

HOUSE BILL NO. 658

INTRODUCED BY MENAHAN, BACHINI, MERCER, BRANDEWIE

IN THE HOUSE

FEBRUARY 7, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 17, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 18, 1987 PRINTING REPORT.

MARCH 19, 1987 ON MOTION BY CHIEF SPONSOR,
REPRESENTATIVES MERCER AND
BRANDEWIE ADDED AS SPONSORS.

 SECOND READING, DO PASS.

MARCH 20, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 91; NOES, 7.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 21, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 27, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 31, 1987 SECOND READING, CONCURRED IN.

APRIL 1, 1987 THIRD READING, CONCURRED IN.
AYES, 43; NOES, 7.

 RETURNED TO HOUSE.

IN THE HOUSE

APRIL 1, 1987

RECEIVED FROM SENATE.

SENT TO ENROLLING.

APRIL 3, 1987

ENROLLING REPORT.

SIGNED BY SPEAKER.

IN THE SENATE

APRIL 6, 1987

SIGNED BY PRESIDENT.

IN THE HOUSE

APRIL 6, 1987

DELIVERED TO GOVERNOR.

APRIL 9, 1987

RETURNED FROM GOVERNOR WITH
RECOMMENDED AMENDMENTS.

APRIL 15, 1987

SECOND READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

APRIL 16, 1987

THIRD READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 20, 1987

SECOND READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

APRIL 21, 1987

THIRD READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 21, 1987

RECEIVED FROM SENATE.

SENT TO ENROLLING.

1 House BILL NO. 658
2 INTRODUCED BY Menahan Beckner

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A FEE IN
5 LIEU OF PROPERTY TAX FOR MOTORBOATS 10 FEET IN LENGTH OR
6 LONGER AND SAILBOATS 12 FEET IN LENGTH OR LONGER; EXEMPTING
7 MOTORBOATS LESS THAN 10 FEET IN LENGTH FROM PROPERTY TAXES;
8 AMENDING SECTIONS 15-6-146, 15-6-201, 15-8-201, 15-8-301,
9 15-8-404, 23-2-512, AND 23-2-515, MCA; AND PROVIDING AN
10 IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY
11 DATE."
12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
14 Section 1. Section 15-6-146, MCA, is amended to read:
15 "15-6-146. Class sixteen property -- description --
16 taxable percentage. (1) Class sixteen property includes:
17 ~~{a}~~ ~~--watercraft;~~
18 ~~{b}~~ {a} all-terrain vehicles [not registered under
19 61-3-301];
20 ~~{c}~~ {b} harness, saddlery, and other tack equipment;
21 ~~{d}~~ {c} all other property used for noncommercial
22 purposes which is not real property or an improvement to
23 real property and which is not included in another class or
24 exempt from taxation under Title 15, chapter 6, part 2.
25 (2) Class sixteen property is taxed at 11% of its

1 market value."
2 Section 2. Section 15-6-201, MCA, is amended to read:
3 "15-6-201. Exempt categories. (1) The following
4 categories of property are exempt from taxation:
5 (a) the property of:
6 (i) the United States, the state, counties, cities,
7 towns, school districts, except, if congress passes
8 legislation that allows the state to tax property owned by
9 an agency created by congress to transmit or distribute
10 electrical energy, the property constructed, owned, or
11 operated by a public agency created by the congress to
12 transmit or distribute electric energy produced at privately
13 owned generating facilities (not including rural electric
14 cooperatives);
15 (ii) irrigation districts organized under the laws of
16 Montana and not operating for profit;
17 (iii) municipal corporations; and
18 (iv) public libraries;
19 (b) buildings, with land they occupy and furnishings
20 therein, owned by a church and used for actual religious
21 worship or for residences of the clergy, together with
22 adjacent land reasonably necessary for convenient use of
23 such buildings;
24 (c) property used exclusively for agricultural and
25 horticultural societies, for educational purposes, and for



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1 hospitals;

2 (d) property that meets the following conditions:

3 (i) is owned and held by any association or
4 corporation organized under Title 35, chapter 2, 3, 20, or
5 21;

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

10 (iii) is not maintained and operated for private or
11 corporate profit;

12 (e) institutions of purely public charity;

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

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

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

22 (i) a truck canopy cover or topper weighing less than
23 300 pounds and having no accommodations attached. Such
24 property is also exempt from the fee in lieu of tax.

25 (j) a bicycle, as defined in 61-1-123, used by the

1 owner for personal transportation purposes;

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

4 (l) motorcycles and quadricycles;

5 (m) all watercraft;

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

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

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

20 ~~(q)~~(q) all farm buildings with a market value of less
21 than \$500 and all agricultural implements and machinery with
22 a market value of less than \$100.

23 (2) (a) The term "institutions of purely public
24 charity" includes organizations owning and operating
25 facilities for the care of the retired or aged or

1 chronically ill, which are not operated for gain or profit.

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

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

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

14 (b) \$100,000 in the case of a multifamily residential
15 dwelling or a nonresidential structure. (Subsection (1)(p)
16 [now (1)(q)] applicable to taxable years beginning after
17 December 31, 1985--sec. 4, Ch. 463, L. 1985.)"

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

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

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

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

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

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

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

15 (d) motorcycles and quadricycles;

16 (e) watercraft;

17 ~~(f)~~ (f) livestock;

18 ~~(g)~~ (g) property defined in 61-1-104 as "special mobile
19 equipment" that is subject to assessment for personal
20 property taxes on the date that application is made for a
21 special mobile equipment plate; and

22 ~~(h)~~ (h) mobile homes held by a distributor or dealer of
23 mobile homes as a part of his stock in trade.

24 (3) Credits must be assessed as provided in
25 15-1-101(1)(d)."

1 Section 4. Section 15-8-301, MCA, is amended to read:

2 "15-8-301. Statement -- what to contain. (1) The
3 department of revenue or its agent must require from each
4 person a statement under oath setting forth specifically all
5 the real and personal property owned by such person or in
6 his possession or under his control at midnight on January
7 1. Such statement must be in writing, showing separately:

8 (a) all property belonging to, claimed by, or in the
9 possession or under the control or management of such
10 person;

11 (b) all property belonging to, claimed by, or in the
12 possession or under the control or management of any firm of
13 which such person is a member;

14 (c) all property belonging to, claimed by, or in the
15 possession or under the control or management of any
16 corporation of which such person is president, secretary,
17 cashier, or managing agent;

18 (d) the county in which such property is situated or
19 in which it is liable to taxation and (if liable to taxation
20 in the county in which the statement is made) also the city,
21 town, school district, road district, or other revenue
22 districts in which it is situated;

23 (e) an exact description of all lands in parcels or
24 subdivisions not exceeding 640 acres each and the sections
25 and fractional sections of all tracts of land containing

1 more than 640 acres which have been sectionized by the
2 United States government; improvements and personal
3 property; ~~including all vessels, steamers, and other~~
4 ~~watercraft~~; all taxable state, county, city, or other
5 municipal or public bonds and the taxable bonds of any
6 person, firm, or corporation and deposits of money, gold
7 dust, or other valuables and the names of the persons with
8 whom such deposits are made and the places in which they may
9 be found; all mortgages, deeds of trust, contracts, and
10 other obligations by which a debt is secured and the
11 property in the county affected thereby;

12 (f) all solvent credits, secured or unsecured, due or
13 owing to such person or any firm of which he is a member or
14 due or owing to any corporation of which he is president,
15 secretary, cashier, or managing agent;

16 (g) all depots, shops, stations, buildings, and other
17 structures erected on the space covered by the right-of-way
18 and all other property owned by any person owning or
19 operating any railroad within the county.

20 (2) Whenever one member of a firm or one of the proper
21 officers of a corporation has made a statement showing the
22 property of the firm or corporation, another member of the
23 firm or another officer need not include such property in
24 the statement made by him but this statement must show the
25 name of the person or officer who made the statement in

1 which such property is included.

2 (3) The fact that such statement is not required or
3 that a person has not made such statement, under oath or
4 otherwise, does not relieve his property from taxation."

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

6 "15-8-404. Property of particular types of firms. (1)
7 The personal property belonging to the business of a
8 merchant or of a manufacturer must be listed in the town or
9 district where his business is carried on.

10 (2) The personal property of express, transportation,
11 and stage companies, ~~steamboats, vessels, and other~~
12 ~~watercraft~~ must be listed and assessed in the county, town,
13 or district where such property is usually kept.

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

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

20 "23-2-512. Identification number. (1) The owner of
21 each motorboat or sailboat requiring numbering by this state
22 shall file an application for number in the office of the
23 county treasurer where the motorboat or sailboat is owned or
24 taxable on forms prepared and furnished by the department of
25 justice. The application must be signed by the owner of the

1 motorboat or sailboat and be accompanied by a fee of \$1. Any
2 alteration, change, or false statement contained in the
3 application will render the certificate of number void. Upon
4 receipt of the application in approved form, the county
5 treasurer shall issue to the applicant a certificate of
6 number prepared and furnished by the department of justice,
7 stating the number assigned to the motorboat or sailboat and
8 the name and address of the owner.

9 ~~{2}--Before--filing--the--application--with--the--county~~
10 ~~treasurer,--the--applicant--shall--submit--it--to--the--county~~
11 ~~assessor,--who--shall--enter--on--the--application,--in--a--space--to~~
12 ~~be--provided--for--that--purpose,--the--market--value--and--taxable~~
13 ~~value--of--the--motorboat--for--the--year--for--which--the~~
14 ~~application--for--registration--is--made.~~

15 ~~{3}{2}~~ The applicant, upon the filing of the
16 application, shall pay to the county treasurer the
17 ~~registration--fee--and--the--personal--property--taxes--assessed~~
18 ~~against--the--motorboat--or--vessel~~ fee in lieu of tax required
19 for a motorboat 10 feet in length or longer or a sailboat 12
20 feet in length or longer for the current year of
21 registration certification before the application for
22 registration certification or reregistration recertification
23 may be accepted by the county treasurer.

24 ~~{4}{3}~~ Should the ownership of a motorboat or sailboat
25 change, a new application form with the certification fee

1 must be filed within a reasonable time with the county
2 treasurer and a new certificate of number assigned in the
3 same manner as provided for in an original assignment of
4 number.

5 †5†(4) If an agency of the United States government
6 has in force a comprehensive system of identification
7 numbering for motorboats in the United States, the numbering
8 system employed pursuant to this part by the department of
9 justice must be in conformity.

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

18 †7†(6) Certificates of number expire on December 31 of
19 each year and may not be in effect unless renewed under this
20 part.

21 †8†(7) In event of transfer of ownership, the
22 purchaser shall furnish the county treasurer notice within a
23 reasonable time of the acquisition of all or any part of his
24 interest, other than the creation of a security interest, in
25 a motorboat or sailboat numbered in this state or of the

1 loss, theft, destruction, or abandonment of the motorboat or
2 sailboat. The transfer, loss, theft, destruction, or
3 abandonment terminates the certificate of number for the
4 motorboat or sailboat. Recovery from theft or transfer of a
5 part interest that does not affect the owner's right to
6 operate the motorboat or sailboat does not terminate the
7 certificate of number.

8 †9†(8) A holder of a certificate of number shall
9 notify the county treasurer within reasonable time if his
10 address no longer conforms to the address appearing on the
11 certificate and furnish the county treasurer with his new
12 address. The department of justice may provide by rule for
13 the surrender of the certificate bearing the former address
14 and its replacement with a certificate bearing the new
15 address or the alteration of an outstanding certificate to
16 show the new address of the holder.

17 †10†(9) (a) The number assigned must be painted on or
18 attached to each outboard side of the forward half of the
19 motorboat or sailboat or, if there are no such sides, at a
20 corresponding location on both outboard sides of the
21 foredeck of the motorboat or sailboat. The number assigned
22 must read from left to right in Arabic numerals and block
23 characters of good proportion at least 3 inches tall
24 excluding border or trim of a color that contrasts with the
25 color of the background and be so maintained as to be

1 clearly visible and legible. The number may not be placed on
 2 the obscured underside of the flared bow where it cannot be
 3 easily seen from another vessel or ashore. No numerals,
 4 letters, or devices other than those used in connection with
 5 the identifying number issued may be placed in the proximity
 6 of the identifying number. No numerals, letters, or devices
 7 that might interfere with the ready identification of the
 8 motorboat or sailboat by its identifying number may be
 9 carried as to interfere with the motorboat's or sailboat's
 10 identification. No number other than the number and license
 11 decal assigned to a motorboat or sailboat or granted
 12 reciprocity under this part may be painted, attached, or
 13 otherwise displayed on either side of the forward half of
 14 the motorboat or sailboat.

15 (b) The certificate of number shall be pocket size and
 16 available to federal, state, or local law enforcement
 17 officers at all reasonable times for inspection on the
 18 motorboat or sailboat whenever the motorboat or sailboat is
 19 on waters of this state.

20 (c) Boat liveries are not required to have the
 21 certificate of number on board each motorboat or sailboat,
 22 but a rental agreement must be carried on board livery
 23 motorboats or sailboats in place of the certificate of
 24 number.

25 ~~(11)~~(10) Fees, other than the fee in lieu of tax,

1 collected under this section shall be transmitted to the
 2 state treasurer, who shall deposit the fees in the motorboat
 3 or sailboat certificate identification account of the state
 4 special revenue fund. These fees shall be used only for the
 5 administration and enforcement of this part, as amended.

6 ~~(12)~~(11) An owner of a motorboat or sailboat must
 7 within a reasonable time notify the department of justice,
 8 giving the motorboat's or sailboat's identifying number and
 9 the owner's name when ~~that the~~ motorboat becomes--documented
 10 ~~as-a-vessel-of-the-United-States~~ or sailboat is transferred,
 11 lost, destroyed, abandoned, or frauded or within 60 days
 12 after change of state of principal use or if a motorboat
 13 becomes documented as a vessel of the United States."

14 Section 7. Section 23-2-515, MCA, is amended to read:

15 "23-2-515. License decals to be displayed. (1) Every
 16 Montana ~~boat~~ motorboat or sailboat numbered in accordance
 17 with the provisions of 23-2-512 and 23-2-513 shall be
 18 required to display license decals. For this purpose the
 19 county treasurer, upon receipt of ~~a-certificate--of--tax--of~~
 20 ~~personal--property--showing--payment-of-tax-on-the-motorboat~~
 21 ~~the fee in lieu of tax for motorboats 10 feet in length or~~
 22 ~~longer and sailboats 12 feet in length or longer for the~~
 23 current year, shall issue a pair of decals prepared and
 24 furnished by the department of justice with all new
 25 certificates of number and renewals thereof.

1 (2) The decals shall be of a style and design
2 prescribed by the department of justice and shall be a color
3 differing from the preceding year. The license decal will be
4 serially numbered and have the expiration date of December
5 31 of the appropriate year printed thereon.

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

9 NEW SECTION. Section 8. Fee in lieu of tax for
10 motorboats 10 feet in length or longer and sailboats 12 feet
11 in length or longer. (1) There is a fee in lieu of property
12 tax as prescribed in [section 9] imposed on motorboats 10
13 feet in length or longer and sailboats 12 feet in length or
14 longer. The fee is in addition to the annual fee required
15 by 23-2-512 for filing of the application for a certificate
16 of number.

17 (2) The fee imposed by subsection (1) need not be paid
18 by a dealer for motorboats or sailboats that constitute
19 inventory of the dealership.

20 NEW SECTION. Section 9. Fees for motorboats and
21 sailboats. (1) The owner of a motorboat 10 feet in length or
22 longer or a sailboat 12 feet in length or longer shall pay a
23 fee based on the length of the motorboat or sailboat.

24 (2) The fee for a motorboat 10 feet in length to 13
25 feet 11 inches in length or sailboat 12 feet to 13 feet 11

1 inches in length is \$7.50.

2 (3) The fee for a motorboat or sailboat 14 feet to 15
3 feet 11 inches in length is \$15.

4 (4) The fee for a motorboat or sailboat 16 feet to 16
5 feet 11 inches in length is \$32.

6 (5) The fee for a motorboat or sailboat 17 feet to 18
7 feet 11 inches in length is \$3 a foot or fraction of a foot.

8 (6) The fee for a motorboat or sailboat 19 feet in
9 length or longer is \$4 a foot or fraction of a foot.

10 NEW SECTION. Section 10. Disposition of fees in lieu
11 of tax. The county treasurer shall distribute all fees in
12 lieu of tax collected on motorboats 10 feet in length or
13 longer and sailboats 12 feet in length or longer pursuant to
14 [sections 8 and 9] in the relative proportions required by
15 the levies for state, county, school district, and municipal
16 purposes in the same manner as personal property taxes are
17 distributed.

18 NEW SECTION. Section 11. Penalty -- disposition. (1)
19 Failure to pay the fee in lieu of tax as provided for in
20 [section 9] is a misdemeanor, punishable by a fine equal to
21 50% of the fee in lieu of tax that is due on the motorboat
22 or sailboat for the current year of registration.

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

25 (a) 50% to the general fund of the county in which the

1 motorboat or sailboat is issued a certification number; and
2 (b) 50% to the motorboat account of the state special
3 revenue fund for use by the department in the enforcement of
4 this part.

5 NEW SECTION. Section 12. Codification instruction.
6 Sections 8 through 11 are intended to be codified as an
7 integral part of Title 23, chapter 2, part 5, and the
8 provisions of Title 23, chapter 2, part 5, apply to sections
9 8 through 11.

10 NEW SECTION. Section 13. Extension of authority. Any
11 existing authority of the department of revenue or the
12 department of justice to make rules on the subject of the
13 provisions of this act is extended to the provisions of this
14 act.

15 NEW SECTION. Section 14. Effective date --
16 applicability. This act is effective on passage and approval
17 and applies to motorboats and sailboats registered on or
18 after January 1, 1987.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB658, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to provide a fee in lieu of property tax for motorboats 10 feet in length or longer and sailboats 12 feet in length or longer; exempting motorboats less than 10 feet in length from property taxes; providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. The total number of motorboats and sailboats = 30,116 (1986 data).
2. The total taxable value on motorboats and sailboats = \$3,821,167 (1986 data).
3. Distribution of motorboats and sailboats - from 10 ft. to less than 14 ft. = 10%, from 14 ft. to less than 16 ft. = 25%, from 16 ft. to less than 17 ft. = 30%, from 17 ft. to less than 19 ft. = 20%, 19 ft. and over = 15%.
4. Fee distribution - 10 ft. to < 14 ft. 3012 x \$7.50 = \$22,590, 14 ft. to < 16 ft. 7529 x \$15 = \$112,935, 16 ft. to < 17 ft. 9035 x \$32 = \$289,120, 17 ft. to < 19 ft. 6023 x \$54 (aver. 18 ft. x \$3) = \$325,242, 19 ft. and over 4517 x \$84 (aver. 21 ft. x \$4) = \$379,428, total fees = \$1,129,315.
5. University levy = 6 mills, school equalization = 45 mills, and weighted average levy = 300 mills.
6. Revenues from the fee system are distributed in the same relative proportion as other personal property taxes.
7. Increased expenditures for decals, registration certificates and postage - \$1000 per year. (Department of Justice)
8. Increase expenditures for enforcement and safety education - \$3,300 per year.
9. 800 sailboats will be registered at \$1 each a year. (Fish, Wildlife and Parks)
Fines will be \$240 a year.

FISCAL IMPACT:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Revenue Impact:</u>						
Property Tax/Fee in Lieu of Tax						
University Levy	\$ 22,927	\$ 22,469	\$ (458)	\$ 22,927	\$ 21,570	\$ (1,357)
School Equalization	171,953	168,528	(3,425)	171,953	161,787	(10,166)
TOTAL	194,880	190,997	(3,883)	\$ 194,880	\$ 183,357	\$ (11,523)

Boat Registration Fees/Fines (Increase): FY88 = \$1,040 FY89 = \$1,040

David L. Hunter DATE 2/13/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

William Menahan DATE 2/14/87
 WILLIAM MENAHAN, PRIMARY SPONSOR

Fiscal Note for HB658, as introduced.

HB 658

Fiscal Note Request, HB658, as introduced.

Form BD-15

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<u>Expenditures (Increase):</u>	<u>FY88</u>	<u>FY89</u>
Department of Justice	\$ 1,000	\$ 1,000
Fish, Wildlife and Parks	\$ 3,300	\$ 3,300

EFFECT ON COUNTY OR OTHER LOCAL REVENUE:

The proposed legislation would decrease revenues to local governments by \$13,152 in FY88 and \$5,512 in FY89.

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 658

INTRODUCED BY MENAHAN, BACHINI

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A FEE IN LIEU OF PROPERTY TAX FOR MOTORBOATS 10 FEET IN LENGTH OR LONGER AND SAILBOATS 12 FEET IN LENGTH OR LONGER; EXEMPTING MOTORBOATS LESS THAN 10 FEET IN LENGTH FROM PROPERTY TAXES; AMENDING SECTIONS 15-6-146, 15-6-201, 15-8-201, 15-8-301, 15-8-404, 23-2-512, AND 23-2-515, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A-RETROACTIVE AN APPLICABILITY DATE."

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

Section 1. Section 15-6-146, MCA, is amended to read:

"15-6-146. Class sixteen property -- description -- taxable percentage. (1) Class sixteen property includes:

~~(a)~~--watercraft;

~~(b)~~(a) all-terrain vehicles [not registered under 61-3-301];

~~(c)~~(b) harness, saddlery, and other tack equipment;

~~(d)~~(c) all other property used for noncommercial purposes which is not real property or an improvement to real property and which is not included in another class or exempt from taxation under Title 15, chapter 6, part 2.

(2) Class sixteen property is taxed at 11% of its

market value."

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

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

(a) the property of:

(i) the United States, the state, counties, cities, towns, school districts, except, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, the property constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);

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

(iii) municipal corporations; and

(iv) public libraries;

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

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for

1 hospitals;

2 (d) property that meets the following conditions:

3 (i) is owned and held by any association or
4 corporation organized under Title 35, chapter 2, 3, 20, or
5 21;

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

10 (iii) is not maintained and operated for private or
11 corporate profit;

12 (e) institutions of purely public charity;

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

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

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

22 (i) a truck canopy cover or topper weighing less than
23 300 pounds and having no accommodations attached. Such
24 property is also exempt from the fee in lieu of tax.

25 (j) a bicycle, as defined in 61-1-123, used by the

1 owner for personal transportation purposes;

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

4 (l) motorcycles and quadricycles;

5 (m) all watercraft;

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

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

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

20 ~~(p)~~(q) all farm buildings with a market value of less
21 than \$500 and all agricultural implements and machinery with
22 a market value of less than \$100.

23 (2) (a) The term "institutions of purely public
24 charity" includes organizations owning and operating
25 facilities for the care of the retired or aged or

1 chronically ill, which are not operated for gain or profit.

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

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

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

14 (b) \$100,000 in the case of a multifamily residential
15 dwelling or a nonresidential structure. (Subsection (1)(p)
16 [now (1)(q)] applicable to taxable years beginning after
17 December 31, 1985--sec. 4, Ch. 463, L. 1985.)"

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

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20 of revenue or its agent must, between January 1 and the
21 second Monday of July in each year, ascertain the names of
22 all taxable inhabitants and assess all property subject to
23 taxation in each county. The department or its agent must
24 assess property to the person by whom it was owned or
25 claimed or in whose possession or control it was at midnight

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

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

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

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

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

15 (d) motorcycles and quadricycles;

16 (e) watercraft;

17 ~~(f)~~ (f) livestock;

18 ~~(f)~~ (g) property defined in 61-1-104 as "special mobile
19 equipment" that is subject to assessment for personal
20 property taxes on the date that application is made for a
21 special mobile equipment plate; and

22 ~~(g)~~ (h) mobile homes held by a distributor or dealer of
23 mobile homes as a part of his stock in trade.

24 (3) Credits must be assessed as provided in
25 15-1-101(1)(d)."

1 Section 4. Section 15-8-301, MCA, is amended to read:

2 "15-8-301. Statement -- what to contain. (1) The
3 department of revenue or its agent must require from each
4 person a statement under oath setting forth specifically all
5 the real and personal property owned by such person or in
6 his possession or under his control at midnight on January
7 1. Such statement must be in writing, showing separately:

8 (a) all property belonging to, claimed by, or in the
9 possession or under the control or management of such
10 person;

11 (b) all property belonging to, claimed by, or in the
12 possession or under the control or management of any firm of
13 which such person is a member;

14 (c) all property belonging to, claimed by, or in the
15 possession or under the control or management of any
16 corporation of which such person is president, secretary,
17 cashier, or managing agent;

18 (d) the county in which such property is situated or
19 in which it is liable to taxation and (if liable to taxation
20 in the county in which the statement is made) also the city,
21 town, school district, road district, or other revenue
22 districts in which it is situated;

23 (e) an exact description of all lands in parcels or
24 subdivisions not exceeding 640 acres each and the sections
25 and fractional sections of all tracts of land containing

1 more than 640 acres which have been sectionized by the
2 United States government; improvements and personal
3 property,---including---all---vessels,---steamers,---and---other
4 watercraft; all taxable state, county, city, or other
5 municipal or public bonds and the taxable bonds of any
6 person, firm, or corporation and deposits of money, gold
7 dust, or other valuables and the names of the persons with
8 whom such deposits are made and the places in which they may
9 be found; all mortgages, deeds of trust, contracts, and
10 other obligations by which a debt is secured and the
11 property in the county affected thereby;

12 (f) all solvent credits, secured or unsecured, due or
13 owing to such person or any firm of which he is a member or
14 due or owing to any corporation of which he is president,
15 secretary, cashier, or managing agent;

16 (g) all depots, shops, stations, buildings, and other
17 structures erected on the space covered by the right-of-way
18 and all other property owned by any person owning or
19 operating any railroad within the county.

20 (2) Whenever one member of a firm or one of the proper
21 officers of a corporation has made a statement showing the
22 property of the firm or corporation, another member of the
23 firm or another officer need not include such property in
24 the statement made by him but this statement must show the
25 name of the person or officer who made the statement in

1 which such property is included.

2 (3) The fact that such statement is not required or
3 that a person has not made such statement, under oath or
4 otherwise, does not relieve his property from taxation."

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

6 "15-8-404. Property of particular types of firms. (1)
7 The personal property belonging to the business of a
8 merchant or of a manufacturer must be listed in the town or
9 district where his business is carried on.

10 (2) The personal property of express, transportation,
11 and stage companies, ~~steamboats, vessels, and other~~
12 ~~watercraft~~ must be listed and assessed in the county, town,
13 or district where such property is usually kept.

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

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

20 "23-2-512. Identification number. (1) The owner of
21 each motorboat or sailboat requiring numbering by this state
22 shall file an application for number in the office of the
23 county treasurer where the motorboat or sailboat is owned or
24 taxable on forms prepared and furnished by the department of
25 justice. The application must be signed by the owner of the

1 motorboat or sailboat and be accompanied by a fee of ~~\$1~~ \$2.
2 Any alteration, change, or false statement contained in the
3 application will render the certificate of number void. Upon
4 receipt of the application in approved form, the county
5 treasurer shall issue to the applicant a certificate of
6 number prepared and furnished by the department of justice,
7 stating the number assigned to the motorboat or sailboat and
8 the name and address of the owner.

9 ~~{2}--Before-filing--the--application--with--the--county~~
10 ~~treasurer,--the--applicant--shall--submit--it--to--the--county~~
11 ~~assessor,--who--shall--enter--on--the--application,--in--a--space--to~~
12 ~~be--provided--for--that--purpose,--the--market--value--and--taxable~~
13 ~~value--of--the--motorboat--for--the--year--for--which--the~~
14 ~~application--for--registration--is--made.~~

15 ~~{3}{2}~~ The applicant, upon the filing of the
16 application, shall pay to the county treasurer the
17 ~~registration--fee--and--the--personal--property--taxes--assessed~~
18 ~~against--the--motorboat--or--vessel--fee~~ in lieu of tax required
19 for a motorboat 10 feet in length or longer or a sailboat 12
20 feet in length or longer for the current year of
21 registration certification before the application for
22 registration certification or reregistration recertification
23 may be accepted by the county treasurer.

24 ~~{4}{3}~~ Should the ownership of a motorboat or sailboat
25 change, a new application form with the certification fee

1 must be filed within a reasonable time with the county
2 treasurer and a new certificate of number assigned in the
3 same manner as provided for in an original assignment of
4 number.

5 ~~(5)~~(4) If an agency of the United States government
6 has in force a comprehensive system of identification
7 numbering for motorboats in the United States, the numbering
8 system employed pursuant to this part by the department of
9 justice must be in conformity.

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

18 ~~(7)~~(6) Certificates of number expire on December 31 of
19 each year and may not be in effect unless renewed under this
20 part.

21 ~~(8)~~(7) In event of transfer of ownership, the
22 purchaser shall furnish the county treasurer notice within a
23 reasonable time of the acquisition of all or any part of his
24 interest, other than the creation of a security interest, in
25 a motorboat or sailboat numbered in this state or of the

1 loss, theft, destruction, or abandonment of the motorboat or
2 sailboat. The transfer, loss, theft, destruction, or
3 abandonment terminates the certificate of number for the
4 motorboat or sailboat. Recovery from theft or transfer of a
5 part interest that does not affect the owner's right to
6 operate the motorboat or sailboat does not terminate the
7 certificate of number.

8 ~~(9)~~(8) A holder of a certificate of number shall
9 notify the county treasurer within reasonable time if his
10 address no longer conforms to the address appearing on the
11 certificate and furnish the county treasurer with his new
12 address. The department of justice may provide by rule for
13 the surrender of the certificate bearing the former address
14 and its replacement with a certificate bearing the new
15 address or the alteration of an outstanding certificate to
16 show the new address of the holder.

17 ~~(10)~~(9) (a) The number assigned must be painted on or
18 attached to each outboard side of the forward half of the
19 motorboat or sailboat or, if there are no such sides, at a
20 corresponding location on both outboard sides of the
21 foredeck of the motorboat or sailboat. The number assigned
22 must read from left to right in Arabic numerals and block
23 characters of good proportion at least 3 inches tall
24 excluding border or trim of a color that contrasts with the
25 color of the background and be so maintained as to be

1 clearly visible and legible. The number may not be placed on
 2 the obscured underside of the flared bow where it cannot be
 3 easily seen from another vessel or ashore. No numerals,
 4 letters, or devices other than those used in connection with
 5 the identifying number issued may be placed in the proximity
 6 of the identifying number. No numerals, letters, or devices
 7 that might interfere with the ready identification of the
 8 motorboat or sailboat by its identifying number may be
 9 carried as to interfere with the motorboat's or sailboat's
 10 identification. No number other than the number and license
 11 decal assigned to a motorboat or sailboat or granted
 12 reciprocity under this part may be painted, attached, or
 13 otherwise displayed on either side of the forward half of
 14 the motorboat or sailboat.

15 (b) The certificate of number shall be pocket size and
 16 available to federal, state, or local law enforcement
 17 officers at all reasonable times for inspection on the
 18 motorboat or sailboat whenever the motorboat or sailboat is
 19 on waters of this state.

20 (c) Boat liveries are not required to have the
 21 certificate of number on board each motorboat or sailboat,
 22 but a rental agreement must be carried on board livery
 23 motorboats or sailboats in place of the certificate of
 24 number.

25 ~~{11}~~{10} Fees, other than the fee in lieu of tax,

1 collected under this section shall be transmitted to the
 2 state treasurer, who shall deposit the fees in the motorboat
 3 or sailboat certificate identification account of the state
 4 special revenue fund. These fees shall be used only for the
 5 administration and enforcement of this part, as amended.

6 ~~{12}~~{11} An owner of a motorboat or sailboat must
 7 within a reasonable time notify the department of justice,
 8 giving the motorboat's or sailboat's identifying number and
 9 the owner's name when that the motorboat becomes documented
 10 ~~as a vessel of the United States~~ or sailboat is transferred,
 11 lost, destroyed, abandoned, or frauded or within 60 days
 12 after change of state of principal use or if a motorboat
 13 becomes documented as a vessel of the United States."

14 Section 7. Section 23-2-515, MCA, is amended to read:
 15 "23-2-515. License decals to be displayed. (1) Every
 16 Montana ~~boat~~ motorboat or sailboat numbered in accordance
 17 with the provisions of 23-2-512 and 23-2-513 shall be
 18 required to display license decals. For this purpose the
 19 county treasurer, upon receipt of ~~a certificate of tax of~~
 20 ~~personal property showing payment of tax on the motorboat~~
 21 ~~the fee in lieu of tax for motorboats 10 feet in length or~~
 22 ~~longer and sailboats 12 feet in length or longer~~ for the
 23 current year, shall issue a pair of decals prepared and
 24 furnished by the department of justice with all new
 25 certificates of number and renewals thereof.

1 (2) The decals shall be of a style and design
2 prescribed by the department of justice and shall be a color
3 differing from the preceding year. The license decal will be
4 serially numbered and have the expiration date of December
5 31 of the appropriate year printed thereon.

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

9 NEW SECTION. Section 8. Fee in lieu of tax for
10 motorboats 10 feet in length or longer and sailboats 12 feet
11 in length or longer. (1) There is a fee in lieu of property
12 tax as prescribed in [section 9] imposed on motorboats 10
13 feet in length or longer and sailboats 12 feet in length or
14 longer. The fee is in addition to the annual fee required
15 by 23-2-512 for filing of the application for a certificate
16 of number.

17 (2) The fee imposed by subsection (1) need not be paid
18 by a dealer for motorboats or sailboats that constitute
19 inventory of the dealership.

20 NEW SECTION. Section 9. Fees for motorboats and
21 sailboats. (1) The owner of a motorboat 10 feet in length or
22 longer or a sailboat 12 feet in length or longer shall pay a
23 fee based on the length of the motorboat or sailboat.

24 (2) The fee for a motorboat AT LEAST 10 feet in length
25 to-13-feet-11-inches BUT LESS THAN 14 FEET in length or

1 sailboat AT LEAST 12 feet to-13-feet-11-inches IN LENGTH BUT
2 LESS THAN 14 FEET in length is \$7.50.

3 (3) The fee for a motorboat or sailboat AT LEAST 14
4 feet to-15-feet-11-inches IN LENGTH BUT LESS THAN 16 FEET in
5 length is \$15.

6 (4) The fee for a motorboat or sailboat AT LEAST 16
7 feet to-16-feet-11-inches IN LENGTH BUT LESS THAN 17 FEET in
8 length is \$32.

9 (5) The fee for a motorboat or sailboat AT LEAST 17
10 feet to-18-feet-11-inches IN LENGTH BUT LESS THAN 19 FEET in
11 length is \$3 a foot or fraction of a foot.

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

14 NEW SECTION. Section 10. Disposition of fees in lieu
15 of tax. The county treasurer shall distribute all fees in
16 lieu of tax collected on motorboats 10 feet in length or
17 longer and sailboats 12 feet in length or longer pursuant to
18 [sections 8 and 9] in the relative proportions required by
19 the levies for state, county, school district, and municipal
20 purposes in the same manner as personal property taxes are
21 distributed.

22 NEW SECTION. Section 11. Penalty -- disposition. (1)
23 Failure to pay the fee in lieu of tax as provided for in
24 [section 9] is a misdemeanor, punishable by a fine equal to
25 50%--of FIVE TIMES the fee in lieu of tax that is due on the

1 motorboat or sailboat for the current year of registration.

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

4 (a) 50% to the general fund of the county in which the
5 motorboat or sailboat is issued a certification number; and

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

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

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

19 NEW SECTION. Section 14. Effective date --
20 applicability. This act is effective on passage and approval
21 and applies to motorboats and sailboats registered on or
22 after January 1, 1987 1988.

-End-

1 HOUSE BILL NO. 658

2 INTRODUCED BY MENAHAN, BACHINI, MERCER, BRANDEWIE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A FEE IN
5 LIEU OF PROPERTY TAX FOR MOTORBOATS 10 FEET IN LENGTH OR
6 LONGER AND SAILBOATS 12 FEET IN LENGTH OR LONGER; EXEMPTING
7 MOTORBOATS LESS THAN 10 FEET IN LENGTH FROM PROPERTY TAXES;
8 AMENDING SECTIONS 15-6-146, 15-6-201, 15-8-201, 15-8-301,
9 15-8-404, 23-2-512, AND 23-2-515, MCA; AND PROVIDING AN
10 IMMEDIATE EFFECTIVE DATE AND A-RETROACTIVE AN APPLICABILITY
11 DATE."
12

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

14 Section 1. Section 15-6-146, MCA, is amended to read:

15 "15-6-146. Class sixteen property -- description --
16 taxable percentage. (1) Class sixteen property includes:17 ~~(a)~~--watercraft;18 ~~(b)~~(a) all-terrain vehicles [not registered under
19 61-3-301];20 ~~(c)~~(b) harness, saddlery, and other tack equipment;21 ~~(d)~~(c) all other property used for noncommercial
22 purposes which is not real property or an improvement to
23 real property and which is not included in another class or
24 exempt from taxation under Title 15, chapter 6, part 2.

25 (2) Class sixteen property is taxed at 11% of its

1 market value."

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

3 "15-6-201. Exempt categories. (1) The following
4 categories of property are exempt from taxation:

5 (a) the property of:

6 (i) the United States, the state, counties, cities,
7 towns, school districts, except, if congress passes
8 legislation that allows the state to tax property owned by
9 an agency created by congress to transmit or distribute
10 electrical energy, the property constructed, owned, or
11 operated by a public agency created by the congress to
12 transmit or distribute electric energy produced at privately
13 owned generating facilities (not including rural electric
14 cooperatives);15 (ii) irrigation districts organized under the laws of
16 Montana and not operating for profit;

17 (iii) municipal corporations; and

18 (iv) public libraries;

19 (b) buildings, with land they occupy and furnishings
20 therein, owned by a church and used for actual religious
21 worship or for residences of the clergy, together with
22 adjacent land reasonably necessary for convenient use of
23 such buildings;24 (c) property used exclusively for agricultural and
25 horticultural societies, for educational purposes, and for

1 hospitals;

2 (d) property that meets the following conditions:

3 (i) is owned and held by any association or

4 corporation organized under Title 35, chapter 2, 3, 20, or

5 21;

6 (ii) is devoted exclusively to use in connection with a

7 cemetery or cemeteries for which a permanent care and

8 improvement fund has been established as provided for in

9 Title 35, chapter 20, part 3; and

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11 corporate profit;

12 (e) institutions of purely public charity;

13 (f) evidence of debt secured by mortgages of record

14 upon real or personal property in the state of Montana;

15 (g) public art galleries and public observatories not

16 used or held for private or corporate profit;

17 (h) all household goods and furniture, including but

18 not limited to clocks, musical instruments, sewing machines,

19 and wearing apparel of members of the family, used by the

20 owner for personal and domestic purposes or for furnishing

21 or equipping the family residence;

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

23 300 pounds and having no accommodations attached. Such

24 property is also exempt from the fee in lieu of tax.

25 (j) a bicycle, as defined in 61-1-123, used by the

1 owner for personal transportation purposes;

2 (k) automobiles and trucks having a rated capacity of

3 three-quarters of a ton or less;

4 (l) motorcycles and quadricycles;

5 (m) all watercraft;

6 ~~(n)~~(n) fixtures, buildings, and improvements owned by

7 a cooperative association or nonprofit corporation organized

8 to furnish potable water to its members or customers for

9 uses other than the irrigation of agricultural land;

10 ~~(o)~~(o) the right of entry that is a property right

11 reserved in land or received by mesne conveyance (exclusive

12 of leasehold interests), devise, or succession to enter land

13 whose surface title is held by another to explore, prospect,

14 or dig for oil, gas, coal, or minerals;

15 ~~(p)~~(p) property owned and used by a corporation or

16 association organized and operated exclusively for the care

17 of the developmentally disabled, mentally ill, or

18 vocationally handicapped as defined in 18-5-101, which is

19 not operated for gain or profit; and

20 ~~(q)~~(q) all farm buildings with a market value of less

21 than \$500 and all agricultural implements and machinery with

22 a market value of less than \$100.

23 (2) (a) The term "institutions of purely public

24 charity" includes organizations owning and operating

25 facilities for the care of the retired or aged or

1 chronically ill, which are not operated for gain or profit.

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

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

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

14 (b) \$100,000 in the case of a multifamily residential
15 dwelling or a nonresidential structure. (Subsection (1)(p)
16 [now (1)(q)] applicable to taxable years beginning after
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20 of revenue or its agent must, between January 1 and the
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22 all taxable inhabitants and assess all property subject to
23 taxation in each county. The department or its agent must
24 assess property to the person by whom it was owned or
25 claimed or in whose possession or control it was at midnight

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

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

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

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

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

15 (d) motorcycles and quadricycles;

16 (e) watercraft;

17 ~~(e)~~(f) livestock;

18 ~~(f)~~(g) property defined in 61-1-104 as "special mobile
19 equipment" that is subject to assessment for personal
20 property taxes on the date that application is made for a
21 special mobile equipment plate; and

22 ~~(g)~~(h) mobile homes held by a distributor or dealer of
23 mobile homes as a part of his stock in trade.

24 (3) Credits must be assessed as provided in
25 15-1-101(1)(d)."

1 Section 4. Section 15-8-301, MCA, is amended to read:

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4 person a statement under oath setting forth specifically all
5 the real and personal property owned by such person or in
6 his possession or under his control at midnight on January

7 1. Such statement must be in writing, showing separately:

8 (a) all property belonging to, claimed by, or in the
9 possession or under the control or management of such
10 person;

11 (b) all property belonging to, claimed by, or in the
12 possession or under the control or management of any firm of
13 which such person is a member;

14 (c) all property belonging to, claimed by, or in the
15 possession or under the control or management of any
16 corporation of which such person is president, secretary,
17 cashier, or managing agent;

18 (d) the county in which such property is situated or
19 in which it is liable to taxation and (if liable to taxation
20 in the county in which the statement is made) also the city,
21 town, school district, road district, or other revenue
22 districts in which it is situated;

23 (e) an exact description of all lands in parcels or
24 subdivisions not exceeding 640 acres each and the sections
25 and fractional sections of all tracts of land containing

1 more than 640 acres which have been sectionized by the
2 United States government; improvements and personal
3 property,--including--all--vessels,--steamers,--and--other
4 watercraft; all taxable state, county, city, or other
5 municipal or public bonds and the taxable bonds of any
6 person, firm, or corporation and deposits of money, gold
7 dust, or other valuables and the names of the persons with
8 whom such deposits are made and the places in which they may
9 be found; all mortgages, deeds of trust, contracts, and
10 other obligations by which a debt is secured and the
11 property in the county affected thereby;

12 (f) all solvent credits, secured or unsecured, due or
13 owing to such person or any firm of which he is a member or
14 due or owing to any corporation of which he is president,
15 secretary, cashier, or managing agent;

16 (g) all depots, shops, stations, buildings, and other
17 structures erected on the space covered by the right-of-way
18 and all other property owned by any person owning or
19 operating any railroad within the county.

20 (2) Whenever one member of a firm or one of the proper
21 officers of a corporation has made a statement showing the
22 property of the firm or corporation, another member of the
23 firm or another officer need not include such property in
24 the statement made by him but this statement must show the
25 name of the person or officer who made the statement in

1 which such property is included.

2 (3) The fact that such statement is not required or
3 that a person has not made such statement, under oath or
4 otherwise, does not relieve his property from taxation."

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

6 "15-8-404. Property of particular types of firms. (1)
7 The personal property belonging to the business of a
8 merchant or of a manufacturer must be listed in the town or
9 district where his business is carried on.

10 (2) The personal property of express, transportation,
11 and stage companies, ~~steamboats, vessels, and other~~
12 ~~watercraft~~ must be listed and assessed in the county, town,
13 or district where such property is usually kept.

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

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

20 "23-2-512. Identification number. (1) The owner of
21 each motorboat or sailboat requiring numbering by this state
22 shall file an application for number in the office of the
23 county treasurer where the motorboat or sailboat is owned or
24 taxable on forms prepared and furnished by the department of
25 justice. The application must be signed by the owner of the

1 motorboat or sailboat and be accompanied by a fee of ~~§1~~ §2.
2 Any alteration, change, or false statement contained in the
3 application will render the certificate of number void. Upon
4 receipt of the application in approved form, the county
5 treasurer shall issue to the applicant a certificate of
6 number prepared and furnished by the department of justice,
7 stating the number assigned to the motorboat or sailboat and
8 the name and address of the owner.

9 ~~{2}--Before filing the application with the county~~
10 ~~treasurer, the applicant shall submit it to the county~~
11 ~~assessor, who shall enter on the application, in a space to~~
12 ~~be provided for that purpose, the market value and taxable~~
13 ~~value of the motorboat for the year for which the~~
14 ~~application for registration is made.~~

15 ~~{3}~~ {2} The applicant, upon the filing of the
16 application, shall pay to the county treasurer the
17 ~~registration fee and the personal property taxes assessed~~
18 ~~against the motorboat or vessel~~ fee in lieu of tax required
19 for a motorboat 10 feet in length or longer or a sailboat 12
20 feet in length or longer for the current year of
21 registration certification before the application for
22 registration certification or reregistration recertification
23 may be accepted by the county treasurer.

24 ~~{4}~~ {3} Should the ownership of a motorboat or sailboat
25 change, a new application form with the certification fee

1 must be filed within a reasonable time with the county
2 treasurer and a new certificate of number assigned in the
3 same manner as provided for in an original assignment of
4 number.

5 †5†(4) If an agency of the United States government
6 has in force a comprehensive system of identification
7 numbering for motorboats in the United States, the numbering
8 system employed pursuant to this part by the department of
9 justice must be in conformity.

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

18 †7†(6) Certificates of number expire on December 31 of
19 each year and may not be in effect unless renewed under this
20 part.

21 †8†(7) In event of transfer of ownership, the
22 purchaser shall furnish the county treasurer notice within a
23 reasonable time of the acquisition of all or any part of his
24 interest, other than the creation of a security interest, in
25 a motorboat or sailboat numbered in this state or of the

1 loss, theft, destruction, or abandonment of the motorboat or
2 sailboat. The transfer, loss, theft, destruction, or
3 abandonment terminates the certificate of number for the
4 motorboat or sailboat. Recovery from theft or transfer of a
5 part interest that does not affect the owner's right to
6 operate the motorboat or sailboat does not terminate the
7 certificate of number.

8 †9†(8) A holder of a certificate of number shall
9 notify the county treasurer within reasonable time if his
10 address no longer conforms to the address appearing on the
11 certificate and furnish the county treasurer with his new
12 address. The department of justice may provide by rule for
13 the surrender of the certificate bearing the former address
14 and its replacement with a certificate bearing the new
15 address or the alteration of an outstanding certificate to
16 show the new address of the holder.

17 †10†(9) (a) The number assigned must be painted on or
18 attached to each outboard side of the forward half of the
19 motorboat or sailboat or, if there are no such sides, at a
20 corresponding location on both outboard sides of the
21 foredeck of the motorboat or sailboat. The number assigned
22 must read from left to right in Arabic numerals and block
23 characters of good proportion at least 3 inches tall
24 excluding border or trim of a color that contrasts with the
25 color of the background and be so maintained as to be

1 clearly visible and legible. The number may not be placed on
 2 the obscured underside of the flared bow where it cannot be
 3 easily seen from another vessel or ashore. No numerals,
 4 letters, or devices other than those used in connection with
 5 the identifying number issued may be placed in the proximity
 6 of the identifying number. No numerals, letters, or devices
 7 that might interfere with the ready identification of the
 8 motorboat or sailboat by its identifying number may be
 9 carried as to interfere with the motorboat's or sailboat's
 10 identification. No number other than the number and license
 11 decal assigned to a motorboat or sailboat or granted
 12 reciprocity under this part may be painted, attached, or
 13 otherwise displayed on either side of the forward half of
 14 the motorboat or sailboat.

15 (b) The certificate of number shall be pocket size and
 16 available to federal, state, or local law enforcement
 17 officers at all reasonable times for inspection on the
 18 motorboat or sailboat whenever the motorboat or sailboat is
 19 on waters of this state.

20 (c) Boat liveries are not required to have the
 21 certificate of number on board each motorboat or sailboat,
 22 but a rental agreement must be carried on board livery
 23 motorboats or sailboats in place of the certificate of
 24 number.

25 ~~+++~~(10) Fees, other than the fee in lieu of tax,

1 collected under this section shall be transmitted to the
 2 state treasurer, who shall deposit the fees in the motorboat
 3 or sailboat certificate identification account of the state
 4 special revenue fund. These fees shall be used only for the
 5 administration and enforcement of this part, as amended.

6 ~~++2~~(11) An owner of a motorboat or sailboat must
 7 within a reasonable time notify the department of justice,
 8 giving the motorboat's or sailboat's identifying number and
 9 the owner's name when that the motorboat becomes documented
 10 ~~as-a-vessel-of-the-United-States~~ or sailboat is transferred,
 11 lost, destroyed, abandoned, or frauded or within 60 days
 12 after change of state of principal use or if a motorboat
 13 becomes documented as a vessel of the United States."

14 Section 7. Section 23-2-515, MCA, is amended to read:
 15 "23-2-515. License decals to be displayed. (1) Every
 16 Montana boat motorboat or sailboat numbered in accordance
 17 with the provisions of 23-2-512 and 23-2-513 shall be
 18 required to display license decals. For this purpose the
 19 county treasurer, upon receipt of ~~a-certificate-of-tax-of~~
 20 ~~personal-property-showing-payment-of-tax-on-the-motorboat~~
 21 ~~the fee in lieu of tax for motorboats 10 feet in length or~~
 22 ~~longer and sailboats 12 feet in length or longer~~ for the
 23 current year, shall issue a pair of decals prepared and
 24 furnished by the department of justice with all new
 25 certificates of number and renewals thereof.

1 (2) The decals shall be of a style and design
 2 prescribed by the department of justice and shall be a color
 3 differing from the preceding year. The license decal will be
 4 serially numbered and have the expiration date of December
 5 31 of the appropriate year printed thereon.

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

9 NEW SECTION. Section 8. Fee in lieu of tax for
 10 motorboats 10 feet in length or longer and sailboats 12 feet
 11 in length or longer. (1) There is a fee in lieu of property
 12 tax as prescribed in [section 9] imposed on motorboats 10
 13 feet in length or longer and sailboats 12 feet in length or
 14 longer. The fee is in addition to the annual fee required
 15 by 23-2-512 for filing of the application for a certificate
 16 of number.

17 (2) The fee imposed by subsection (1) need not be paid
 18 by a dealer for motorboats or sailboats that constitute
 19 inventory of the dealership.

20 NEW SECTION. Section 9. Fees for motorboats and
 21 sailboats. (1) The owner of a motorboat 10 feet in length or
 22 longer or a sailboat 12 feet in length or longer shall pay a
 23 fee based on the length of the motorboat or sailboat.

24 (2) The fee for a motorboat AT LEAST 10 feet in length
 25 to-13-feet-11-inches BUT LESS THAN 14 FEET in length or

1 sailboat AT LEAST 12 feet ~~to-13-feet-11-inches~~ IN LENGTH BUT
 2 LESS THAN 14 FEET in length is \$7.50.

3 (3) The fee for a motorboat or sailboat AT LEAST 14
 4 feet ~~to-15-feet-11-inches~~ IN LENGTH BUT LESS THAN 16 FEET in
 5 length is \$15.

6 (4) The fee for a motorboat or sailboat AT LEAST 16
 7 feet ~~to-16-feet-11-inches~~ IN LENGTH BUT LESS THAN 17 FEET in
 8 length is \$32.

9 (5) The fee for a motorboat or sailboat AT LEAST 17
 10 feet ~~to-18-feet-11-inches~~ IN LENGTH BUT LESS THAN 19 FEET in
 11 length is \$3 a foot or fraction of a foot.

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

14 NEW SECTION. Section 10. Disposition of fees in lieu
 15 of tax. The county treasurer shall distribute all fees in
 16 lieu of tax collected on motorboats 10 feet in length or
 17 longer and sailboats 12 feet in length or longer pursuant to
 18 [sections 8 and 9] in the relative proportions required by
 19 the levies for state, county, school district, and municipal
 20 purposes in the same manner as personal property taxes are
 21 distributed.

22 NEW SECTION. Section 11. Penalty -- disposition. (1)
 23 Failure to pay the fee in lieu of tax as provided for in
 24 [section 9] is a misdemeanor, punishable by a fine equal to
 25 ~~50%~~ of FIVE TIMES the fee in lieu of tax that is due on the

1 motorboat or sailboat for the current year of registration.

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

4 (a) 50% to the general fund of the county in which the
5 motorboat or sailboat is issued a certification number; and

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

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

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

19 NEW SECTION. Section 14. Effective date --
20 applicability. This act is effective on passage and approval
21 and applies to motorboats and sailboats registered on or
22 after January 1, ~~1987~~ 1988.

-End-

1 HOUSE BILL NO. 658

2 INTRODUCED BY MENAHAN, BACHINI, MERCER, BRANDEWIE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A FEE IN
5 LIEU OF PROPERTY TAX FOR MOTORBOATS 10 FEET IN LENGTH OR
6 LONGER AND SAILBOATS 12 FEET IN LENGTH OR LONGER; EXEMPTING
7 MOTORBOATS LESS THAN 10 FEET IN LENGTH FROM PROPERTY TAXES;
8 AMENDING SECTIONS 15-6-146, 15-6-201, 15-8-201, 15-8-301,
9 15-8-404, 23-2-512, AND 23-2-515, MCA; AND PROVIDING AN
10 IMMEDIATE EFFECTIVE DATE AND A-RETROACTIVE AN APPLICABILITY
11 DATE."
12

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

14 Section 1. Section 15-6-146, MCA, is amended to read:

15 "15-6-146. Class sixteen property -- description --
16 taxable percentage. (1) Class sixteen property includes:17 ~~(a)~~--watercraft;18 ~~(b)~~(a) all-terrain vehicles [not registered under
19 61-3-301];20 ~~(c)~~(b) harness, saddlery, and other tack equipment;21 ~~(d)~~(c) all other property used for noncommercial
22 purposes which is not real property or an improvement to
23 real property and which is not included in another class or
24 exempt from taxation under Title 15, chapter 6, part 2.

25 (2) Class sixteen property is taxed at 1½ of its

1 market value."

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

3 "15-6-201. Exempt categories. (1) The following
4 categories of property are exempt from taxation:

5 (a) the property of:

6 (i) the United States, the state, counties, cities,
7 towns, school districts, except, if congress passes
8 legislation that allows the state to tax property owned by
9 an agency created by congress to transmit or distribute
10 electrical energy, the property constructed, owned, or
11 operated by a public agency created by the congress to
12 transmit or distribute electric energy produced at privately
13 owned generating facilities (not including rural electric
14 cooperatives);15 (ii) irrigation districts organized under the laws of
16 Montana and not operating for profit;

17 (iii) municipal corporations; and

18 (iv) public libraries;

19 (b) buildings, with land they occupy and furnishings
20 therein, owned by a church and used for actual religious
21 worship or for residences of the clergy, together with
22 adjacent land reasonably necessary for convenient use of
23 such buildings;24 (c) property used exclusively for agricultural and
25 horticultural societies, for educational purposes, and for

1 hospitals;

2 (d) property that meets the following conditions:

3 (i) is owned and held by any association or
4 corporation organized under Title 35, chapter 2, 3, 20, or
5 21;

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

10 (iii) is not maintained and operated for private or
11 corporate profit;

12 (e) institutions of purely public charity;

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

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

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

22 (i) a truck canopy cover or topper weighing less than
23 300 pounds and having no accommodations attached. Such
24 property is also exempt from the fee in lieu of tax.

25 (j) a bicycle, as defined in 61-1-123, used by the

1 owner for personal transportation purposes;

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

4 (l) motorcycles and quadricycles;

5 ~~(m)~~ (n) all watercraft;

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

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

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

20 ~~(p)~~ (q) all farm buildings with a market value of less
21 than \$500 and all agricultural implements and machinery with
22 a market value of less than \$100.

23 (2) (a) The term "institutions of purely public
24 charity" includes organizations owning and operating
25 facilities for the care of the retired or aged or

1 chronically ill, which are not operated for gain or profit.

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

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

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

14 (b) \$100,000 in the case of a multifamily residential
15 dwelling or a nonresidential structure. (Subsection (1)(p)
16 [now (1)(q)] applicable to taxable years beginning after
17 December 31, 1985--sec. 4, Ch. 463, L. 1985.)"

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

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

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

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

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

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

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

15 (d) motorcycles and quadricycles;

16 (e) watercraft;

17 ~~(f)~~(f) livestock;

18 ~~(g)~~(g) property defined in 61-1-104 as "special mobile
19 equipment" that is subject to assessment for personal
20 property taxes on the date that application is made for a
21 special mobile equipment plate; and

22 ~~(h)~~(h) mobile homes held by a distributor or dealer of
23 mobile homes as a part of his stock in trade.

24 (3) Credits must be assessed as provided in
25 15-1-101(1)(d)."

1 Section 4. Section 15-8-301, MCA, is amended to read:
 2 "15-8-301. Statement -- what to contain. (1) The
 3 department of revenue or its agent must require from each
 4 person a statement under oath setting forth specifically all
 5 the real and personal property owned by such person or in
 6 his possession or under his control at midnight on January
 7 1. Such statement must be in writing, showing separately:
 8 (a) all property belonging to, claimed by, or in the
 9 possession or under the control or management of such
 10 person;
 11 (b) all property belonging to, claimed by, or in the
 12 possession or under the control or management of any firm of
 13 which such person is a member;
 14 (c) all property belonging to, claimed by, or in the
 15 possession or under the control or management of any
 16 corporation of which such person is president, secretary,
 17 cashier, or managing agent;
 18 (d) the county in which such property is situated or
 19 in which it is liable to taxation and (if liable to taxation
 20 in the county in which the statement is made) also the city,
 21 town, school district, road district, or other revenue
 22 districts in which it is situated;
 23 (e) an exact description of all lands in parcels or
 24 subdivisions not exceeding 640 acres each and the sections
 25 and fractional sections of all tracts of land containing

1 more than 640 acres which have been sectionized by the
 2 United States government; improvements and personal
 3 property; ~~including all vessels, steamers, and other~~
 4 ~~watercraft~~; all taxable state, county, city, or other
 5 municipal or public bonds and the taxable bonds of any
 6 person, firm, or corporation and deposits of money, gold
 7 dust, or other valuables and the names of the persons with
 8 whom such deposits are made and the places in which they may
 9 be found; all mortgages, deeds of trust, contracts, and
 10 other obligations by which a debt is secured and the
 11 property in the county affected thereby;
 12 (f) all solvent credits, secured or unsecured, due or
 13 owing to such person or any firm of which he is a member or
 14 due or owing to any corporation of which he is president,
 15 secretary, cashier, or managing agent;
 16 (g) all depots, shops, stations, buildings, and other
 17 structures erected on the space covered by the right-of-way
 18 and all other property owned by any person owning or
 19 operating any railroad within the county.
 20 (2) Whenever one member of a firm or one of the proper
 21 officers of a corporation has made a statement showing the
 22 property of the firm or corporation, another member of the
 23 firm or another officer need not include such property in
 24 the statement made by him but this statement must show the
 25 name of the person or officer who made the statement in

1 which such property is included.

2 (3) The fact that such statement is not required or
3 that a person has not made such statement, under oath or
4 otherwise, does not relieve his property from taxation."

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8 merchant or of a manufacturer must be listed in the town or
9 district where his business is carried on.

10 (2) The personal property of express, transportation,
11 and stage companies, ~~steamboats, vessels, and other~~
12 ~~watercraft~~ must be listed and assessed in the county, town,
13 or district where such property is usually kept.

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

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21 each motorboat or sailboat requiring numbering by this state
22 shall file an application for number in the office of the
23 county treasurer where the motorboat or sailboat is owned or
24 taxable on forms prepared and furnished by the department of
25 justice. The application must be signed by the owner of the

1 motorboat or sailboat and be accompanied by a fee of ~~\$1~~ \$2.
2 Any alteration, change, or false statement contained in the
3 application will render the certificate of number void. Upon
4 receipt of the application in approved form, the county
5 treasurer shall issue to the applicant a certificate of
6 number prepared and furnished by the department of justice,
7 stating the number assigned to the motorboat or sailboat and
8 the name and address of the owner.

9 ~~{2}--Before filing the application with the county~~
10 ~~treasurer, the applicant shall submit it to the county~~
11 ~~assessor, who shall enter on the application, in a space to~~
12 ~~be provided for that purpose, the market value and taxable~~
13 ~~value of the motorboat for the year for which the~~
14 ~~application for registration is made.~~

15 ~~{3}~~(2) The applicant, upon the filing of the
16 application, shall pay to the county treasurer the
17 ~~registration fee and the personal property taxes assessed~~
18 ~~against the motorboat or vessel fee in lieu of tax required~~
19 ~~for a motorboat 10 feet in length or longer or a sailboat 12~~
20 ~~feet in length or longer~~ for the current year of
21 ~~registration certification~~ before the application for
22 ~~registration certification or reregistration recertification~~
23 may be accepted by the county treasurer.

24 ~~{4}~~(3) Should the ownership of a motorboat or sailboat
25 change, a new application form with the certification fee

1 must be filed within a reasonable time with the county
2 treasurer and a new certificate of number assigned in the
3 same manner as provided for in an original assignment of
4 number.

5 ~~(5)~~(4) If an agency of the United States government
6 has in force a comprehensive system of identification
7 numbering for motorboats in the United States, the numbering
8 system employed pursuant to this part by the department of
9 justice must be in conformity.

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

18 ~~(7)~~(6) Certificates of number expire on December 31 of
19 each year and may not be in effect unless renewed under this
20 part.

21 ~~(8)~~(7) In event of transfer of ownership, the
22 purchaser shall furnish the county treasurer notice within a
23 reasonable time of the acquisition of all or any part of his
24 interest, other than the creation of a security interest, in
25 a motorboat or sailboat numbered in this state or of the

1 loss, theft, destruction, or abandonment of the motorboat or
2 sailboat. The transfer, loss, theft, destruction, or
3 abandonment terminates the certificate of number for the
4 motorboat or sailboat. Recovery from theft or transfer of a
5 part interest that does not affect the owner's right to
6 operate the motorboat or sailboat does not terminate the
7 certificate of number.

8 ~~(9)~~(8) A holder of a certificate of number shall
9 notify the county treasurer within reasonable time if his
10 address no longer conforms to the address appearing on the
11 certificate and furnish the county treasurer with his new
12 address. The department of justice may provide by rule for
13 the surrender of the certificate bearing the former address
14 and its replacement with a certificate bearing the new
15 address or the alteration of an outstanding certificate to
16 show the new address of the holder.

17 ~~(10)~~(9) (a) The number assigned must be painted on or
18 attached to each outboard side of the forward half of the
19 motorboat or sailboat or, if there are no such sides, at a
20 corresponding location on both outboard sides of the
21 foredeck of the motorboat or sailboat. The number assigned
22 must read from left to right in Arabic numerals and block
23 characters of good proportion at least 3 inches tall
24 excluding border or trim of a color that contrasts with the
25 color of the background and be so maintained as to be

1 clearly visible and legible. The number may not be placed on
 2 the obscured underside of the flared bow where it cannot be
 3 easily seen from another vessel or ashore. No numerals,
 4 letters, or devices other than those used in connection with
 5 the identifying number issued may be placed in the proximity
 6 of the identifying number. No numerals, letters, or devices
 7 that might interfere with the ready identification of the
 8 motorboat or sailboat by its identifying number may be
 9 carried as to interfere with the motorboat's or sailboat's
 10 identification. No number other than the number and license
 11 decal assigned to a motorboat or sailboat or granted
 12 reciprocity under this part may be painted, attached, or
 13 otherwise displayed on either side of the forward half of
 14 the motorboat or sailboat.

15 (b) The certificate of number shall be pocket size and
 16 available to federal, state, or local law enforcement
 17 officers at all reasonable times for inspection on the
 18 motorboat or sailboat whenever the motorboat or sailboat is
 19 on waters of this state.

20 (c) Boat liveries are not required to have the
 21 certificate of number on board each motorboat or sailboat,
 22 but a rental agreement must be carried on board livery
 23 motorboats or sailboats in place of the certificate of
 24 number.

25 ~~{11}~~(10) Fees, other than the fee in lieu of tax,

1 collected under this section shall be transmitted to the
 2 state treasurer, who shall deposit the fees in the motorboat
 3 or sailboat certificate identification account of the state
 4 special revenue fund. These fees shall be used only for the
 5 administration and enforcement of this part, as amended.

6 ~~{12}~~(11) An owner of a motorboat or sailboat must
 7 within a reasonable time notify the department of justice,
 8 giving the motorboat's or sailboat's identifying number and
 9 the owner's name when that the motorboat becomes documented
 10 ~~as a vessel of the United States~~ or sailboat is transferred,
 11 lost, destroyed, abandoned, or frauded or within 60 days
 12 after change of state of principal use or if a motorboat
 13 becomes documented as a vessel of the United States."

14 Section 7. Section 23-2-515, MCA, is amended to read:
 15 "23-2-515. License decals to be displayed. (1) Every
 16 Montana ~~boat~~ motorboat or sailboat numbered in accordance
 17 with the provisions of 23-2-512 and 23-2-513 shall be
 18 required to display license decals. For this purpose the
 19 county treasurer, upon receipt of ~~a certificate of tax of~~
 20 ~~personal property showing payment of tax on the motorboat~~
 21 the fee in lieu of tax for motorboats 10 feet in length or
 22 longer and sailboats 12 feet in length or longer for the
 23 current year, shall issue a pair of decals prepared and
 24 furnished by the department of justice with all new
 25 certificates of number and renewals thereof.

1 (2) The decals shall be of a style and design
2 prescribed by the department of justice and shall be a color
3 differing from the preceding year. The license decal will be
4 serially numbered and have the expiration date of December
5 31 of the appropriate year printed thereon.

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

9 NEW SECTION. Section 8. Fee in lieu of tax for
10 motorboats 10 feet in length or longer and sailboats 12 feet
11 in length or longer. (1) There is a fee in lieu of property
12 tax as prescribed in [section 9] imposed on motorboats 10
13 feet in length or longer and sailboats 12 feet in length or
14 longer. The fee is in addition to the annual fee required
15 by 23-2-512 for filing of the application for a certificate
16 of number.

17 (2) The fee imposed by subsection (1) need not be paid
18 by a dealer for motorboats or sailboats that constitute
19 inventory of the dealership.

20 NEW SECTION. Section 9. Fees for motorboats and
21 sailboats. (1) The owner of a motorboat 10 feet in length or
22 longer or a sailboat 12 feet in length or longer shall pay a
23 fee based on the length of the motorboat or sailboat.

24 (2) The fee for a motorboat AT LEAST 10 feet in length
25 to-13-feet-11-inches BUT LESS THAN 14 FEET in length or

1 sailboat AT LEAST 12 feet to-13-feet-11-inches IN LENGTH BUT
2 LESS THAN 14 FEET in length is \$7.50.

3 (3) The fee for a motorboat or sailboat AT LEAST 14
4 feet to-15-feet-11-inches IN LENGTH BUT LESS THAN 16 FEET in
5 length is \$15.

6 (4) The fee for a motorboat or sailboat AT LEAST 16
7 feet to-16-feet-11-inches IN LENGTH BUT LESS THAN 17 FEET in
8 length is \$32.

9 (5) The fee for a motorboat or sailboat AT LEAST 17
10 feet to-18-feet-11-inches IN LENGTH BUT LESS THAN 19 FEET in
11 length is \$3 a foot or fraction of a foot.

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

14 NEW SECTION. Section 10. Disposition of fees in lieu
15 of tax. The county treasurer shall distribute all fees in
16 lieu of tax collected on motorboats 10 feet in length or
17 longer and sailboats 12 feet in length or longer pursuant to
18 [sections 8 and 9] in the relative proportions required by
19 the levies for state, county, school district, and municipal
20 purposes in the same manner as personal property taxes are
21 distributed.

22 NEW SECTION. Section 11. Penalty -- disposition. (1)
23 Failure to pay the fee in lieu of tax as provided for in
24 [section 9] is a misdemeanor, punishable by a fine equal to
25 50%--of FIVE TIMES the fee in lieu of tax that is due on the

1 motorboat or sailboat for the current year of registration.

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

4 (a) 50% to the general fund of the county in which the
5 motorboat or sailboat is issued a certification number; and

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

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

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

19 NEW SECTION. Section 14. Effective date --
20 applicability. This act is effective on passage and approval
21 and applies to motorboats and sailboats registered on or
22 after January 1, 1987 1988.

-End-

GOVERNOR'S AMENDMENT TO
HOUSE BILL NO. 658
(Reference Copy)
(April 9, 1987)

1. Page 17, line 14.

Following: line 13

Insert: "NEW SECTION. Section 13. Code commissioner
instruction. The code commissioner shall change any reference to
taxes on boats contained in new material enacted this session to reflect
the fee in lieu of tax on boats contained in this bill."

Renumber: subsequent sections

-END-

1 HOUSE BILL NO. 658

2 INTRODUCED BY MENAHAN, BACHINI, MERCER, BRANDEWIE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A FEE IN
5 LIEU OF PROPERTY TAX FOR MOTORBOATS 10 FEET IN LENGTH OR
6 LONGER AND SAILBOATS 12 FEET IN LENGTH OR LONGER; EXEMPTING
7 MOTORBOATS LESS THAN 10 FEET IN LENGTH FROM PROPERTY TAXES;
8 AMENDING SECTIONS 15-6-146, 15-6-201, 15-8-201, 15-8-301,
9 15-8-404, 23-2-512, AND 23-2-515, MCA; AND PROVIDING AN
10 IMMEDIATE EFFECTIVE DATE AND A-RETROACTIVE AN APPLICABILITY
11 DATE."

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

14 Section 1. Section 15-6-146, MCA, is amended to read:

15 "15-6-146. Class sixteen property -- description --
16 taxable percentage. (1) Class sixteen property includes:17 ~~(a)--watercraft;~~18 ~~(b)~~(a) all-terrain vehicles [not registered under
19 61-3-301];20 ~~(c)~~(b) harness, saddlery, and other tack equipment;21 ~~(d)~~(c) all other property used for noncommercial
22 purposes which is not real property or an improvement to
23 real property and which is not included in another class or
24 exempt from taxation under Title 15, chapter 6, part 2.25 (2) Class sixteen property is taxed at 11 $\frac{1}{2}$ of its

1 market value."

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

3 "15-6-201. Exempt categories. (1) The following
4 categories of property are exempt from taxation:

5 (a) the property of:

6 (i) the United States, the state, counties, cities,
7 towns, school districts, except, if congress passes
8 legislation that allows the state to tax property owned by
9 an agency created by congress to transmit or distribute
10 electrical energy, the property constructed, owned, or
11 operated by a public agency created by the congress to
12 transmit or distribute electric energy produced at privately
13 owned generating facilities (not including rural electric
14 cooperatives);15 (ii) irrigation districts organized under the laws of
16 Montana and not operating for profit;

17 (iii) municipal corporations; and

18 (iv) public libraries;

19 (b) buildings, with land they occupy and furnishings
20 therein, owned by a church and used for actual religious
21 worship or for residences of the clergy, together with
22 adjacent land reasonably necessary for convenient use of
23 such buildings;24 (c) property used exclusively for agricultural and
25 horticultural societies, for educational purposes, and for

1 hospitals;

2 (d) property that meets the following conditions:

3 (i) is owned and held by any association or

4 corporation organized under Title 35, chapter 2, 3, 20, or

5 21;

6 (ii) is devoted exclusively to use in connection with a

7 cemetery or cemeteries for which a permanent care and

8 improvement fund has been established as provided for in

9 Title 35, chapter 20, part 3; and

10 (iii) is not maintained and operated for private or

11 corporate profit;

12 (e) institutions of purely public charity;

13 (f) evidence of debt secured by mortgages of record

14 upon real or personal property in the state of Montana;

15 (g) public art galleries and public observatories not

16 used or held for private or corporate profit;

17 (h) all household goods and furniture, including but

18 not limited to clocks, musical instruments, sewing machines,

19 and wearing apparel of members of the family, used by the

20 owner for personal and domestic purposes or for furnishing

21 or equipping the family residence;

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

23 300 pounds and having no accommodations attached. Such

24 property is also exempt from the fee in lieu of tax.

25 (j) a bicycle, as defined in 61-1-123, used by the

1 owner for personal transportation purposes;

2 (k) automobiles and trucks having a rated capacity of

3 three-quarters of a ton or less;

4 (l) motorcycles and quadricycles;

5 (m) all watercraft;

6 ~~(n)~~(n) fixtures, buildings, and improvements owned by

7 a cooperative association or nonprofit corporation organized

8 to furnish potable water to its members or customers for

9 uses other than the irrigation of agricultural land;

10 ~~(n)~~(o) the right of entry that is a property right

11 reserved in land or received by mesne conveyance (exclusive

12 of leasehold interests), devise, or succession to enter land

13 whose surface title is held by another to explore, prospect,

14 or dig for oil, gas, coal, or minerals;

15 ~~(p)~~(p) property owned and used by a corporation or

16 association organized and operated exclusively for the care

17 of the developmentally disabled, mentally ill, or

18 vocationally handicapped as defined in 18-5-101, which is

19 not operated for gain or profit; and

20 ~~(p)~~(q) all farm buildings with a market value of less

21 than \$500 and all agricultural implements and machinery with

22 a market value of less than \$100.

23 (2) (a) The term "institutions of purely public

24 charity" includes organizations owning and operating

25 facilities for the care of the retired or aged or

1 chronically ill, which are not operated for gain or profit.

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

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

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

14 (b) \$100,000 in the case of a multifamily residential
15 dwelling or a nonresidential structure. (Subsection (1)(p)
16 [now (1)(q)] applicable to taxable years beginning after
17 December 31, 1985--sec. 4, Ch. 463, L. 1985.)"

18 Section 3. Section 15-8-201, MCA, is amended to read:
19 "15-8-201. General assessment day. (1) The department
20 of revenue or its agent must, between January 1 and the
21 second Monday of July in each year, ascertain the names of
22 all taxable inhabitants and assess all property subject to
23 taxation in each county. The department or its agent must
24 assess property to the person by whom it was owned or
25 claimed or in whose possession or control it was at midnight

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

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

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

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

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

15 (d) motorcycles and quadricycles;

16 ~~(e)~~ watercraft;

17 ~~(f)~~ livestock;

18 ~~(g)~~ property defined in 61-1-104 as "special mobile
19 equipment" that is subject to assessment for personal
20 property taxes on the date that application is made for a
21 special mobile equipment plate; and

22 ~~(g)~~ (h) mobile homes held by a distributor or dealer of
23 mobile homes as a part of his stock in trade.

24 (3) Credits must be assessed as provided in
25 15-1-101(1)(d)."

1 Section 4. Section 15-8-301, MCA, is amended to read:

2 "15-8-301. Statement -- what to contain. (1) The
3 department of revenue or its agent must require from each
4 person a statement under oath setting forth specifically all
5 the real and personal property owned by such person or in
6 his possession or under his control at midnight on January
7 1. Such statement must be in writing, showing separately:

8 (a) all property belonging to, claimed by, or in the
9 possession or under the control or management of such
10 person;

11 (b) all property belonging to, claimed by, or in the
12 possession or under the control or management of any firm of
13 which such person is a member;

14 (c) all property belonging to, claimed by, or in the
15 possession or under the control or management of any
16 corporation of which such person is president, secretary,
17 cashier, or managing agent;

18 (d) the county in which such property is situated or
19 in which it is liable to taxation and (if liable to taxation
20 in the county in which the statement is made) also the city,
21 town, school district, road district, or other revenue
22 districts in which it is situated;

23 (e) an exact description of all lands in parcels or
24 subdivisions not exceeding 640 acres each and the sections
25 and fractional sections of all tracts of land containing

1 more than 640 acres which have been sectionized by the
2 United States government; improvements and personal
3 property, ~~including all vessels, steamers, and other~~
4 ~~watercraft~~; all taxable state, county, city, or other
5 municipal or public bonds and the taxable bonds of any
6 person, firm, or corporation and deposits of money, gold
7 dust, or other valuables and the names of the persons with
8 whom such deposits are made and the places in which they may
9 be found; all mortgages, deeds of trust, contracts, and
10 other obligations by which a debt is secured and the
11 property in the county affected thereby;

12 (f) all solvent credits, secured or unsecured, due or
13 owing to such person or any firm of which he is a member or
14 due or owing to any corporation of which he is president,
15 secretary, cashier, or managing agent;

16 (g) all depots, shops, stations, buildings, and other
17 structures erected on the space covered by the right-of-way
18 and all other property owned by any person owning or
19 operating any railroad within the county.

20 (2) Whenever one member of a firm or one of the proper
21 officers of a corporation has made a statement showing the
22 property of the firm or corporation, another member of the
23 firm or another officer need not include such property in
24 the statement made by him but this statement must show the
25 name of the person or officer who made the statement in

1 which such property is included.

2 (3) The fact that such statement is not required or
3 that a person has not made such statement, under oath or
4 otherwise, does not relieve his property from taxation."

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

6 "15-8-404. Property of particular types of firms. (1)
7 The personal property belonging to the business of a
8 merchant or of a manufacturer must be listed in the town or
9 district where his business is carried on.

10 (2) The personal property of express, transportation,
11 and stage companies, ~~steamboats, vessels, and other~~
12 ~~watercraft~~ must be listed and assessed in the county, town,
13 or district where such property is usually kept.

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

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

20 "23-2-512. Identification number. (1) The owner of
21 each motorboat or sailboat requiring numbering by this state
22 shall file an application for number in the office of the
23 county treasurer where the motorboat or sailboat is owned or
24 taxable on forms prepared and furnished by the department of
25 justice. The application must be signed by the owner of the

1 motorboat or sailboat and be accompanied by a fee of ~~\$1~~ \$2.

2 Any alteration, change, or false statement contained in the
3 application will render the certificate of number void. Upon
4 receipt of the application in approved form, the county
5 treasurer shall issue to the applicant a certificate of
6 number prepared and furnished by the department of justice,
7 stating the number assigned to the motorboat or sailboat and
8 the name and address of the owner.

9 ~~{2}--Before-filing--the--application--with--the--county~~
10 ~~treasurer,--the--applicant--shall--submit--it--to--the--county~~
11 ~~assessor,--who--shall--enter--on--the--application,--in--a--space--to~~
12 ~~be--provided--for--that--purpose,--the--market--value--and--taxable~~
13 ~~value--of--the--motorboat--for--the--year--for--which--the~~
14 ~~application--for--registration--is--made.~~

15 {3}{2} The applicant, upon the filing of the
16 application, shall pay to the county treasurer the
17 ~~registration--fee--and--the--personal--property--taxes--assessed~~
18 ~~against--the--motorboat--or--vessel~~ fee in lieu of tax required
19 for a motorboat 10 feet in length or longer or a sailboat 12
20 feet in length or longer for the current year of
21 registration certification before the application for
22 registration certification or reregistration recertification
23 may be accepted by the county treasurer.

24 {4}{3} Should the ownership of a motorboat or sailboat
25 change, a new application form with the certification fee

1 must be filed within a reasonable time with the county
2 treasurer and a new certificate of number assigned in the
3 same manner as provided for in an original assignment of
4 number.

5 {5}(4) If an agency of the United States government
6 has in force a comprehensive system of identification
7 numbering for motorboats in the United States, the numbering
8 system employed pursuant to this part by the department of
9 justice must be in conformity.

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

18 {7}(6) Certificates of number expire on December 31 of
19 each year and may not be in effect unless renewed under this
20 part.

21 {8}(7) In event of transfer of ownership, the
22 purchaser shall furnish the county treasurer notice within a
23 reasonable time of the acquisition of all or any part of his
24 interest, other than the creation of a security interest, in
25 a motorboat or sailboat numbered in this state or of the

1 loss, theft, destruction, or abandonment of the motorboat or
2 sailboat. The transfer, loss, theft, destruction, or
3 abandonment terminates the certificate of number for the
4 motorboat or sailboat. Recovery from theft or transfer of a
5 part interest that does not affect the owner's right to
6 operate the motorboat or sailboat does not terminate the
7 certificate of number.

8 {9}(8) A holder of a certificate of number shall
9 notify the county treasurer within reasonable time if his
10 address no longer conforms to the address appearing on the
11 certificate and furnish the county treasurer with his new
12 address. The department of justice may provide by rule for
13 the surrender of the certificate bearing the former address
14 and its replacement with a certificate bearing the new
15 address or the alteration of an outstanding certificate to
16 show the new address of the holder.

17 {10}(9) (a) The number assigned must be painted on or
18 attached to each outboard side of the forward half of the
19 motorboat or sailboat or, if there are no such sides, at a
20 corresponding location on both outboard sides of the
21 foredeck of the motorboat or sailboat. The number assigned
22 must read from left to right in Arabic numerals and block
23 characters of good proportion at least 3 inches tall
24 excluding border or trim of a color that contrasts with the
25 color of the background and be so maintained as to be

1 clearly visible and legible. The number may not be placed on
 2 the obscured underside of the flared bow where it cannot be
 3 easily seen from another vessel or ashore. No numerals,
 4 letters, or devices other than those used in connection with
 5 the identifying number issued may be placed in the proximity
 6 of the identifying number. No numerals, letters, or devices
 7 that might interfere with the ready identification of the
 8 motorboat or sailboat by its identifying number may be
 9 carried as to interfere with the motorboat's or sailboat's
 10 identification. No number other than the number and license
 11 decal assigned to a motorboat or sailboat or granted
 12 reciprocity under this part may be painted, attached, or
 13 otherwise displayed on either side of the forward half of
 14 the motorboat or sailboat.

15 (b) The certificate of number shall be pocket size and
 16 available to federal, state, or local law enforcement
 17 officers at all reasonable times for inspection on the
 18 motorboat or sailboat whenever the motorboat or sailboat is
 19 on waters of this state.

20 (c) Boat liveries are not required to have the
 21 certificate of number on board each motorboat or sailboat,
 22 but a rental agreement must be carried on board livery
 23 motorboats or sailboats in place of the certificate of
 24 number.

25 ~~+++~~(10) Fees, other than the fee in lieu of tax,

1 collected under this section shall be transmitted to the
 2 state treasurer, who shall deposit the fees in the motorboat
 3 or sailboat certificate identification account of the state
 4 special revenue fund. These fees shall be used only for the
 5 administration and enforcement of this part, as amended.

6 ~~+++~~(11) An owner of a motorboat or sailboat must
 7 within a reasonable time notify the department of justice,
 8 giving the motorboat's or sailboat's identifying number and
 9 the owner's name when ~~that the~~ motorboat becomes documented
 10 ~~as a vessel of the United States~~ or sailboat is transferred,
 11 lost, destroyed, abandoned, or frauded or within 60 days
 12 after change of state of principal use or if a motorboat
 13 becomes documented as a vessel of the United States."

14 Section 7. Section 23-2-515, MCA, is amended to read:

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 16 Montana ~~boat~~ motorboat or sailboat numbered in accordance
 17 with the provisions of 23-2-512 and 23-2-513 shall be
 18 required to display license decals. For this purpose the
 19 county treasurer, upon receipt of ~~a certificate of tax of~~
 20 ~~personal property showing payment of tax on the motorboat~~
 21 the fee in lieu of tax for motorboats 10 feet in length or
 22 longer and sailboats 12 feet in length or longer for the
 23 current year, shall issue a pair of decals prepared and
 24 furnished by the department of justice with all new
 25 certificates of number and renewals thereof.

1 (2) The decals shall be of a style and design
2 prescribed by the department of justice and shall be a color
3 differing from the preceding year. The license decal will be
4 serially numbered and have the expiration date of December
5 31 of the appropriate year printed thereon.

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

9 NEW SECTION. Section 8. Fee in lieu of tax for
10 motorboats 10 feet in length or longer and sailboats 12 feet
11 in length or longer. (1) There is a fee in lieu of property
12 tax as prescribed in [section 9] imposed on motorboats 10
13 feet in length or longer and sailboats 12 feet in length or
14 longer. The fee is in addition to the annual fee required
15 by 23-2-512 for filing of the application for a certificate
16 of number.

17 (2) The fee imposed by subsection (1) need not be paid
18 by a dealer for motorboats or sailboats that constitute
19 inventory of the dealership.

20 NEW SECTION. Section 9. Fees for motorboats and
21 sailboats. (1) The owner of a motorboat 10 feet in length or
22 longer or a sailboat 12 feet in length or longer shall pay a
23 fee based on the length of the motorboat or sailboat.

24 (2) The fee for a motorboat AT LEAST 10 feet in length
25 to-13-feet-11-inches BUT LESS THAN 14 FEET in length or

1 sailboat AT LEAST 12 feet to-13-feet-11-inches IN LENGTH BUT
2 LESS THAN 14 FEET in length is \$7.50.

3 (3) The fee for a motorboat or sailboat AT LEAST 14
4 feet to-15-feet-11-inches IN LENGTH BUT LESS THAN 16 FEET in
5 length is \$15.

6 (4) The fee for a motorboat or sailboat AT LEAST 16
7 feet to-16-feet-11-inches IN LENGTH BUT LESS THAN 17 FEET in
8 length is \$32.

9 (5) The fee for a motorboat or sailboat AT LEAST 17
10 feet to-18-feet-11-inches IN LENGTH BUT LESS THAN 19 FEET in
11 length is \$3 a foot or fraction of a foot.

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

14 NEW SECTION. Section 10. Disposition of fees in lieu
15 of tax. The county treasurer shall distribute all fees in
16 lieu of tax collected on motorboats 10 feet in length or
17 longer and sailboats 12 feet in length or longer pursuant to
18 [sections 8 and 9] in the relative proportions required by
19 the levies for state, county, school district, and municipal
20 purposes in the same manner as personal property taxes are
21 distributed.

22 NEW SECTION. Section 11. Penalty -- disposition. (1)
23 Failure to pay the fee in lieu of tax as provided for in
24 [section 9] is a misdemeanor, punishable by a fine equal to
25 ~~50%~~ of FIVE TIMES the fee in lieu of tax that is due on the

1 motorboat or sailboat for the current year of registration.

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

4 (a) 50% to the general fund of the county in which the
5 motorboat or sailboat is issued a certification number; and

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

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

14 NEW SECTION. SECTION 13. CODE COMMISSIONER
15 INSTRUCTION. THE CODE COMMISSIONER SHALL CHANGE ANY
16 REFERENCE TO TAXES ON BOATS CONTAINED IN NEW MATERIAL
17 ENACTED THIS SESSION TO REFLECT THE FEE IN LIEU OF TAX ON
18 BOATS CONTAINED IN THIS BILL.

19 NEW SECTION. Section 14. Extension of authority. Any
20 existing authority of the department of revenue or the
21 department of justice to make rules on the subject of the
22 provisions of this act is extended to the provisions of this
23 act.

24 NEW SECTION. Section 15. Effective date --
25 applicability. This act is effective on passage and approval

1 and applies to motorboats and sailboats registered on or
2 after January 1, ~~1987~~ 1988.

-End-