



IN THE HOUSE

APRIL 10, 1987

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

APRIL 11, 1987

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

1 *House* BILL NO. *813*  
 2 INTRODUCED BY *Handwritten Signature*  
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A FEE IN  
 5 LIEU OF TAX FOR OFF-HIGHWAY VEHICLES; PROVIDING FOR USE OF  
 6 THE PROCEEDS FOR THE BENEFIT OF THE LOCAL GOVERNMENT BLOCK  
 7 GRANT FUND; AMENDING SECTION 15-6-146, MCA; AND PROVIDING  
 8 EFFECTIVE DATES."  
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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. Section 1. Definitions. As used in  
 12 [sections 1 through 7 and 9], unless the context clearly  
 13 indicates otherwise, the following definitions apply:

14 (1) (a) "Off-highway vehicle" means a self-propelled  
 15 three- or four-wheeled vehicle used for recreation or  
 16 cross-country travel on public lands, trails, easements,  
 17 lakes, rivers, or streams. The term includes but is not  
 18 limited to motorcycles, quadricycles, dune buggies,  
 19 amphibious vehicles, air cushion vehicles, and any other  
 20 means of land transportation deriving motive power from any  
 21 source other than muscle or wind.

22 (b) Off-highway vehicle does not include:  
 23 (i) vehicles designed primarily for travel on, over,  
 24 or in the water;  
 25 (ii) snowmobiles; or

1 (iii) vehicles otherwise licensed under the laws of the  
 2 state.

3 (2) "Department" means the department of fish,  
 4 wildlife, and parks.

5 NEW SECTION. Section 2. Exemptions. (1) The  
 6 provisions of [sections 1 through 7 and 9] do not apply to  
 7 an off-highway vehicle:

8 (a) owned or used by the United States or another  
 9 state or an agency or political subdivision thereof;

10 (b) registered in a country other than the United  
 11 States, temporarily used within this state for not more than  
 12 30 days;

13 (c) registered in another state of the United States,  
 14 temporarily used within this state for not more than 30  
 15 days; or

16 (d) operated only on lands owned or leased by the  
 17 off-highway vehicle owner.

18 NEW SECTION. Section 3. Fee in lieu of tax on  
 19 off-highway vehicles -- disposition of fees. (1) There is a  
 20 fee in lieu of tax on off-highway vehicles to be paid to the  
 21 county treasurer of the county in which the owner of the  
 22 off-highway vehicle resides.

23 (a) The fee for an off-highway vehicle less than 3  
 24 years old is \$20. In all other cases the fee is \$12.

25 (b) The age of an off-highway vehicle is determined by



1 subtracting the manufacturer's designated model year from  
2 the current calendar year.

3 (2) Within 10 days after the end of each month, the  
4 county treasurer shall transmit to the state treasurer for  
5 deposit in the local government block grant account created  
6 in 7-6-302 the balance, after deducting and depositing in  
7 the county general fund an amount equal to 5% of  
8 collections, of the fee in lieu of tax on off-highway  
9 vehicles during the previous month.

10 NEW SECTION. Section 4. Decal required. Except as  
11 provided in [section 2], no off-highway vehicle may be  
12 operated by any person in Montana unless there is displayed  
13 in a conspicuous place a decal, in a form prescribed by the  
14 department, as visual proof that the fee in lieu of tax  
15 provided for in [section 3] has been paid for the current  
16 year.

17 NEW SECTION. Section 5. Identification of off-highway  
18 vehicle to which fee applies. (1) When the owner of an  
19 off-highway vehicle pays the fee in lieu of tax provided for  
20 in [section 3], he shall furnish to the county treasurer,  
21 upon a form furnished by the department for this purpose,  
22 the following information about the off-highway vehicle:

- 23 (a) name of the owner;  
24 (b) residence or mailing address of the owner, by town  
25 and county;

- 1 (c) name of the manufacturer;  
2 (d) model number or name; and  
3 (e) identification number.

4 (2) The application must be signed by at least one  
5 owner or by a properly authorized agent of the owner.

6 (3) Upon payment of the fee in lieu of tax and  
7 completion of the identification form, the county treasurer  
8 shall deliver the decal provided for in [section 4].

9 NEW SECTION. Section 6. Enforcement. The department's  
10 enforcement personnel, sheriffs and their deputies, the  
11 Montana highway patrol, and the police of each municipality  
12 shall enforce the provisions of [sections 1 through 7 and  
13 9].

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15 The failure to display a current decal indicating that the  
16 fee in lieu of tax has been paid on the off-highway vehicle  
17 for the current year as provided in [section 4] is a  
18 misdemeanor punishable by a fine of not less than \$10 or  
19 more than \$50.

20 (2) All fines collected under this section must be  
21 transmitted to the state treasurer, who shall deposit the  
22 money in the earmarked revenue fund to the credit of the  
23 department to be used for off-highway vehicle safety and  
24 education.

25 Section 8. Section 15-6-146, MCA, is amended to read:

1 "15-6-146. Class sixteen property -- description --  
 2 taxable percentage. (1) Class sixteen property includes:  
 3 (a) watercraft;  
 4 ~~(b) all-terrain-vehicles--{not--registered--under~~  
 5 ~~61-3-301}~~;  
 6 ~~(c)~~(b) harness, saddlery, and other tack equipment;  
 7 ~~(d)~~(c) all other property used for noncommercial  
 8 purposes which is not real property or an improvement to  
 9 real property and which is not included in another class or  
 10 exempt from taxation under Title 15, chapter 6, part 2.  
 11 (2) Class sixteen property is taxed at 11% of its  
 12 market value."  
 13 NEW SECTION. Section 9. Regulation by local  
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 15 further licensing or registration of off-highway vehicles,  
 16 and no political subdivision may levy fees or charges for  
 17 use or operation of off-highway vehicles within the  
 18 subdivision.  
 19 NEW SECTION. Section 10. Extension of authority. Any  
 20 existing authority of the department of fish, wildlife, and  
 21 parks to make rules on the subject of the provisions of this  
 22 act is extended to the provisions of this act.  
 23 NEW SECTION. Section 11. Codification instruction.  
 24 Sections 1 through 7 and 9 are intended to be codified as an  
 25 integral part of Title 23, chapter 2, and the provisions of

1 Title 23, chapter 2, apply to sections 1 through 7 and 9.  
 2 NEW SECTION. Section 12. Effective dates. (1) Section  
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 4 (2) Sections 1 through 9 are effective January 1,  
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-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

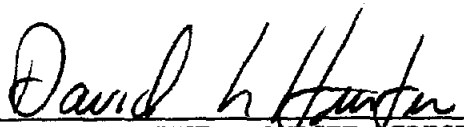
In compliance with a written request, there is hereby submitted a Fiscal Note for HB813, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

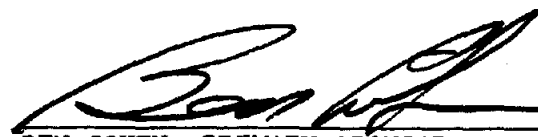
An act establishing a fee in lieu of tax for off-highway vehicles; providing for use of the proceeds for the benefit of the local government block grant fund; and providing effective dates.

ASSUMPTIONS:

1. The proposed fee in lieu of tax will apply to 22,500 all-terrain vehicles that currently are not registered or property taxes paid on. (Estimates by recreational vehicle manufacturers and the motor vehicle division.)
2. One half, or 11,250, of these ATV's will register each year (excludes registered motorcycles).
3. 40% of the ATV's are less than three years old; 60% are over three years old.
4. A 4% violation rate (based on the number of snowmobile registration violations). The minimum fine will be levied. (One half the effect in FY88).
5. Distribution of fines to Fish, Wildlife and Parks for all-terrain vehicle safety and education program.
6. This bill provides no funding for enforcement of this act, therefore any Department of Fish, Wildlife and Parks enforcement will occur incidental to the accomplishment of required duties. The use of department funds for specific enforcement of this act would violate statutory spending restrictions.
7. The education and safety program would be limited to scope according to the funds available through fine collections.
8. The taxable value of the state will be \$1,997,193,000 in FY88 and \$2,024,661,000 in FY89 (REAC).
9. This proposal would become effective on January 1, 1988. Since there is no provision for prorating fees in this proposal, all ATV's not currently licensed would be subject to the proposed fee system and other ATV's removed from property tax rolls in FY88 and FY89.
10. There are 2,849 ATV's (primarily golf carts) in class 16 property that would be affected by this proposal. 30% of these ATV's are less than 3 years old; 70% are 3 years old or over.
11. The taxable value of class 16 ATV's is \$668,000 (1986 actual taxable value).
12. Local block grant distribution (less 5% to county general fund): School Foundation Program = 14.9230% in FY88 and 14.3261% in FY89; University = 1.9896% in FY88 and 1.9100% in FY89; and the remainder to other taxing jurisdictions.
13. The average state mill levy will be 302 mills in FY88 and 314 mills in FY89 for this type of property.

 DATE 2/24/87

DAVID L. HUNTER, BUDGET DIRECTOR  
Office of Budget and Program Planning

 DATE 2/25/87  
BEN COHEN, PRIMARY SPONSOR

Fiscal Note for HB813, as introduced.

**HB 813**

FISCAL IMPACT:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Revenues:</u>						
Property Tax and Fee in Lieu of Tax:						
University Levy	\$ 11,983,158	\$ 11,983,158	\$ 0	\$ 12,147,966	\$ 12,147,798	\$ ( 168)
School Equalization	89,873,685	89,873,685	0	91,109,745	91,108,542	(1,203)
TOTAL	\$101,856,843	\$101,856,843	\$ 0	\$103,257,711	\$103,256,340	\$ (1,371)
Fines:	\$ 0	\$ 2,250	\$ 2,250	\$ 0	\$ 4,500	\$ 4,500
<u>Fund Information:</u>						
(Fines)						
Fish, Wildlife & Parks -						
Enforcement Safety						
and Education	\$ 0	\$ 2,250	\$ 2,250	\$ 0	\$ 4,500	\$ 4,500

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Local Government Revenues

	FY88	FY89
Current Property Taxes	\$ 167,668	\$ 175,684
Proposed Fees	167,360	168,730
Difference	\$ (308)	\$ (6,954)

An additional \$10,601 a year will be deposited in the county general fund under the proposed law.

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

An inconsistency exists in the definition of "off-highway vehicle" in Section 1. The first sentence restricts the definition to three or four-wheeled vehicles, while the second sentence states that motorcycles and air cushion vehicles are included. The definition also does not clarify whether an ATV used on private land by someone other than the landowner is required to be registered.

1 HOUSE BILL NO. 813  
2 INTRODUCED BY COHEN, GRADY, HARPER, ELLISON  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A FEE IN  
5 LIEU OF TAX FOR OFF-HIGHWAY VEHICLES; PROVIDING FOR USE  
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24 or in the water;  
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11 States, temporarily used within this state for not more than  
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7. The education and safety program would be limited to scope according to the funds available through fine collections.
8. The taxable value of the state will be \$1,997,193,000 in FY88 and \$2,024,661,000 in FY89 (REAC).
9. This proposal would become effective on January 1, 1988. Since there is no provision for prorating fees in this proposal, all ATV's not currently licensed would be subject to the proposed fee system and other ATV's removed from property tax rolls in FY88 and FY89.
10. There are 2,849 ATV's (primarily golf carts) in class 16 property that would be affected by this proposal. 30% of these ATV's are less than 3 years old; 70% are 3 years old or over.
11. The taxable value of class 16 ATV's is \$668,000 (1986 actual taxable value).
12. Local block grant distribution (less 5% to county general fund): School Foundation Program = 14.9230% in FY88 and 14.3261% in FY89; University = 1.9896% in FY88 and 1.9100% in FY89; and the remainder to other taxing jurisdictions.
13. The average state mill levy will be 302 mills in FY88 and 314 mills in FY89 for this type of property.

  
 DATE 4/7/87  
 DAVID L. HUNTER, BUDGET DIRECTOR  
 Office of Budget and Program Planning

  
 DATE 4/7/87  
 BEN COHEN, PRIMARY SPONSOR

Fiscal Note for HB813, third reading with Senate amendments.

HB 813  
# 2

Fiscal Note Request, HB813, third reading with Senate amendments.

Form BD-15

Page 2

FISCAL IMPACT:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Revenues:</u>						
Property Tax and Fee in Lieu of Tax:						
University Levy	\$ 11,983,158	\$ 11,984,160	\$ 1,002	\$ 12,147,966	\$ 12,148,767	\$ 801
School Equalization	89,873,685	89,881,200	7,515	91,109,745	91,115,757	6,012
TOTAL	\$101,856,843	\$101,865,360	\$ 8,517	\$103,257,711	\$103,264,524	\$ 6,813
Fines:	\$ 0	\$ 2,250	\$ 2,250	\$ 0	\$ 4,500	\$ 4,500
<u>Fund Information:</u>						
(Fines)						
Fish, Wildlife & Parks -						
Enforcement Safety						
and Education	\$ 0	\$ 2,250	\$ 2,250	\$ 0	\$ 4,500	\$ 4,500

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Local Government Revenues

	<u>FY88</u>	<u>FY89</u>
Current Property Taxes	\$ 167,668	\$ 175,684
Proposed Fees	209,199	210,903
Difference	\$ 41,531	\$ 35,219

An additional \$13,252 a year will be deposited in the county general fund under the proposed law.

HB 813  
42

HOUSE BILL NO. 813

INTRODUCED BY COHEN, GRADY, HARPER, ELLISON

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A FEE IN LIEU OF TAX FOR OFF-HIGHWAY VEHICLES; PROVIDING FOR USE DISTRIBUTION OF THE PROCEEDS FOR THE BENEFIT OF THE LOCAL GOVERNMENT BLOCK GRANT FUND; AMENDING SECTION 15-6-146, MCA; AND PROVIDING EFFECTIVE DATES."

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

NEW SECTION. Section 1. Definitions. As used in [sections 1 through 7 and 9], unless the context clearly indicates otherwise, the following definitions apply:

(1) (a) "Off-highway vehicle" means a self-propelled three--or--four-wheeled vehicle used for recreation or cross-country travel on public lands, trails, easements, lakes, rivers, or streams. The term includes but is not limited to motorcycles, quadricycles, dune buggies, amphibious vehicles, air cushion vehicles, and any other means of land transportation deriving motive power from any source other than muscle or wind.

(b) Off-highway vehicle does not include:

(i) vehicles designed primarily for travel on, over, or in the water;

(ii) snowmobiles; or

(iii) vehicles otherwise licensed under the laws of the state.

(2) "Department" means the department of fish, wildlife, and parks.

NEW SECTION. Section 2. Exemptions. (1) The provisions of [sections 1 through 7 and 9] do not apply to an off-highway vehicle:

(a) owned or used by the United States or another state or an agency or political subdivision thereof;

(b) registered in a country other than the United States, temporarily used within this state for not more than 30 days; OR

(c) registered in another state of the United States, temporarily used within this state for not more than 30 days; or

(d) --operated-only-on-lands--owned--or--leased--by--the off-highway-vehicle-owner.

NEW SECTION. Section 3. Fee in lieu of tax on off-highway vehicles -- disposition of fees. (1) There is a fee in lieu of tax on off-highway vehicles to be paid to the county treasurer of the county in which the owner of the off-highway vehicle resides.

(a) The fee for an off-highway vehicle less than 3 years old is \$20 \$25. In all other cases the fee is \$12 \$15.

(b) The age of an off-highway vehicle is determined by





1 subtracting the manufacturer's designated model year from  
 2 the current calendar year.

3 ~~(2) Within 10 days after the end of each month, the~~  
 4 ~~county treasurer shall transmit to the state treasurer for~~  
 5 ~~deposit in the local government block grant account created~~  
 6 ~~in 7-6-382 the balance, after deducting and depositing in~~  
 7 ~~the county general fund an amount equal to 5% of~~  
 8 ~~collections of the fee in lieu of tax on off-highway~~  
 9 ~~vehicles during the previous month. THE COUNTY TREASURER~~  
 10 SHALL DISTRIBUTE ALL FEES IN LIEU OF TAX COLLECTED ON  
 11 OFF-HIGHWAY VEHICLES PURSUANT TO [SECTION 3] IN THE RELATIVE  
 12 PROPORTIONS REQUIRED BY THE LEVIES FOR STATE, COUNTY, SCHOOL  
 13 DISTRICT, AND MUNICIPAL PURPOSES IN THE SAME MANNER AS  
 14 PERSONAL PROPERTY TAXES ARE DISTRIBUTED.

15 NEW SECTION. Section 4. Decal required. Except as  
 16 provided in [section 2], no off-highway vehicle may be  
 17 operated by any person in Montana unless there is displayed  
 18 in a conspicuous place a decal, in a form prescribed by the  
 19 department, as visual proof that the fee in lieu of tax  
 20 provided for in [section 3] has been paid for the current  
 21 year. THE DECAL WILL BE SERIALLY NUMBERED AND HAVE THE  
 22 EXPIRATION DATE OF DECEMBER 31 OF THE APPROPRIATE YEAR  
 23 PRINTED THEREON.

24 NEW SECTION. Section 5. Identification of off-highway  
 25 vehicle to which fee applies. (1) When the owner of an

1 off-highway vehicle pays the fee in lieu of tax provided for  
 2 in [section 3], he shall furnish to the county treasurer,  
 3 upon a form furnished by the department for this purpose,  
 4 the following information about the off-highway vehicle:

- 5 (a) name of the owner;
- 6 (b) residence or mailing address of the owner, by town  
 7 and county;
- 8 (c) name of the manufacturer;
- 9 (d) model number or name; and
- 10 (e) identification number.

11 (2) The application must be signed by at least one  
 12 owner or by a properly authorized agent of the owner.

13 (3) Upon payment of the fee in lieu of tax and  
 14 completion of the identification form, the county treasurer  
 15 shall deliver the decal provided for in [section 4].

16 NEW SECTION. Section 6. Enforcement. The department's  
 17 enforcement personnel, sheriffs and their deputies, the  
 18 Montana highway patrol, and the police of each municipality  
 19 shall enforce the provisions of [sections 1 through 7 and  
 20 9].

21 NEW SECTION. Section 7. Penalty -- disposition. (1)  
 22 The failure to display a current decal indicating that the  
 23 fee in lieu of tax has been paid on the off-highway vehicle  
 24 for the current year as provided in [section 4] is a  
 25 misdemeanor punishable by a fine ~~of not less than \$10 or~~

1 ~~more--than--\$50~~ EQUAL TO FIVE TIMES THE FEE IN LIEU OF TAX  
 2 THAT IS DUE ON THE OFF-HIGHWAY VEHICLE FOR THE CURRENT YEAR.

3 (2) All fines collected under this section must be  
 4 transmitted to the state treasurer, who shall deposit the  
 5 money in the earmarked revenue fund to the credit of the  
 6 department to be used for off-highway vehicle safety and  
 7 education.

8 Section 8. Section 15-6-146, MCA, is amended to read:

9 "15-6-146. Class sixteen property -- description --  
 10 taxable percentage. (1) Class sixteen property includes:

11 (a) watercraft;

12 ~~{b}--all-terrain---vehicles---{not---registered---under~~  
 13 ~~61-3-301};~~

14 ~~{c}{b}~~ harness, saddlery, and other tack equipment;

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

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

21 NEW SECTION. Section 9. Regulation by local  
 22 government precluded. No political subdivision may prescribe  
 23 further licensing or registration of off-highway vehicles,  
 24 and no political subdivision may levy fees or charges for  
 25 use or operation of off-highway vehicles within the

1 subdivision.

2 NEW SECTION. Section 10. Extension of authority. Any  
 3 existing authority of the department of fish, wildlife, and  
 4 parks to make rules on the subject of the provisions of this  
 5 act is extended to the provisions of this act.

6 NEW SECTION. Section 11. Codification instruction.  
 7 Sections 1 through 7 and 9 are intended to be codified as an  
 8 integral part of Title 23, chapter 2, and the provisions of  
 9 Title 23, chapter 2, apply to sections 1 through 7 and 9.

10 NEW SECTION. Section 12. Effective dates. (1) Section  
 11 10 and this section are effective on passage and approval.

12 (2) Sections 1 through 9 are effective January 1,  
 13 1988.

-End-

# STANDING COMMITTEE REPORT

## SENATE

..... April 3 ..... 1987 .....

MR. PRESIDENT

We, your committee on ..... SENATE TAXATION .....

having had under consideration ..... HOUSE BILL ..... No. 813 .....

third reading copy ( blue )  
color

COHEN (BROWN)

SETTING FEE IN LIEU OF TAXES ON 3-WHEEL AND 4-WHEEL OFF-ROAD VEHICLES

Respectfully report as follows: That ..... HOUSE BILL ..... No. 813 .....

be amended as follows:

- 1. Page 2, line 24.
- Strike: "\$20"
- Insert: "\$25"
- Strike: "\$12"
- Insert: "\$15"

*NYC*

AND AS AMENDED  
BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

*4/3/87*  
*1:35*  
*JLS*

*George McCallum*  
.....  
SENATOR GEORGE McCALLUM, Chairman.