

HB 525 INTRODUCED BY WALLIN  
ELIMINATE LIGHT VEHICLE FEE IN LIEU OF TAX

1/29 INTRODUCED  
1/29 REFERRED TO TAXATION  
1/29 FISCAL NOTE REQUESTED  
2/03 FISCAL NOTE RECEIVED  
2/12 HEARING  
2/13 TABLED IN COMMITTEE

1 House BILL NO. 525  
2 INTRODUCED BY \_\_\_\_\_  
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ELIMINATE THE FEE IN  
5 LIEU OF TAX ON LIGHT VEHICLES; AMENDING SECTIONS 15-30-121,  
6 15-31-114, 15-50-207, 20-9-141, 20-9-331, 20-9-333,  
7 20-9-352, 20-9-501, 20-10-144, 61-3-303, 61-3-332, 61-3-509,  
8 61-3-534, AND 61-3-701, MCA; AND REPEALING SECTIONS  
9 15-24-101, 15-24-301, 61-3-532, AND 61-3-533, MCA."

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

12 Section 1. Section 15-30-121, MCA, is amended to read:  
13 "15-30-121. Deductions allowed in computing net  
14 income. In computing net income, there are allowed as  
15 deductions:

16 (1) the items referred to in sections 161 and 211 of  
17 the Internal Revenue Code of 1954, or as sections 161 and  
18 211 shall be labeled or amended, subject to the following  
19 exceptions which are not deductible:

- 20 (a) items provided for in 15-30-123;
- 21 (b) state income tax paid;
- 22 (2) federal income tax paid within the taxable year;
- 23 (3) expenses of household and dependent care services  
24 as outlined in subsections (3)(a) through (3)(c) and subject  
25 to the limitations and rules as set out in subsections

1 (3)(d) through (3)(f) as follows:

2 (a) expenses for household and dependent care services  
3 necessary for gainful employment incurred for:

4 (i) a dependent under 15 years of age for whom an  
5 exemption can be claimed;

6 (ii) a dependent as allowable under 15-30-112(5),  
7 except that the limitations for age and gross income do not  
8 apply, who is unable to care for himself because of physical  
9 or mental illness; and

10 (iii) a spouse who is unable to care for himself  
11 because of physical or mental illness;

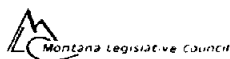
12 (b) employment-related expenses incurred for the  
13 following services, but only if such expenses are incurred  
14 to enable the taxpayer to be gainfully employed:

15 (i) household services which are attributable to the  
16 care of the qualifying individual; and

17 (ii) care of an individual who qualifies under  
18 subsection (3)(a);

19 (c) expenses incurred in maintaining a household if  
20 over half of the cost of maintaining the household is  
21 furnished by an individual or, if the individual is married  
22 during the applicable period, is furnished by the individual  
23 and his spouse;

24 (d) the amounts deductible in subsection (3)(a)  
25 through (3)(c) are subject to the following limitations:



1 (i) a deduction is allowed under subsection (3)(a) for  
2 employment-related expenses incurred during the year only to  
3 the extent such expenses do not exceed \$4,800;

4 (ii) expenses for services in the household are  
5 deductible under subsection (3)(a) for employment-related  
6 expenses only if they are incurred for services in the  
7 taxpayer's household, except that employment-related  
8 expenses incurred for services outside the taxpayer's  
9 household are deductible, but only if incurred for the care  
10 of a qualifying individual described in subsection (3)(a)(i)  
11 and only to the extent such expenses incurred during the  
12 year do not exceed:

13 (A) \$2,400 in the case of one qualifying individual;

14 (B) \$3,600 in the case of two qualifying individuals;

15 and

16 (C) \$4,800 in the case of three or more qualifying  
17 individuals;

18 (e) if the combined adjusted gross income of the  
19 taxpayers exceeds \$18,000 for the taxable year during which  
20 the expenses are incurred, the amount of the  
21 employment-related expenses incurred must be reduced by  
22 one-half of the excess of the combined adjusted gross income  
23 over \$18,000;

24 (f) for purposes of this subsection (3):

25 (i) married couples shall file a joint return or file

1 separately on the same form;

2 (ii) if the taxpayer is married during any period of  
3 the taxable year, employment-related expenses incurred are  
4 deductible only if:

5 (A) both spouses are gainfully employed on a  
6 substantially full-time basis; or

7 (B) the spouse is a qualifying individual described in  
8 subsection (3)(a)(iii);

9 (iii) an individual legally separated from his spouse  
10 under a decree of divorce or of separate maintenance may not  
11 be considered as married;

12 (iv) the deduction for employment-related expenses must  
13 be divided equally between the spouses when filing  
14 separately on the same form;

15 (v) payment made to a child of the taxpayer who is  
16 under 19 years of age at the close of the taxable year and  
17 payments made to an individual with respect to whom a  
18 deduction is allowable under 15-30-112(5) are not deductible  
19 as employment-related expenses;

20 (4) in the case of an individual, political  
21 contributions determined in accordance with the provisions  
22 of section 218(a) and (b) of the Internal Revenue Code that  
23 were in effect for the taxable year ended December 31, 1978;

24 (5) that portion of expenses for organic fertilizer  
25 allowed as a deduction under 15-32-303 which was not

1 otherwise deducted in computing taxable income;

2 ~~†6) light vehicle license fees, as provided by~~

3 ~~61-3-532, paid during the taxable year;~~

4 ~~†7) (6)~~ fees in lieu of taxes on motorcycles and

5 quadricycles, as provided by 61-3-541, paid during the

6 taxable year; and

7 ~~†8) (7)~~ contributions to the child abuse and neglect

8 prevention program provided for in 41-3-701, subject to the

9 conditions set forth in 15-30-156. (Subsection ~~†8) [(7)]~~

10 terminates January 1, 1990--sec. 13, Ch. 610, L. 1985.)"

11 Section 2. Section 15-31-114, MCA, is amended to read:

12 "15-31-114. Deductions allowed in computing income. In

13 computing the net income, the following deductions shall be

14 allowed from the gross income received by such corporation

15 within the year from all sources:

16 (1) All the ordinary and necessary expenses paid or

17 incurred during the taxable year in the maintenance and

18 operation of its business and properties, including

19 reasonable allowance for salaries for personal services

20 actually rendered, subject to the limitation hereinafter

21 contained, rentals or other payments required to be made as

22 a condition to the continued use or possession of property

23 to which the corporation has not taken or is not taking

24 title or in which it has no equity. No deduction shall be

25 allowed for salaries paid upon which the recipient thereof

1 has not paid Montana state income tax; provided, however,

2 that where domestic corporations are taxed on income derived

3 from without the state, salaries of officers paid in

4 connection with securing such income shall be deductible.

5 (2) (a) All losses actually sustained and charged off

6 within the year and not compensated by insurance or

7 otherwise, including a reasonable allowance for the wear and

8 tear and obsolescence of property used in the trade or

9 business, such allowance to be determined according to the

10 provisions of section 167 of the Internal Revenue Code in

11 effect with respect to the taxable year. All elections for

12 depreciation shall be the same as the elections made for

13 federal income tax purposes. No deduction shall be allowed

14 for any amount paid out for any buildings, permanent

15 improvements, or betterments made to increase the value of

16 any property or estate, and no deduction shall be made for

17 any amount of expense of restoring property or making good

18 the exhaustion thereof for which an allowance is or has been

19 made.

20 (b) (i) There shall be allowed as a deduction for the

21 taxable period a net operating loss deduction determined

22 according to the provisions of this subsection. The net

23 operating loss deduction is the aggregate of net operating

24 loss carryovers to such taxable period plus the net

25 operating loss carrybacks to such taxable period. The term

1 "net operating loss" means the excess of the deductions  
2 allowed by this section, 15-31-114, over the gross income,  
3 with the modifications specified in (ii) of this subsection.  
4 If for any taxable period beginning after December 31, 1970,  
5 a net operating loss is sustained, such loss shall be a net  
6 operating loss carryback to each of the three taxable  
7 periods preceding the taxable period of such loss and shall  
8 be a net operating loss carryover to each of the five  
9 taxable periods following the taxable period of such loss. A  
10 net operating loss for any taxable period ending after  
11 December 31, 1975, in addition to being a net operating loss  
12 carryback to each of the three preceding taxable periods,  
13 shall be a net operating loss carryover to each of the seven  
14 taxable periods following the taxable period of such loss.  
15 The portion of such loss which shall be carried to each of  
16 the other taxable years shall be the excess, if any, of the  
17 amount of such loss over the sum of the net income for each  
18 of the prior taxable periods to which such loss was carried.  
19 For purposes of the preceding sentence, the net income for  
20 such prior taxable period shall be computed with the  
21 modifications specified in (ii)(B) of this subsection and by  
22 determining the amount of the net operating loss deduction  
23 without regard to the net operating loss for the loss period  
24 or any taxable period thereafter, and the net income so  
25 computed shall not be considered to be less than zero.

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

1 (vi) The net operating loss deduction shall not be  
2 allowed with respect to taxable periods which ended on or  
3 before December 31, 1970, but shall be allowed only with  
4 respect to taxable periods beginning on or after January 1,  
5 1971.

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

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

23 (5) (a) Taxes paid within the year, except the  
24 following:

25 (i) Taxes imposed by this part.

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

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

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

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

11 (6) ~~Eight--vehicle--license--fees,--as---provided---by~~  
12 ~~61-3-532,--and-fees~~ Fees in lieu of taxes for motorcycles and  
13 quadricycles, as provided by 61-3-541, paid within the year.

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

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

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

23 (9) In lieu of the deduction allowed under subsection  
24 (8), the taxpayer may deduct the fair market value, not to  
25 exceed 30% of the taxpayer's net income, of a computer or

1 other sophisticated technological equipment or apparatus  
2 intended for use with the computer donated to an elementary,  
3 secondary, or accredited postsecondary school located in  
4 Montana if:

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

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

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

15 Section 3. Section 15-50-207, MCA, is amended to read:

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

24 (2) Personal property taxes, or fees in lieu of taxes  
25 on motorcycles or quadricycles, ~~or light-vehicle-license~~

1 ~~fees-as-provided-by-61-3-532~~ paid in Montana on any personal  
2 property of the contractor which is used in the business of  
3 the contractor and is located within this state may be  
4 credited against the license fees required under this  
5 chapter. However, in computing the tax credit allowed by  
6 this section against the contractor's corporation license  
7 tax or income tax, the personal property tax ~~or light~~  
8 ~~vehicle-license-fee~~ credit against the license fees herein  
9 required shall not be considered as license fees paid for  
10 the purpose of such income tax or corporation license tax  
11 credit."

12 Section 4. Section 20-9-141, MCA, is amended to read:

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

18 (a) Determine the total of the funding required for  
19 the district's final general fund budget less the amount  
20 established by the schedules in 20-9-316 through 20-9-321 by  
21 totaling:

22 (i) the district's nonisolated school foundation  
23 program requirement to be met by a district levy as provided  
24 in 20-9-303;

25 (ii) the district's permissive levy amount as provided

1 in 20-9-352; and

2 (iii) any general fund budget amount adopted by the  
3 trustees of the district under the provisions of 20-9-353,  
4 including any additional levies authorized by the electors  
5 of the district.

6 (b) Determine the total of the moneys available for  
7 the reduction of the property tax on the district for the  
8 general fund by totaling:

9 (i) anticipated federal moneys received under the  
10 provisions of Title I of Public Law 81-874 or other  
11 anticipated federal moneys received in lieu of such federal  
12 act;

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

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

18 (iv) anticipated or reappropriated state impact aid  
19 received under the provisions of 20-9-304;

20 ~~{v}~~--anticipated--or--reappropriated--motor-vehicle-fees  
21 and-reimbursement--under--the--provisions--of--61-3-532--and  
22 61-3-536;

23 ~~{vi}~~{v} anticipated net proceeds taxes for new  
24 production, as defined in 15-23-601;

25 ~~{vii}~~{vi} anticipated interest to be earned or

1 reappropriated interest earned by the investment of general  
2 fund cash in accordance with the provisions of 20-9-213(4);  
3 and

4 ~~{viii}~~{vii} any other revenue anticipated by the  
5 trustees to be received during the ensuing school fiscal  
6 year which may be used to finance the general fund.

7 (c) Subtract the total of the moneys available to  
8 reduce the property tax required to finance the general fund  
9 that has been determined in subsection (1)(b) from the total  
10 requirement determined in subsection (1)(a).

11 (2) The net general fund levy requirement determined  
12 in subsection (1)(c) shall be reported to the county  
13 commissioners on the second Monday of August by the county  
14 superintendent as the general fund levy requirement for the  
15 district, and a levy shall be made by the county  
16 commissioners in accordance with 20-9-142."

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

18 "20-9-331. Basic county tax and other revenues for  
19 county equalization of the elementary district foundation  
20 program. (1) It shall be the duty of the county  
21 commissioners of each county to levy an annual basic tax of  
22 28 mills on the dollars of the taxable value of all taxable  
23 property within the county for the purposes of local and  
24 state foundation program support. The revenue to be  
25 collected from this levy shall be apportioned to the support



1 of the foundation programs of the elementary school  
2 districts in the county and to the state special revenue  
3 fund, state equalization aid account, in the following  
4 manner:

5 (a) In order to determine the amount of revenue raised  
6 by this levy which is retained by the county, the sum of the  
7 estimated revenues identified in subsection (2) below shall  
8 be subtracted from the sum of the county elementary  
9 transportation obligation and the total of the foundation  
10 programs of all elementary districts of the county.

11 (b) If the basic levy prescribed by this section  
12 produces more revenue than is required to finance the  
13 difference determined above, the county treasurer shall  
14 remit the surplus funds to the state treasurer for deposit  
15 to the state special revenue fund, state equalization aid  
16 account, immediately upon occurrence of a surplus balance  
17 and each subsequent month thereafter, with any final  
18 remittance due no later than June 20 of the fiscal year for  
19 which the levy has been set.

20 (2) The proceeds realized from the county's portion of  
21 the levy prescribed by this section and the revenues from  
22 the following sources shall be used for the equalization of  
23 the elementary district foundation programs of the county as  
24 prescribed in 20-9-334, and a separate accounting shall be  
25 kept of such proceeds and revenues by the county treasurer

1 in accordance with 20-9-212(1):

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

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

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

12 (d) any money remaining at the end of the immediately  
13 preceding school fiscal year in the county treasurer's  
14 account for the various sources of revenue established or  
15 referred to in this section;

16 (e) any federal or state money, ~~including anticipated~~  
17 ~~or-reappropriated-motor-vehicle-fees-and-reimbursement-under~~  
18 ~~the-provisions-of-61-3-532-and-61-3-536, distributed to the~~  
19 ~~county-as-payment-in-lieu-of-the-property-taxation~~  
20 ~~established-by-the-county-levy-required-by-this-section; and~~

21 (f) net proceeds taxes for new production, as defined  
22 in 15-23-601."

23 Section 6. Section 20-9-333, MCA, is amended to read:

24 "20-9-333. Basic special levy and other revenues for  
25 county equalization of high school district foundation

1 program. (1) It shall be the duty of the county  
 2 commissioners of each county to levy an annual basic special  
 3 tax for high schools of 17 mills on the dollar of the  
 4 taxable value of all taxable property within the county for  
 5 the purposes of local and state foundation program support.  
 6 The revenue to be collected from this levy shall be  
 7 apportioned to the support of the foundation programs of  
 8 high school districts in the county and to the state special  
 9 revenue fund, state equalization aid account, in the  
 10 following manner:

11 (a) In order to determine the amount of revenue raised  
 12 by this levy which is retained by the county, the estimated  
 13 revenues identified in subsections (2)(a) and (2)(b) below  
 14 shall be subtracted from the sum of the county's high school  
 15 tuition obligation and the total of the foundation programs  
 16 of all high school districts of the county.

17 (b) If the basic levy prescribed by this section  
 18 produces more revenue than is required to finance the  
 19 difference determined above, the county treasurer shall  
 20 remit the surplus to the state treasurer for deposit to the  
 21 state special revenue fund, state equalization aid account,  
 22 immediately upon occurrence of a surplus balance and each  
 23 subsequent month thereafter, with any final remittance due  
 24 no later than June 20 of the fiscal year for which the levy  
 25 has been set.

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

8 (a) any money remaining at the end of the immediately  
 9 preceding school fiscal year in the county treasurer's  
 10 accounts for the various sources of revenue established in  
 11 this section;

12 (b) any federal or state moneys~~7-including-anticipated~~  
 13 ~~or-reappropriated-motor-vehicle-fees-and-reimbursement-under~~  
 14 ~~the--provisions-of-61-3-532-and-61-3-5367-distributed-to-the~~  
 15 ~~county-as--a--payment--in--lieu--of--the--property--taxation~~  
 16 ~~established-by-the-county-levy-required-by-this-section;~~ and

17 (c) net proceeds taxes for new production, as defined  
 18 in 15-23-601."

19 Section 7. Section 20-9-352, MCA, is amended to read:

20 "20-9-352. Permissive amount and permissive levy. (1)  
 21 Whenever the trustees of any district shall deem it  
 22 necessary to adopt a general fund budget in excess of the  
 23 foundation program amount but not in excess of the maximum  
 24 general fund budget amount for such district as established  
 25 by the schedules in 20-9-316 through 20-9-321, the trustees

1 shall adopt a resolution stating the reasons and purposes  
 2 for exceeding the foundation program amount. Such excess  
 3 above the foundation program amount shall be known as the  
 4 "permissive amount", and it shall be financed by a levy on  
 5 the taxable value of all taxable property within the  
 6 district as prescribed in 20-9-141, supplemented with any  
 7 biennial appropriation by the legislature for this purpose.  
 8 The proceeds of such an appropriation shall be deposited to  
 9 the state special revenue fund, permissive account.

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

12 (a) For each elementary school district, the county  
 13 commissioners shall annually set a levy not exceeding 6  
 14 mills on all the taxable property in the district for the  
 15 purpose of funding the permissive amount of the district.  
 16 The permissive levy in mills shall be obtained by  
 17 multiplying the ratio of the permissive amount to the  
 18 maximum permissive amount by 6 or by using the number of  
 19 mills which would fund the permissive amount, whichever is  
 20 less. If the amount of revenue raised by this levy ~~plus~~  
 21 ~~anticipated---or---reappropriated---motor---vehicle---fees---and~~  
 22 ~~reimbursement-under-the-provisions-of-61-3-532-and-61-3-536,~~  
 23 is not sufficient to fund the permissive amount in full, the  
 24 amount of the deficiency shall be paid to the district from  
 25 the state special revenue fund according to the provisions

1 of subsections (3) and (4) of this section.

2 (b) For each high school district, the county  
 3 commissioners shall annually set a levy not exceeding 4  
 4 mills on all taxable property in the district for the  
 5 purpose of funding the permissive amount of the district.  
 6 The permissive levy in mills shall be obtained by  
 7 multiplying the ratio of the permissive levy to the maximum  
 8 permissive amount by 4 or by using the number of mills which  
 9 would fund the permissive amount, whichever is less. If the  
 10 amount of revenue raised by this levy ~~plus-anticipated~~  
 11 ~~motor-vehicle-fees-and-reimbursement-under-the-provisions-of~~  
 12 ~~61-3-532-and-61-3-536-and~~ plus net proceeds taxes for new  
 13 production, as defined in 15-23-601, is not sufficient to  
 14 fund the permissive amount in full, the amount of the  
 15 deficiency shall be paid to the district from the state  
 16 special revenue fund according to the provisions of  
 17 subsections (3) and (4) of this section.

18 (3) The superintendent of public instruction shall, if  
 19 the appropriation by the legislature for the permissive  
 20 account for the biennium is insufficient, request the budget  
 21 director to submit a request for a supplemental  
 22 appropriation in the second year of the biennium. The  
 23 supplemental appropriation shall provide enough revenue to  
 24 fund the permissive deficiency of the elementary and high  
 25 school districts of the state. The proceeds of this

1 appropriation shall be deposited to the state special  
 2 revenue fund, permissive account, and shall be distributed  
 3 to the elementary and high school districts in accordance  
 4 with their entitlements as determined by the superintendent  
 5 of public instruction according to the provisions of  
 6 subsections (1) and (2) of this section.

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

22 Section 8. Section 20-9-501, MCA, is amended to read:

23 "20-9-501. Retirement fund. (1) The trustees of any  
 24 district employing personnel who are members of the  
 25 teachers' retirement system or the public employees'

1 retirement system or who are covered by unemployment  
 2 insurance or who are covered by any federal social security  
 3 system requiring employer contributions shall establish a  
 4 retirement fund for the purposes of budgeting and paying the  
 5 employer's contributions to such systems. The district's  
 6 contribution for each employee who is a member of the  
 7 teachers' retirement system shall be calculated in  
 8 accordance with Title 19, chapter 4, part 6. The district's  
 9 contribution for each employee who is a member of the public  
 10 employees' retirement system shall be calculated in  
 11 accordance with 19-3-801. The district may levy a special  
 12 tax to pay its contribution to the public employees'  
 13 retirement system under the conditions prescribed in  
 14 19-3-204. The district's contributions for each employee  
 15 covered by any federal social security system shall be paid  
 16 in accordance with federal law and regulation. The  
 17 district's contribution for each employee who is covered by  
 18 unemployment insurance shall be paid in accordance with  
 19 Title 39, chapter 51, part 11.

20 (2) The trustees of any district required to make a  
 21 contribution to any such system shall include in the  
 22 retirement fund of the preliminary budget the estimated  
 23 amount of the employer's contribution and such additional  
 24 moneys, within legal limitations, as they may wish to  
 25 provide for the retirement fund cash reserve. After the

1 final retirement fund budget has been adopted, the trustees  
 2 shall pay the employer contributions to such systems in  
 3 accordance with the financial administration provisions of  
 4 this title.

5 (3) When the final retirement fund budget has been  
 6 adopted, the county superintendent shall establish the levy  
 7 requirement by:

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

10 (i) any anticipated moneys that may be realized in the  
 11 retirement fund during the ensuing school fiscal year  
 12 ~~including--anticipated--motor-vehicle-fees-and-reimbursement~~  
 13 ~~under-the-provisions-of-61-3-532-and-61-3-536;~~

14 (ii) net proceeds taxes for new production, as defined  
 15 in 15-23-601; and

16 (iii) any cash available for reappropriation as  
 17 determined by subtracting the amount of the end-of-the-year  
 18 cash balance earmarked as the retirement fund cash reserve  
 19 for the ensuing school fiscal year by the trustees from the  
 20 end-of-the-year cash balance in the retirement fund. The  
 21 retirement fund cash reserve shall not be more than 35% of  
 22 the final retirement fund budget for the ensuing school  
 23 fiscal year and shall be used for the purpose of paying  
 24 retirement fund warrants issued by the district under the  
 25 final retirement fund budget.

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

5 (4) The county superintendent shall total the net  
 6 retirement fund levy requirements separately for all  
 7 elementary school districts, all high school districts, and  
 8 all community college districts of the county, including any  
 9 prorated joint district or special education cooperative  
 10 agreement levy requirements, and shall report each such levy  
 11 requirement to the county commissioners on the second Monday  
 12 of August as the respective county levy requirements for  
 13 elementary district, high school district, and community  
 14 college district retirement funds. The county commissioners  
 15 shall fix and set such county levy in accordance with  
 16 20-9-142.

17 (5) The net retirement fund levy requirement for a  
 18 joint elementary district or a joint high school district  
 19 shall be prorated to each county in which a part of such  
 20 district is located in the same proportion as the district  
 21 ANB of the joint district is distributed by pupil residence  
 22 in each such county. The county superintendents of the  
 23 counties affected shall jointly determine the net retirement  
 24 fund levy requirement for each county as provided in  
 25 20-9-151.

1 (6) The net retirement fund levy requirement for  
 2 districts that are members of special education cooperative  
 3 agreements shall be prorated to each county in which such  
 4 district is located in the same proportion as the budget for  
 5 the special education cooperative agreement of the district  
 6 bears to the total budget of the cooperative. The county  
 7 superintendents of the counties affected shall jointly  
 8 determine the net retirement fund levy requirement for each  
 9 county in the same manner as provided in 20-9-151 and fix  
 10 and levy the net retirement fund levy for each county in the  
 11 same manner as provided in 20-9-152."

12 Section 9. Section 20-10-144, MCA, is amended to read:

13 "20-10-144. Computation of revenues and net tax levy  
 14 requirements for the transportation fund budget. Before the  
 15 fourth Monday of July and in accordance with 20-9-123, the  
 16 county superintendent shall compute the revenue available to  
 17 finance the transportation fund budget of each district. The  
 18 county superintendent shall compute the revenue for each  
 19 district on the following basis:

20 (1) The "schedule amount" of the preliminary budget  
 21 expenditures that is derived from the rate schedules in  
 22 20-10-141 and 20-10-142 shall be determined by adding the  
 23 following amounts:

24 (a) the sum of the maximum reimbursable expenditures  
 25 for all approved school bus routes maintained by the

1 district (to determine the maximum reimbursable expenditure,  
 2 multiply the applicable rate per bus mile by the total  
 3 number of miles to be traveled during the ensuing school  
 4 fiscal year on each bus route approved by the county  
 5 transportation committee and maintained by such district);  
 6 plus

7 (b) the total of all individual transportation per  
 8 diem reimbursement rates for such district as determined  
 9 from the contracts submitted by the district multiplied by  
 10 the number of pupil-instruction days scheduled for the  
 11 ensuing school attendance year; plus

12 (c) any estimated costs for supervised home study or  
 13 supervised correspondence study for the ensuing school  
 14 fiscal year; plus

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

22 (2) The schedule amount determined in subsection (1)  
 23 or the total preliminary transportation fund budget,  
 24 whichever is smaller, shall be divided by 3 and the  
 25 resulting one-third amount shall be used to determine the

1 available state and county revenue to be budgeted on the  
2 following basis:

3 (a) the resulting one-third amount shall be the  
4 budgeted state transportation reimbursement, except that the  
5 state transportation reimbursement for the transportation of  
6 special education pupils under the provisions of 20-7-442  
7 shall be two-thirds of the schedule amount attributed to the  
8 transportation of special education pupils;

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

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

24 (d) when the district has a sufficient amount of cash  
25 for reappropriation and other sources of district revenue,

1 as determined in subsection (3), to reduce the total  
2 district obligation for financing to zero, any remaining  
3 amount of such district revenue and cash reappropriated  
4 shall be used to reduce the county financing obligation in  
5 subsections (2)(b) or (2)(c) and, if such county financing  
6 obligations are reduced to zero, to reduce the state  
7 financial obligation in subsection (2)(a); and

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

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

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

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

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

1 plus  
 2 (d) anticipated interest to be earned by the  
 3 investment of transportation fund cash in accordance with  
 4 the provisions of 20-9-213(4); plus  
 5 ~~{e}~~ anticipated motor vehicle fees and reimbursement  
 6 under the provisions of 61-3-532 and 61-3-536; plus  
 7 ~~{f}~~ (e) net proceeds taxes for new production, as  
 8 defined in 15-23-601; plus  
 9 ~~{g}~~ (f) any other revenue anticipated by the trustees  
 10 to be earned during the ensuing school fiscal year which may  
 11 be used to finance the transportation fund; plus  
 12 ~~{h}~~ (g) any cash available for reappropriation as  
 13 determined by subtracting the amount of the end-of-the-year  
 14 cash balance earmarked as the transportation fund cash  
 15 reserve for the ensuing school fiscal year by the trustees  
 16 from the end-of-the-year cash balance in the transportation  
 17 fund. Such cash reserve shall not be more than 20% of the  
 18 final transportation fund budget for the ensuing school  
 19 fiscal year and shall be for the purpose of paying  
 20 transportation fund warrants issued by the district under  
 21 the final transportation fund budget.  
 22 (4) The district levy requirement for each district's  
 23 transportation fund shall be computed by:  
 24 (a) subtracting the schedule amount calculated in  
 25 subsection (1) from the total preliminary transportation

1 budget amount and, for an elementary district, adding such  
 2 difference to the district obligation to finance one-third  
 3 of the schedule amount as determined in subsection (2); and  
 4 (b) subtracting the amount of moneys available to  
 5 reduce the property tax on the district, as determined in  
 6 subsection (3), from the amount determined in subsection  
 7 (4)(a) above.  
 8 (5) The county levy requirement for the financing of  
 9 the county transportation reimbursement to high school  
 10 districts shall be computed by adding all such requirements  
 11 for all the high school districts of the county, including  
 12 the county's obligation for reimbursements in joint high  
 13 school districts.  
 14 (6) The transportation fund levy requirements  
 15 determined in subsection (4) for each district and in  
 16 subsection (5) for the county shall be reported to the  
 17 county commissioners on the second Monday of August by the  
 18 county superintendent as the transportation fund levy  
 19 requirements for the district and for the county, and such  
 20 levies shall be made by the county commissioners in  
 21 accordance with 20-9-142."  
 22 Section 10. Section 61-3-303, MCA, is amended to read:  
 23 "61-3-303. Application for registration. (1) Every  
 24 owner of a motor vehicle operated or driven upon the public  
 25 highways of this state shall for each motor vehicle owned,



1 except as herein otherwise expressly provided, file or cause  
 2 to be filed in the office of the county treasurer where the  
 3 motor vehicle is owned or taxable an application for  
 4 registration or reregistration upon a blank form to be  
 5 prepared and furnished by the department. The application  
 6 shall contain:

7 (a) name and address of owner, giving county, school  
 8 district, and town or city within whose corporate limits the  
 9 motor vehicle is taxable, if taxable, or within whose  
 10 corporate limits the owner's residence is located if the  
 11 motor vehicle is not taxable;

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

14 (c) description of motor vehicle, including make, year  
 15 model, engine or serial number, manufacturer's model or  
 16 letter, gross weight, type of body, and if truck, the rated  
 17 capacity;

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

20 (e) such other information as the department may  
 21 require.

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

1 (a) the registration fee, as provided in 61-3-311 and  
 2 61-3-321; and

3 (b) unless it has been previously paid:

4 (i) the personal property taxes assessed against the  
 5 vehicle for the current year of registration and the  
 6 immediately previous year;

7 (ii) the new motor vehicle sales tax against the  
 8 vehicle for the current year of registration ~~and/or the~~  
 9 ~~license fee imposed by 61-3-532--for--the--current--year--of~~  
 10 ~~registration--and--the--immediately--previous--year;~~ or

11 (iii) in the case of a motorcycle, quadricycle, motor  
 12 home, travel trailer, or camper, the fee in lieu of property  
 13 tax for the current year of registration.

14 (3) The application may not be accepted by the county  
 15 treasurer unless the payments required by subsection (2)  
 16 accompany the application. The county treasurer may not  
 17 assess or collect taxes or fees for a period other than:

18 (a) the current year; and

19 (b) the immediately previous year, if the vehicle was  
 20 not registered or operated on the highways of the state,  
 21 regardless of the period of time since the vehicle was  
 22 previously registered or operated.

23 (4) The county treasurer may make full and complete  
 24 investigation of the tax status of the vehicle. Any  
 25 applicant for registration or reregistration must submit

1 proof from the tax or other appropriate records of the  
2 proper county at the request of the county treasurer."

3 Section 11. Section 61-3-332, MCA, is amended to read:

4 "61-3-332. Number plates. (1) Every motor vehicle  
5 which shall be driven upon the streets or highways of this  
6 state shall display both front and rear a number plate,  
7 bearing the distinctive number assigned such vehicle. Such  
8 number plate shall be in eight series: one series for owners  
9 of motorcars, one for owners of motor vehicles of the  
10 motorcycle or quadricycle type, one for trailers, one for  
11 trucks, one for dealers in vehicles of the motorcycle or  
12 quadricycle type which shall bear the distinctive letters  
13 "MCD" or the letters "MC" and the word "DEALER", one for  
14 franchised dealers in new motorcars (including trucks and  
15 trailers) or new and used motorcars (including trucks and  
16 trailers) which shall bear the distinctive letter "D" or the  
17 word "DEALER", one for dealers in used motorcars only  
18 (including used trucks and trailers) which shall bear the  
19 distinctive letters "UD" or the letter "U" and the word  
20 "DEALER", and one for dealers in trailers and/or  
21 semitrailers (new or used) which shall bear the distinctive  
22 letters "DTR" or the letters "TR" and the word "DEALER". All  
23 such markings for the aforementioned kinds of dealers'  
24 plates shall be placed on the number plates assigned thereto  
25 in such position thereon as the department may designate.

1 (2) All number plates for motor vehicles shall be  
2 issued for a minimum period of 4 years, shall bear a  
3 distinctive marking, and shall be furnished by the state.  
4 In years when number plates are not issued, the department  
5 shall provide nonremovable stickers bearing appropriate  
6 registration numbers, which shall be affixed to the license  
7 plates in use.

8 (3) In the case of motorcars and trucks, plates shall  
9 be of metal 6 inches wide and 12 inches in length. The  
10 outline of the state of Montana shall be used as a  
11 distinctive border on such license plates, and the word  
12 "Montana" with the year shall be placed across the plates.  
13 Such registration plates shall be treated with a  
14 reflectorized background material according to  
15 specifications prescribed by the department.

16 (4) The distinctive registration numbers shall begin  
17 with a number one or with a letter-number combination such  
18 as "A 1" or "AA 1", or any other similar combination of  
19 letters and numbers. The distinctive registration number or  
20 letter-number combination assigned to the vehicle shall  
21 appear on the plate preceded by the number of the county and  
22 appearing in horizontal order on the same horizontal  
23 baseline, and the county number shall be separated from the  
24 distinctive registration number by a separation mark unless  
25 a letter-number combination is used. The dimensions of such

1 numerals and letters shall be determined by the department,  
2 provided that all county and registration numbers shall be  
3 of equal height.

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

9 (a) For vehicles owned by the state the department may  
10 designate the prefix number for the various state  
11 departments, and all numbered plates issued to state  
12 departments shall bear the words "State Owned" and no year  
13 number will be indicated thereon as these numbered plates  
14 will be of a permanent nature and will be replaced by the  
15 department at such time when the physical condition of  
16 numbered plates requires same.

17 (b) For vehicles owned by the counties,  
18 municipalities, irrigation districts organized under the  
19 laws of Montana and not operating for profit, and school  
20 districts and used and operated by officials and employees  
21 thereof in line of duty as such, and for vehicles on loan  
22 from the United States government or the state of Montana,  
23 to, or owned by, the civil air patrol and used and operated  
24 by officials and employees thereof in the line of duty as  
25 such, there shall be placed on the number plates assigned

1 thereto, in such position thereon as the department may  
2 designate, the letter "X" or the word "EXEMPT". Distinctive  
3 registration numbers for plates assigned to motor vehicles  
4 of each of the counties in the state and those of the  
5 municipalities and school districts situated within each of  
6 said counties and those of the irrigation districts which  
7 obtain plates within each county shall begin with number one  
8 and be numbered consecutively.

9 (6) On all number plates assigned to motor vehicles of  
10 the truck and trailer type, other than tax-exempt trucks  
11 ~~that-are-also-exempt-from-the-light-vehicle-license--fee--as~~  
12 ~~provided--in--subsection--(2)(a)--of-61-3-532~~ and ~~tax-exempt~~  
13 ~~tax-exempt~~ trailers, there shall appear the letter "T" or  
14 the word "TRUCK" for plates assigned to trucks and the  
15 letters "TR" or the word "TRAILER" for plates assigned to  
16 trailers and housetrailer. The letters "MC" or the word  
17 "CYCLE" shall appear for plates assigned to vehicles of the  
18 motorcycle or quadricycle type.

19 (7) Number plates issued to a passenger car, truck,  
20 trailer, or vehicle of the motorcycle or quadricycle type  
21 may be transferred only to a replacement passenger car,  
22 truck, trailer, or motorcycle- or quadricycle-type vehicle.  
23 No registration or license fee may be assessed upon a  
24 transfer of a number plate under 61-3-317 and 61-3-335.

25 (8) For the purpose of this chapter, the several

1 counties of the state shall be assigned numbers as follows:  
 2 Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4;  
 3 Lewis and Clark, 5; Gallatin, 6; Flathead, 7; Fergus, 8;  
 4 Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12;  
 5 Ravalli, 13; Custer, 14; Lake, 15; Dawson, 16; Roosevelt,  
 6 17; Beaverhead, 18; Chouteau, 19; Valley, 20; Toole, 21; Big  
 7 Horn, 22; Musselshell, 23; Blaine, 24; Madison, 25; Pondera,  
 8 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30;  
 9 Teton, 31; Stillwater, 32; Treasure, 33; Sheridan, 34;  
 10 Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38;  
 11 Fallon, 39; Sweet Grass, 40; McCone, 41; Carter, 42;  
 12 Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46;  
 13 Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson,  
 14 51; Wibaux, 52; Golden Valley, 53; Mineral, 54; Petroleum,  
 15 55; Lincoln, 56. Any new counties shall be assigned numbers  
 16 by the department as they may be formed, beginning with the  
 17 number 57."

18 Section 12. Section 61-3-509, MCA, is amended to read:  
 19 "61-3-509. (Temporary) Disposition of taxes and fees  
 20 in lieu of tax. (1) Except as provided in subsections (2)  
 21 and (3), the county treasurer shall credit all taxes on  
 22 motor vehicles, ~~light vehicle license fees provided for in~~  
 23 ~~61-3-532~~, and fees in lieu of tax on motorcycles,  
 24 quadricycles, motor homes, and travel trailers collected to  
 25 a motor vehicle suspense fund, and at some time between

1 March 1 and March 10 of each year and every 60 days  
 2 thereafter, the county treasurer shall distribute the money  
 3 in the motor vehicle suspense fund in the relative  
 4 proportions required by the levies for state, county, school  
 5 district, and municipal purposes in the same manner as  
 6 personal property taxes are distributed.

7 (2) The county treasurer shall credit the fee for  
 8 district courts from each light vehicle license fee to a  
 9 separate suspense account and shall forward the amount in  
 10 the account to the state treasurer at the time the county  
 11 treasurer distributes the motor vehicle suspense fund. The  
 12 state treasurer shall credit amounts received under this  
 13 subsection to the general fund to be used for purposes of  
 14 state funding of the district court expenses enumerated in  
 15 3-5-901.

16 (3) The county treasurer shall credit each block grant  
 17 fee to a separate suspense fund. At the time he distributes  
 18 the motor vehicle suspense fund, the treasurer shall  
 19 distribute the suspense fund provided for in this subsection  
 20 to the state treasurer for deposit in the local government  
 21 block grant account provided for in 7-6-302. The funds  
 22 distributed pursuant to this subsection must be used for the  
 23 local government block grant program as provided in 7-6-304.

24 61-3-509. (Effective July 1, 1987) Disposition of  
 25 taxes and fees in lieu of tax. The county treasurer shall

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

11 Section 13. Section 61-3-534, MCA, is amended to read:

12 "61-3-534. ~~Payment of fee~~ License required for  
 13 operation. (1) No light vehicle ~~subject to the fee imposed~~  
 14 ~~by 61-3-532~~ may be operated unless ~~the fee has been paid and~~  
 15 the vehicle is licensed.

16 (2) A properly licensed and registered light vehicle  
 17 may be operated within Montana, subject to all applicable  
 18 federal, state, and local laws."

19 Section 14. Section 61-3-701, MCA, is amended to read:

20 "61-3-701. Foreign vehicles used in gainful occupation  
 21 to be registered -- reciprocity. (1) Before any foreign  
 22 licensed motor vehicle may be operated on the highways of  
 23 this state for hire, compensation, or profit or before the  
 24 owner and/or user thereof uses the vehicle if such owner  
 25 and/or user is engaged in gainful occupation or business

1 enterprise in the state, including highway work, the owner  
 2 of the vehicle shall make application to a county treasurer  
 3 for registration upon an application form furnished by the  
 4 department. Upon satisfactory evidence of ownership  
 5 submitted to the county treasurer and the payment of  
 6 property taxes, if appropriate, as required by 15-8-201,  
 7 15-8-202, or 15-24-301 ~~or the payment of the light vehicle~~  
 8 ~~license fee as provided by 61-3-532~~ or the fee in lieu of  
 9 tax as provided by 61-3-541, the treasurer shall accept the  
 10 application for registration and shall collect the regular  
 11 license fee required for the vehicle.

12 (2) The treasurer shall thereupon issue to the  
 13 applicant a copy of the certificate entitled "Owner's  
 14 Certificate of Registration and Payment Receipt" and forward  
 15 a duplicate copy of the certificate to the department. The  
 16 treasurer shall at the same time issue to the applicant the  
 17 proper license plates or other identification markers, which  
 18 shall at all times be displayed upon the vehicle when  
 19 operated or driven upon roads and highways of this state  
 20 during the period of the life of the license.

21 (3) The registration receipt shall not constitute  
 22 evidence of ownership but shall be used only for  
 23 registration purposes. No Montana certificate of ownership  
 24 shall be issued for this type of registration.

25 (4) This section is not applicable to any vehicle

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1 covered by a valid and existing reciprocal agreement or  
2 declaration entered into under the provisions of the laws of  
3 Montana."

4 NEW SECTION. Section 15. Repealer. Sections  
5 15-24-101, 15-24-301, 61-3-532, and 61-3-533, MCA, are  
6 repealed.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB525, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to eliminate the fee in lieu of tax on light vehicles.

ASSUMPTIONS:

1. Tax revenue from light vehicle license fees are estimated to be \$33.567 million in FY88, and \$36.252 million in FY89 (Revenue Estimating Advisory Council).
2. The bill would also eliminate property taxes collected by the G.V.W. Division of the Department of Highways. These revenues are estimated to be \$4.8 million in each year of the coming biennium.
3. All taxes on motor vehicles, and light vehicle license fees are distributed in the relative proportions required by the levies for state, county, school district, and municipal purposes. Mill levies are 6 mills for the universities, 45 mills for school equalization, and 250.586 mills in FY88 (263.136 in FY89) for local governments.
4. The proposed legislation would become effective October 1, 1987 allowing vehicle license fees to be collected for one quarter of FY88.
5. The bill does not eliminate the block grant program; funding for the block grant program would come solely from one-third of the oil severance tax collections.
6. The revenue effects do not include the effects of eliminating "migratory personal property" as defined in MCA 15-24-301 from the tax base, which the bill would do. Sufficient data is not available to determine estimates of revenue effects stemming from eliminating this property from the tax base.

FISCAL IMPACT:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$ 11,983,158	\$ 11,411,158	(\$ 572,000)	\$ 12,147,966	\$ 11,363,966	(\$ 784,000)
School Equalization	89,873,685	85,579,685	( 4,294,000)	91,109,745	85,228,745	( 5,881,000)
Total	\$101,856,843	\$ 96,990,843	(\$4,866,000)	\$103,257,711	\$ 96,592,711	(\$6,665,000)

EFFECT ON LOCAL GOVERNMENT REVENUE:

The proposed legislation would reduce local government funding by \$23,909,000 in FY88, and by \$34,387,000 in FY89.

TECHNICAL OR MECHANICAL DEFECTS:

It appears that the intent of the proposed legislation is to eliminate the tax on light vehicles. By repealing MCA 15-24-301, which under current law already excludes light vehicles from the migratory personal property tax, the bill would forgive taxes on equipment other than just light vehicles.

The bill does not have an explicit effective date.

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

Norm Wallin DATE \_\_\_\_\_  
 NORM WALLIN, PRIMARY SPONSOR

Fiscal Note for HB525, as introduced.

**HB 525**