu of tax on
5 registered aircraft -- decal. (1) Except as provided in
6 subsection (3), aircraft required to be registered in
7 Montana are subject to a license fee. The registration fee
8 is in lieu of property tax.

9 (2) The department shall issue a decal to the owner of
10 the aircraft required to be registered at the time of
11 payment of the registration fee in lieu of tax, as provided
12 in 67-3-201. No aircraft subject to a fee in lieu of tax may
13 be operated in this state unless there is displayed on the
14 aircraft a decal as visual proof that the fee in lieu of tax
15 has been paid for the aircraft and that the aircraft is
16 registered for the current year.

17 (3) Aircraft that meet the description of property
18 described in 15-6-147 are exempt from the fee imposed by
19 subsection (1). Aircraft subject to the fee in lieu of tax
20 are exempt from all other taxation.

21 NEW SECTION. Section 3. Aircraft registration account
22 -- source of funds -- allocation. (1) There is an account of
23 the--agency--fund-type, IN THE STATE SPECIAL REVENUE FUND to
24 which must be credited all money received from fees paid in
25 lieu of tax on aircraft as required in this part and

1 15-24-304 and all penalties collected for registration
2 violations as provided in 67-3-202.

3 (2) Money in the account is allocated as follows:

4 (a) 90% to the counties in the proportion that each
5 county's collections bear to the total collections
6 statewide; and

7 (b) 10% to the department for the purpose of
8 administering and enforcing aircraft registration.

9 (3) The allocations required in subsection (2)(a) must
10 be made twice annually by the department. The first
11 allocation must be made between March 15 and March 30 and
12 the second allocation must be made between July 1 and July
13 15.

14 (4) The allocation required in subsection (2)(b) must
15 be made on July 1 of each year.

16 (5) On receipt of the money allocated as provided in
17 subsection (2)(a), the county treasurer shall distribute the
18 money in the relative proportions required by the levies for
19 state, county, school district, and municipal purposes in
20 the same manner as personal property taxes are distributed.

21 (6) The allocations required in subsection (2) are
22 considered statutory appropriations as described in
23 17-7-502.

24 NEW SECTION. Section 4. Schedule of fees in lieu of
25 tax for aircraft. (1) The appropriate fee in lieu of tax

1 imposed on aircraft must be determined from the following
2 schedule:

	YEARS				
	0 - 5	6 - 10	11 - 20	21 - 30	31 - 40
3					
4					
5					
6					
7					
8					
9					
10					
11					
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25					

(2) The fee in lieu of tax imposed on any glider,
ultralight, gyrocopter, balloon, homebuilt aircraft,
antiques, or any aircraft over 40 years old is \$20.

1 Section 5. Section 15-6-138, MCA, is amended to read:

2 "15-6-138. Class eight property -- description --
3 taxable percentage. (1) Class eight property includes:

- 4 (a) all agricultural implements and equipment;
- 5 (b) all mining machinery, fixtures, equipment, tools,
6 and supplies except:

- 7 (i) those included in class five; and
- 8 (ii) coal and ore haulers;

9 (c) all manufacturing machinery, fixtures, equipment,
10 tools, and supplies except those included in class five;

11 (d) all trailers up to and including 18,000 pounds
12 maximum gross loaded weight, except those subject to a fee
13 in lieu of property tax;

14 ~~(e)~~--aircraft;

15 ~~(f)~~(e) all goods and equipment intended for rent or
16 lease, except goods and equipment specifically included and
17 taxed in another class; and

18 ~~(g)~~(f) all other machinery except that specifically
19 included in another class.

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

22 Section 6. Section 15-8-111, MCA, is amended to read:

23 "15-8-111. Assessment -- market value standard --
24 exceptions. (1) All taxable property must be assessed at
25 100% of its market value except as provided in subsection

1 (5) of this section and in 15-7-111 through 15-7-114.

2 (2) (a) Market value is the value at which property
3 would change hands between a willing buyer and a willing
4 seller, neither being under any compulsion to buy or to sell
5 and both having reasonable knowledge of relevant facts.

6 (b) Except as provided in subsection (3), the market
7 value of all motor trucks; agricultural tools, implements,
8 and machinery; and vehicles of all kinds, including but not
9 limited to aircraft--and boats and all watercraft, is the
10 average wholesale value shown in national appraisal guides
11 and manuals or the value of the vehicle before
12 reconditioning and profit margin. The department of revenue
13 shall prepare valuation schedules showing the average
14 wholesale value when no national appraisal guide exists.

15 (3) The department of revenue or its agents may not
16 adopt a lower or different standard of value from market
17 value in making the official assessment and appraisal of the
18 value of property in 15-6-134 through 15-6-140 and 15-6-145
19 through 15-6-149, except:

20 (a) the wholesale value for agricultural implements
21 and machinery is the loan value as shown in the Official
22 Guide, Tractor and Farm Equipment, published by the national
23 farm and power equipment dealers association, St. Louis,
24 Missouri; and

25 (b) for agricultural implements and machinery not

1 listed in the official guide, the department shall prepare a
2 supplemental manual where the values reflect the same
3 depreciation as those found in the official guide.

4 (4) For purposes of taxation, assessed value is the
5 same as appraised value.

6 (5) The taxable value for all property in classes four
7 through eleven and fifteen through nineteen is the
8 percentage of market value established for each class of
9 property in 15-6-134 through 15-6-141 and 15-6-145 through
10 15-6-149.

11 (6) The assessed value of properties in 15-6-131
12 through 15-6-133 is as follows:

13 (a) Properties in 15-6-131, under class one, are
14 assessed at 100% of the annual net proceeds after deducting
15 the expenses specified and allowed by 15-23-503.

16 (b) Properties in 15-6-132, under class two, are
17 assessed at 100% of the annual gross proceeds.

18 (c) Properties in 15-6-133, under class three, are
19 assessed at 100% of the productive capacity of the lands
20 when valued for agricultural purposes. All lands that meet
21 the qualifications of 15-7-202 are valued as agricultural
22 lands for tax purposes.

23 (d) Properties in 15-6-143, under class thirteen, are
24 assessed at 100% of the combined appraised value of the
25 standing timber and grazing productivity of the land when

1 valued as timberland.

2 (7) Land and the improvements thereon are separately
3 assessed when any of the following conditions occur:

4 (a) ownership of the improvements is different from
5 ownership of the land;

6 (b) the taxpayer makes a written request; or

7 (c) the land is outside an incorporated city or town.

8 (8) The taxable value of all property in 15-6-131 and
9 classes two, three, and thirteen is the percentage of
10 assessed value established in 15-6-131(2), 15-6-132,
11 15-6-133, and 15-6-143 for each class of property.
12 (Subsections (3)(a) and (3)(b) applicable to tax years
13 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
14 Subsection (6)(d) and references in (8) to class thirteen
15 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
16 1985.)"

17 Section 7. Section 15-24-304, MCA, is amended to read:

18 "15-24-304. Prorated taxes fee in lieu of tax --
19 aircraft. (1) A person who acquires an aircraft required to
20 be registered under subsections (2) through ~~(7)~~ (6) of
21 67-3-201 after March 1 in any year shall register the
22 aircraft within 30 days of acquiring it. ~~The county assessor~~
23 ~~shall--prorate the personal property tax due on the aircraft~~
24 ~~for the remaining portion of the year in the manner provided~~
25 ~~in 15-24-303.~~

1 (2) The fee in lieu of tax must be prorated for
 2 aircraft registered for a period less than 1 year in the
 3 same manner as personal property taxes are prorated in
 4 15-24-303.

5 (3) A person failing to register an aircraft within 30
 6 days following acquisition of the aircraft or bringing the
 7 aircraft into the state for commercial purposes is subject
 8 to the penalty provided in 67-3-202.

9 (4) A person owning a migratory aircraft shall
 10 register as prescribed in 67-3-201(5) and pay the fee in
 11 lieu of tax."

12 Section 8. Section 17-7-502, MCA, is amended to read:

13 "17-7-502. Statutory appropriations -- definition --
 14 requisites for validity. (1) A statutory appropriation is an
 15 appropriation made by permanent law that authorizes spending
 16 by a state agency without the need for a biennial
 17 legislative appropriation or budget amendment.

18 (2) Except as provided in subsection (4), to be
 19 effective, a statutory appropriation must comply with both
 20 of the following provisions:

21 (a) The law containing the statutory authority must be
 22 listed in subsection (3).

23 (b) The law or portion of the law making a statutory
 24 appropriation must specifically state that a statutory
 25 appropriation is made as provided in this section.

1 (3) The following laws are the only laws containing
 2 statutory appropriations:

- 3 (a) 2-9-202;
- 4 (b) 2-17-105;
- 5 (c) 2-18-812;
- 6 (d) 10-3-203;
- 7 (e) 10-3-312;
- 8 (f) 10-3-314;
- 9 (g) 10-4-301;
- 10 (h) 13-37-304;
- 11 (i) 15-31-702;
- 12 (j) 15-36-112;
- 13 (k) 15-70-101;
- 14 (l) 16-1-404;
- 15 (m) 16-1-410;
- 16 (n) 16-1-411;
- 17 (o) 17-3-212;
- 18 (p) 17-5-404;
- 19 (q) 17-5-424;
- 20 (r) 17-5-804;
- 21 (s) 19-8-504;
- 22 (t) 19-9-702;
- 23 (u) 19-9-1007;
- 24 (v) 19-10-205;
- 25 (w) 19-10-305;

1 (x) 19-10-506;
 2 (y) 19-11-512;
 3 (z) 19-11-513;
 4 (aa) 19-11-606;
 5 (bb) 19-12-301;
 6 (cc) 19-13-604;
 7 (dd) 20-6-406;
 8 (ee) 20-8-111;
 9 (ff) 23-5-612;
 10 (gg) 37-51-501;
 11 (hh) 53-24-206;
 12 (ii) [section 3];
 13 {ii}{jj} 75-1-1101;
 14 {jj}{kk} 75-7-305;
 15 {kk}{ll} 80-2-103;
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18 aircraft has been based in this state during the year for
19 which application for registration is made.

20 ~~{2}--Except-for-aircraft-exempt-from-property-taxation~~
21 ~~as-provided-in-15-6-210, an application for registration~~
22 ~~shall-be-accompanied-by-a-copy-of-the-receipt-for-or~~
23 ~~statement-of-personal-property-tax-paid, signed-by-the~~
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25 ~~a-statement-of-lien-assignment-against-real-property, signed~~

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 2 person-who-pays-personal-property-tax-on-his-aircraft-to-any
 3 jurisdiction--other--than--the--county-where-the-aircraft-is
 4 required-to-be-registered-is-liable--for--the--tax--in--that
 5 county-without-credit-for-such-other-taxes-paid--in-addition
 6 to--this-civil-liability,-a-person-who-attempts-to-establish
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