

HB 885 INTRODUCED BY SWYSGOOD, ET AL.  
SALES AND USE TAX AS PROPERTY TAX REPLACEMENT

3/14 INTRODUCED  
3/14 REFERRED TO TAXATION  
3/16 FISCAL NOTE REQUESTED  
3/18 HEARING  
3/19 TABLED IN COMMITTEE  
3/21 FISCAL NOTE RECEIVED

1  
 2 INTROSUCED BY House BILL NO. 885  
Supp. Ramsey  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A 5  
 5 PERCENT SALES AND USE TAX; PROVIDING FOR THE ELIMINATION OF  
 6 THE AD VALOREM TAX ON PERSONAL PROPERTY; PROVIDING FOR THE  
 7 REDUCTION OF THE AD VALOREM TAX ON RESIDENCES; PROVIDING FOR  
 8 A HIGHWAY USE FEE IN LIEU OF PROPERTY TAX FOR HEAVY  
 9 VEHICLES, TRUCK TRACTORS, AND SEMITRAILERS; PROVIDING FOR A  
 10 FEE AS A REPLACEMENT FOR PROPERTY TAX REVENUE TO FUND THE  
 11 BOARD OF LIVESTOCK; PROVIDING FOR THE DISTRIBUTION OF THE  
 12 PROCEEDS OF THE SALES AND USE TAX; AMENDING SECTIONS  
 13 7-1-2111, 7-3-1321, 7-6-2211, 7-6-4121, 7-6-4254, 7-7-107,  
 14 7-7-108, 7-7-2101, 7-7-2203, 7-7-4201, 7-7-4202, 7-13-4103,  
 15 7-14-236, 7-14-2524, 7-14-2525, 7-14-4402, 7-16-2327,  
 16 7-16-4104, 7-21-2104, 7-31-106, 7-31-107, 7-34-2131,  
 17 15-1-101, 15-1-701, 15-6-101, 15-6-135, 15-6-137, 15-6-141,  
 18 15-6-145, 15-6-147, 15-6-201, 15-6-203, 15-7-102, 15-8-104,  
 19 15-8-111, 15-8-201, 15-8-205, 15-8-301, 15-8-701, 15-8-706,  
 20 15-10-105, 15-10-302, 15-16-117, 15-16-611, 15-18-103,  
 21 15-18-205, 15-18-305, 15-23-202, 15-23-303, 15-23-403,  
 22 15-23-501, 15-23-503, 15-23-504, 15-23-508, 15-23-522,  
 23 15-23-608, 15-23-611, 15-23-704, 15-23-806, 15-24-601,  
 24 15-24-701, 15-24-801, 15-24-1101 THROUGH 15-24-1104,  
 25 15-24-1203, 17-7-502, 19-11-503, 19-11-504, 20-9-141,

1 20-9-331, 20-9-333, 20-9-352, 20-9-406, 20-9-501, 20-9-502,  
 2 20-10-144, 25-13-404, 33-7-407, 61-3-501, 61-3-531,  
 3 61-3-701, 61-12-206, 67-3-201, 67-3-202, 81-6-101, 81-6-104,  
 4 81-6-204, 81-6-209, 81-7-103, 81-7-104, 81-7-202, 81-7-303,  
 5 81-7-305, 81-8-804, AND 85-7-2001, MCA; REPEALING SECTIONS  
 6 15-6-136, 15-6-138 THROUGH 15-6-140, 15-6-142, 15-6-146,  
 7 15-6-207, 15-6-210, 15-8-202, 15-8-204, 15-8-401, 15-8-404,  
 8 15-8-405, 15-8-408, 15-16-111 THROUGH 15-16-115, 15-16-401,  
 9 15-16-402, 15-16-404, 15-16-503, 15-16-701 THROUGH  
 10 15-16-703, 15-17-901 THROUGH 15-17-903, 15-24-101 THROUGH  
 11 15-24-105, 15-24-201 THROUGH 15-24-208, 15-24-301 THROUGH  
 12 15-24-304, 15-24-901 THROUGH 15-24-906, 15-24-908 THROUGH  
 13 15-24-911, 15-24-921 THROUGH 15-24-926, 15-24-931, 15-24-941  
 14 THROUGH 15-24-943, 15-24-1001, AND 61-3-707, MCA; AND  
 15 PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

18 NEW SECTION. Section 1. Definitions. For purposes of  
 19 [sections 1 through 61], unless the context requires  
 20 otherwise, the following definitions apply:

21 (1) "Buying", "selling", "buy", "sell", or "sale"  
 22 means the transfer of property for consideration.

23 (2) "Construction" means:

24 (a) the building, altering, repairing, or demolishing  
 25 in the ordinary course of business of any:

1 (i) road, highway, bridge, parking area, or related  
 2 project;  
 3 (ii) building, stadium, or other structure;  
 4 (iii) airport, subway, or similar facility;  
 5 (iv) park, trail, athletic field, golf course, or  
 6 similar facility;  
 7 (v) dam, reservoir, canal, ditch, or similar facility;  
 8 (vi) sewage or water treatment facility, power  
 9 generating plant, pump station, natural gas compressing  
 10 station, gas processing plant, coal gasification plant,  
 11 refinery, distillery, or similar facility;  
 12 (vii) sewage, water, gas, or other pipeline;  
 13 (viii) transmission line;  
 14 (ix) radio, television, or other tower;  
 15 (x) water, oil, or other storage tank;  
 16 (xi) shaft, tunnel, or other mining appurtenance; or  
 17 (xii) microwave station or similar facility;  
 18 (b) the leveling or clearing of land;  
 19 (c) the excavating of earth;  
 20 (d) the drilling of wells of any type, including  
 21 seismograph shot holes or core drilling; or  
 22 (e) any similar work.  
 23 (3) "Department" means the department of revenue.  
 24 (4) "Engaging in business" means carrying on or  
 25 causing to be carried on any activity with the purpose of

1 direct or indirect benefit.  
 2 (5) "Food product for human consumption":  
 3 (a) means and includes:  
 4 (i) cereals and cereal products, margarine, meat and  
 5 meat products, fish and fish products, eggs and egg  
 6 products, vegetables and vegetable products, fruit and fruit  
 7 products, spices, salt, sugar, sugar substitutes, sugar  
 8 products other than candy and confectioneries, coffee and  
 9 coffee substitutes, tea, and cocoa and cocoa products other  
 10 than candy or confectioneries;  
 11 (ii) milk and cream and their products;  
 12 (iii) all fruit juices containing 15% or more real  
 13 fruit juice, vegetable juices, and other beverages, except  
 14 bottled water, spirituous, malt, or various other liquors,  
 15 or carbonated beverages, whether liquid or frozen; and  
 16 (b) does not mean or include medicines or  
 17 preparations, in liquid, powdered, granular, bottled,  
 18 capsule, lozenge, or pill form, sold as a dietary supplement  
 19 or adjunct not prescribed by a licensed physician.  
 20 (6) (a) "Gross receipts", in addition to the other  
 21 meanings provided in this subsection (6), means the total  
 22 amount of money or the value of other consideration received  
 23 from selling property in Montana or from leasing property  
 24 used in Montana. The term includes all receipts from the  
 25 sale of property handled on consignment, but excludes cash

1 discounts allowed and taken, Montana sales and use tax  
2 payable on transactions which are payable for the reporting  
3 period, and any type of time-price differential.

4 (b) In an exchange in which the money or other  
5 consideration received does not represent the value of the  
6 property exchanged, gross receipts means the reasonable  
7 value of the property exchanged.

8 (c) When the sale of property is made under any type  
9 of charge or conditional or time-sales contract or the  
10 leasing of property is made under a leasing contract, the  
11 seller or lessor may elect to treat all receipts, excluding  
12 any type of time-price differential, under such contracts as  
13 gross receipts when payment is actually received. If the  
14 seller or lessor transfers his interest in any such contract  
15 to a third person, the seller or lessor shall pay the sales  
16 and use tax upon the full sale or leasing contract amount,  
17 excluding any type of time-price differential.

18 (d) Gross receipts includes all amounts paid by  
19 members of any cooperative association or similar  
20 organization for sales or leases of property by such  
21 organization.

22 (e) Except as provided in [section 29], gross receipts  
23 includes all amounts received by hotels, motels,  
24 roominghouses, campgrounds, guest ranches, trailer parks, or  
25 similar facilities for lodging or accommodations.

1 (7) "Lease" or "leasing" means an arrangement in  
2 which, for a consideration, property is used for or by a  
3 person other than the owner of the property.

4 (8) "Manufacturing" means combining or processing  
5 components or materials to increase their value for sale in  
6 the ordinary course of business. The term does not include  
7 construction.

8 (9) "Medical services" means a service performed by a  
9 person licensed to practice medicine, osteopathy, dentistry,  
10 podiatry, optometry, chiropractic, or physiology as a  
11 regular part of his business activities and applied  
12 externally or internally to the human body or mind for the  
13 diagnosis, cure, mitigation, treatment, or prevention of  
14 disease.

15 (10) "Medicine" or "drug" as used in [sections 1  
16 through 61] means and includes any substance or preparation  
17 intended for use by external or internal application to the  
18 human body or mind in the diagnosis, cure, mitigation,  
19 treatment, or prevention of disease, which substance or  
20 preparation is required by law or regulation to be  
21 prescribed by a person licensed to prescribe such drug or  
22 medicine.

23 (11) "Permit" means a seller's permit as described in  
24 [section 39].

25 (12) "Person" means:

1 (a) an individual, estate, trust, receiver,  
2 cooperative association, club, corporation, company, firm,  
3 partnership, joint venture, syndicate, or other entity,  
4 including any gas, water, or electric utility owned or  
5 operated by a county, municipality, or other political  
6 subdivision of the state; or

7 (b) the United States or any agency or instrumentality  
8 of the United States or the state of Montana or any  
9 political subdivision of the state.

10 (13) "Property" means personal property, as defined in  
11 15-1-101, exclusive of money, credits, stocks, bonds, and  
12 franchises.

13 (14) "Sales and use tax" means the tax imposed by  
14 [section 2].

15 (15) (a) "Service" means any activity engaged in for  
16 another person for a consideration, which activity involves  
17 the performance of a service as distinguished from the sale  
18 or lease of property. The term includes activities performed  
19 by a person for its members or shareholders and construction  
20 activities and all property that will become an ingredient  
21 or component part of a construction project.

22 (b) In determining what a service is, the intended  
23 use, principal objective, or ultimate objective of the  
24 contracting parties is irrelevant.

25 (16) "Therapeutic and prosthetic devices" includes but

1 is not limited to prescription eyeglasses, contact lenses,  
2 dentures, and artificial limbs, prescribed or ordered by a  
3 person licensed to practice medicine, osteopathy, dentistry,  
4 podiatry, optometry, or chiropractic.

5 (17) "Use" or "using" includes use, consumption, or  
6 storage other than storage for subsequent sale, in the  
7 ordinary course of business, or for use solely outside this  
8 state.

9 NEW SECTION. Section 2. Imposition and rate of sales  
10 and use tax. (1) A sales and use tax of 5% is imposed, for  
11 the privilege of engaging in business in this state, on:

12 (a) all gross receipts, as defined in [section 1]; and  
13 (b) the value of property:

14 (i) manufactured by the person using the property in  
15 this state;

16 (ii) acquired outside this state as the result of a  
17 transaction that would have been subject to the sales and  
18 use tax had it occurred within this state; or

19 (iii) acquired as the result of a transaction that was  
20 not initially subject to the sales and use tax but which  
21 transaction, because of the buyer's subsequent use of the  
22 property, would have been subject to the sales and use tax.

23 (2) For the purposes of this section, the value of  
24 property must be determined as of the time of the  
25 acquisition or introduction into this state or of the

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1 conversion to use, whichever is later.

2 NEW SECTION. Section 3. Presumption of taxability. In  
3 order to prevent evasion of the sales and use tax and to aid  
4 in its administration, it is presumed that:

5 (1) all receipts of a person engaging in business are  
6 subject to the sales and use tax; and

7 (2) all property bought or sold by any person for  
8 delivery into this state is bought or sold for a taxable use  
9 in this state.

10 NEW SECTION. Section 4. Separate statement of sales  
11 and use tax. (1) If the sales and use tax is stated  
12 separately on the books of the seller or lessor and the  
13 total amount of tax stated separately on transactions  
14 reportable within the reporting period is in excess of the  
15 amount of sales and use tax otherwise payable on those  
16 transactions, the excess amount of tax otherwise payable and  
17 stated on the transactions within the reporting period must  
18 be included in gross receipts.

19 (2) If the sales and use tax is not stated separately  
20 on transactions, the gross receipts for sales and use tax  
21 purposes include the total amounts received, with no  
22 deduction for the sales and use tax.

23 NEW SECTION. Section 5. Presumption of taxability and  
24 value. (1) In order to prevent evasion of the sales and use  
25 tax and the duty to collect it, it is presumed that property

1 bought or sold by any person for delivery into this state is  
2 bought or sold for a taxable use in this state.

3 (2) In determining the amount of tax due on the use of  
4 property, it is presumed, in the absence of preponderant  
5 evidence of another value, that value means the total amount  
6 of property or the reasonable value of other consideration  
7 paid for the use of the property, exclusive of any type of  
8 tax-price differential. However, in an exchange in which the  
9 amount of money paid does not represent the value of the  
10 property purchased, the sales and use tax must be imposed on  
11 the reasonable value of the property purchased.

12 NEW SECTION. Section 6. Liability of user for payment  
13 of sales and use tax. (1) A person in this state who uses  
14 property is liable to the state for payment of the sales and  
15 use tax if the tax is payable on the value of the property  
16 but has not been paid.

17 (2) The liability imposed by this section is  
18 discharged if the buyer has paid the sales and use tax to  
19 the seller for payment to the department.

20 NEW SECTION. Section 7. Agents for collection of  
21 sales and use tax. (1) (a) A person who performs or attempts  
22 to perform an activity within this state that attempts to  
23 exploit this state's markets, who sells property for use in  
24 this state, and who is not subject to the sales and use tax  
25 on receipts from these sales shall collect the sales and use

1 tax from the buyer and pay the tax collected to the  
2 department.

3 (b) "Activity", for the purposes of this section,  
4 includes but is not limited to engaging in any of the  
5 following in this state:

6 (i) maintaining an office or other place of business  
7 that solicits orders through employees or independent  
8 contractors;

9 (ii) canvassing;

10 (iii) demonstrating;

11 (iv) collecting money;

12 (v) warehousing or storing merchandise; or

13 (vi) delivering or distributing products as a  
14 consequence of an advertising or other sales program  
15 directed at potential customers.

16 (2) To ensure orderly and efficient collection of the  
17 tax imposed by [sections 1 through 61], if any' application  
18 of this section is held invalid, the section's application  
19 to other situations or persons is not affected.

20 NEW SECTION. Section 8. Nontaxable transaction  
21 certificate. (1) A nontaxable transaction certificate  
22 executed by a buyer or lessee must be in the possession of  
23 the seller or lessor at the time a nontaxable transaction  
24 occurs.

25 (2) If the seller or lessor is not in possession of a

1 nontaxable transaction certificate within 60 days from the  
2 date notice of the requirement for possession of a  
3 nontaxable transaction certificate is given to him by the  
4 department, all deductions claimed by him that require  
5 delivery of a nontaxable transaction certificate are  
6 disallowed.

7 (3) A nontaxable transaction certificate must contain  
8 the information and be in the form prescribed by the  
9 department.

10 (4) Only a buyer or lessee who has registered with the  
11 department and has never had his registration revoked may be  
12 allowed to execute a nontaxable transaction certificate.

13 (5) If the seller or lessor accepts a nontaxable  
14 transaction certificate within the required time and in good  
15 faith that the buyer or lessee will employ the property  
16 transferred in a nontaxable manner, the properly executed  
17 nontaxable transaction certificate is considered conclusive  
18 evidence that the proceeds from the transaction are  
19 deductible from the seller's or lessor's gross receipts.

20 NEW SECTION. Section 9. Exemption -- governmental  
21 agencies -- public utilities. (1) All receipts of the United  
22 States or any agency or instrumentality of the United States  
23 or of this state or any political subdivision of this state  
24 are exempted from the sales and use tax.

25 (2) All receipts from the sale of gas, water, or

1 electricity by a utility owned or operated by a county,  
2 municipality, or other political subdivision are subject to  
3 the sales and use tax.

4 NEW SECTION. Section 10. Exemption -- food products.

5 (1) Except as provided in subsection (2), receipts from  
6 sales of food products for human consumption are exempt from  
7 the sales and use tax.

8 (2) The gross receipts from food products sold in the  
9 following manner are not exempt from the sales and use tax:

10 (a) any food products served as meals on or off the  
11 premises of the retailer;

12 (b) milk or cream sold as beverages commonly referred  
13 to as milk shakes, malted milks, or any similar beverage;

14 (c) if the food products are furnished, prepared, or  
15 served for consumption at tables, chairs, or counters or  
16 from trays, glasses, dishes, or other tableware, whether  
17 provided by the retailer or by a person with whom the  
18 retailer contracts to furnish, prepare, or serve food  
19 products to others;

20 (d) if the food products are sold for immediate  
21 consumption on or near a location at which parking  
22 facilities are provided primarily for the ease of patrons in  
23 consuming the products purchased at the location, even  
24 though such products are sold on a "take out", "to go", or  
25 "U-bake" order and are actually packaged or wrapped and

1 taken from the premises of the retailer; or

2 (e) if the food products are sold for consumption  
3 within a place that charges an admission fee. The provisions  
4 of this subsection (e) do not apply to national and state  
5 parks and monuments.

6 NEW SECTION. Section 11. Exemption -- medicines,  
7 drugs, and medical services. (1) The gross receipts from the  
8 sale of medicines, drugs, and therapeutic and prosthetic  
9 devices are exempt from the sales and use tax.

10 (2) The gross receipts from the sale of medical  
11 services are exempt from the sales and use tax.

12 NEW SECTION. Section 12. Exemption -- wages. The  
13 receipts of an employee from an employer for wages, salary,  
14 commissions, or any other form of remuneration for personal  
15 services are exempt from the sales and use tax.

16 NEW SECTION. Section 13. Exemption -- agricultural  
17 products. The receipts of a grower, producer, trapper, or  
18 nonprofit marketing association from the sale of livestock,  
19 live poultry, unprocessed agricultural products, hides, or  
20 pelts are exempt from the sales and use tax. Persons engaged  
21 in the business of buying and selling wool, mohair, or  
22 livestock are considered producers for the purposes of this  
23 section.

24 NEW SECTION. Section 14. Exemption -- livestock  
25 feeding. A person's receipts derived from feeding,



1 pasturing, penning, or handling or the training of livestock  
2 prior to sale are exempt from the sales and use tax.

3 NEW SECTION. Section 15. Exemption -- vehicles. The  
4 receipts from the sale of any vehicle upon which a tax  
5 pursuant to [sections 1 through 61] has been paid or which  
6 was purchased prior to [the applicability date of this act]  
7 are exempt from the sales and use tax. A registration  
8 certificate showing that the vehicle was registered in this  
9 state prior to [the applicability date of this act] is  
10 conclusive proof that it was purchased before it was subject  
11 to taxation under [sections 1 through 61] and is exempt  
12 under this section.

13 NEW SECTION. Section 16. Exemption -- insurance  
14 companies. The receipts of an insurance company or any of  
15 its agents from premiums are exempt from the sales and use  
16 tax.

17 NEW SECTION. Section 17. Exemption -- dividends and  
18 interest. The receipts of interest on money loaned or  
19 deposited or dividends or interest from stocks, bonds, or  
20 securities or from the sale of stocks, bonds, or securities  
21 are exempt from the sales and use tax.

22 NEW SECTION. Section 18. Exemption -- fuel. The  
23 receipts from the sale of gasoline, ethanol blended for  
24 fuel, or special fuel on which the Montana gasoline and  
25 special fuels tax has been paid under Title 15, chapter 70,

1 are exempt from the sales and use tax.

2 NEW SECTION. Section 19. Exemption -- isolated or  
3 occasional sale or lease of property. The receipts from the  
4 isolated or occasional sale or lease of property by a person  
5 who is not regularly engaged in or who does not represent  
6 himself as engaged in the business of selling or leasing the  
7 same or a similar property are exempt from the sales and use  
8 tax.

9 NEW SECTION. Section 20. Exemption -- oil, gas, and  
10 mineral interests. The receipts from the sale or leasing of  
11 oil, natural gas, or mineral interests are exempt from the  
12 sales and use tax.

13 NEW SECTION. Section 21. Exemption -- minerals. The  
14 receipts from the sale or use of a mineral, as defined in  
15 15-38-103, are exempt from the sales and use tax.

16 NEW SECTION. Section 22. Exemption -- governmental  
17 agencies. (1) The use of property by the United States or  
18 any agency or instrumentality of the United States or by  
19 this state or any political subdivision of this state is  
20 exempt from the sales and use tax.

21 (2) The use of property by the governing body of an  
22 Indian tribe on a federally recognized Indian reservation is  
23 exempt from the sales and use tax.

24 NEW SECTION. Section 23. Exemption -- personal  
25 effects. The use by an individual of personal or household

1 effects brought into the state for the establishment by him  
2 of an initial residence in this state and the use of  
3 property brought into the state by a nonresident for his own  
4 nonbusiness use while temporarily within this state are  
5 exempt from the sales and use tax.

6 NEW SECTION. Section 24. Deduction -- sale to  
7 manufacturer. Receipts from the sale of property may be  
8 deducted from gross receipts if:

9 (1) the sale is made to a buyer engaged in the  
10 business of manufacturing;

11 (2) the buyer delivers a nontaxable transaction  
12 certificate to the seller; and

13 (3) the buyer incorporates or will incorporate the  
14 property as an ingredient or component part of the product  
15 which he is in the business of manufacturing.

16 NEW SECTION. Section 25. Deduction -- sale of  
17 property for resale. Receipts from the sale of property may  
18 be deducted from gross receipts if:

19 (1) the sale is made to a buyer who delivers a  
20 nontaxable transaction certificate to the seller; and

21 (2) the buyer resells or plans to resell the property  
22 either by itself or in combination with other property in  
23 the ordinary course of business and the subsequent sale is  
24 subject to the sales and use tax.

25 NEW SECTION. Section 26. Deduction -- sale of

1 property for leasing. Receipts from the sale of property,  
2 other than furniture or appliances, and from the rental or  
3 lease of property, other than coin-operated machines and  
4 mobile homes, that is deductible under [sections 1 through  
5 61] may be deducted from gross receipts if:

6 (1) the sale is made to a buyer who delivers a  
7 nontaxable transaction certificate to the seller;

8 (2) the buyer is engaged in a business deriving more  
9 than 50% of its receipts from leasing or selling property of  
10 the type leased; and

11 (3) the buyer does not use the property in any manner  
12 other than holding it for lease or sale or leasing or  
13 selling it, either by itself or in combination with other  
14 property, in the ordinary course of business.

15 NEW SECTION. Section 27. Deduction -- lease for  
16 subsequent lease. Receipts from the lease of property, other  
17 than furniture or appliances, and from the rental or lease  
18 of property, other than coin-operated machines and mobile  
19 homes, that is deductible under [sections 1 through 61] may  
20 be deducted from gross receipts if:

21 (1) the lease is made to a lessee who delivers a  
22 nontaxable transaction certificate; and

23 (2) the lessee does not use the property in any manner  
24 other than for subsequent lease in the ordinary course of  
25 business.

1        NEW SECTION. Section 28. Deduction -- machinery and  
 2 equipment used in trade or business. (1) The receipts from  
 3 the sale or use of property may be deducted from gross  
 4 receipts if the sale is made to a buyer engaged in business  
 5 if the buyer:

6        (a) delivers a nontaxable transaction certificate to  
 7 the seller; or

8        (b) brings the machinery and equipment into this state  
 9 for use in a trade or business.

10       (2) Receipts from the sale or use may be deducted if  
 11 the buyer uses the property as equipment or machinery in his  
 12 business. For purposes of this section, "equipment and  
 13 machinery" means property that will not be consumed in or  
 14 made a part of any product or service.

15       NEW SECTION. Section 29. Deduction -- sale or lease  
 16 of real property and lease of mobile homes. (1) Receipts  
 17 from the sale or lease of real property, from the lease of a  
 18 mobile home, or from the rental of a mobile home for a  
 19 period of at least 1 month may be deducted from gross  
 20 receipts.

21       (2) Receipts attributable to the inclusion of  
 22 furniture or appliances furnished by the landlord or lessor  
 23 as part of a leased or rented dwelling, house, mobile home,  
 24 cabin, condominium, or apartment may be deducted from gross  
 25 receipts.

1       (3) Receipts received by hotels, motels,  
 2 roominghouses, campgrounds, guest ranches, trailer parks, or  
 3 similar facilities are considered receipts from leasing real  
 4 property for purposes of this section unless the receipts  
 5 are taxable under a lodging or accommodation type tax on  
 6 either the operator or the user.

7       NEW SECTION. Section 30. Deduction -- transaction in  
 8 interstate commerce. (1) Receipts from a transaction in  
 9 interstate commerce may be deducted from gross receipts to  
 10 the extent that the imposition of the sales and use tax  
 11 would be unlawful under the United States constitution.

12       (2) (a) Receipts from transmitting messages or  
 13 conversations by radio, if originated from a point outside  
 14 this state to another point within this state, and receipts  
 15 from the sale of radio or television broadcast time if the  
 16 advertising message is supplied by or on behalf of a  
 17 national or regional seller or an advertiser not having its  
 18 principal place of business in or being incorporated under  
 19 the laws of this state may be deducted from gross receipts.

20       (b) Commissions received by an advertising agency for  
 21 performing services in this state may be deducted from gross  
 22 receipts under this section.

23       NEW SECTION. Section 31. Deduction -- intrastate  
 24 transportation and services in interstate commerce. Receipts  
 25 from the transport of persons or property from one point

1 within this state to another point within this state may be  
 2 deducted from gross receipts if such persons or property,  
 3 including any reasonably necessary services, are being  
 4 transported in interstate or foreign commerce under a single  
 5 contract.

6 NEW SECTION. Section 32. Deduction -- feed,  
 7 fertilizers, and agricultural supplies -- livestock  
 8 auctioneers. (1) Receipts from the sale of feed for  
 9 livestock, fish raised for human consumption, poultry,  
 10 animals raised for their hides or pelts, semen used in  
 11 animal husbandry, seeds, roots, bulbs, soil conditioners,  
 12 fertilizers, insecticides, insects used to control the  
 13 population of other insects, fungicides, weedicides,  
 14 herbicides, or water for irrigation purposes may be deducted  
 15 from gross receipts if the sale is made to a person who  
 16 states in writing that he is regularly engaged in the  
 17 business of farming, ranching, or the raising of animals for  
 18 their hides or pelts.

19 (2) Receipts of auctioneers from selling livestock or  
 20 other agricultural products at auction may be deducted from  
 21 gross receipts.

22 NEW SECTION. Section 33. Deduction -- certain  
 23 chemicals and reagents. (1) Receipts from the sale of  
 24 chemicals or reagents to any mining concern or milling  
 25 company for use in processing ores or oil in a mill,

1 smelter, or refinery or in acidizing oil wells and receipts  
 2 from the sale of chemicals or reagents in an amount in  
 3 excess of 18 tons may be deducted from gross receipts.

4 (2) Receipts from the sale of explosives, blasting  
 5 material, or dynamite may not be deducted from gross  
 6 receipts.

7 NEW SECTION. Section 34. Deduction -- trade-in  
 8 allowance. That portion of the receipts of a seller that is  
 9 represented by a trade-in of property of the same type as  
 10 the property being sold may be deducted from gross receipts.

11 NEW SECTION. Section 35. Deduction -- special fuel.  
 12 (1) Receipts from the sale of special fuel, as defined in  
 13 15-70-301, may be deducted from gross receipts if the  
 14 purchaser uses the special fuel in agriculture, or to  
 15 operate machinery, equipment, or vehicles used in a trade or  
 16 business.

17 (2) Receipts from the sale of special fuel used to  
 18 heat buildings for human comfort are not deductible.

19 NEW SECTION. Section 36. Deduction -- certain mobile  
 20 homes. Receipts from the resale of a mobile home may be  
 21 deducted from gross receipts if the sale is of a mobile home  
 22 that was subject to the sales and use tax upon its initial  
 23 sale and use in this state or was initially sold or used in  
 24 this state prior to [the applicability date of this act].  
 25 The receipts from the resale may be deducted if the seller

1 retains and furnishes proof satisfactory to the department  
 2 that the sales and use tax was paid upon the initial sale or  
 3 use in this state of the mobile home. In the absence of such  
 4 proof, it is presumed that the tax was not paid. Proof that  
 5 a Montana certificate of title was issued for a mobile home  
 6 prior to [the applicability date of this act], is proof that  
 7 the mobile home was initially sold or used in this state  
 8 prior to [the applicability date of this act] and exempt  
 9 under this section.

10 NEW SECTION. Section 37. Deduction -- use of property  
 11 for leasing. (1) Except as provided in subsection (2), the  
 12 value of leased property may be deducted in computing the  
 13 sales and use tax due if the person holding the property for  
 14 lease:

15 (a) is engaged in a business that derives a  
 16 substantial portion of its receipts from leasing or selling  
 17 property of the type leased; and

18 (b) does not use the property in any manner other than  
 19 holding it for lease or sale or leasing or selling it,  
 20 either by itself or in combination with other property, in  
 21 the ordinary course of business.

22 (2) The deduction provided in subsection (1) does not  
 23 apply to the value of furniture or appliances furnished by  
 24 the landlord or lessor as part of a leased or rented  
 25 dwelling, house, cabin, condominium, or apartment or to the

1 lease of coin-operated machines or mobile homes.

2 NEW SECTION. Section 38. Credit -- out-of-state  
 3 taxes. If a gross receipt, sales, use, or similar tax has  
 4 been levied by another state or a political subdivision of  
 5 another state on property bought outside this state but  
 6 which will be used or consumed in this state and the tax was  
 7 paid, the amount of tax paid may be credited against any  
 8 sales and use tax due this state on the same property.

9 NEW SECTION. Section 39. Seller's permit. Upon an  
 10 applicant's compliance with [sections 1 through 61], the  
 11 department shall issue to the applicant a separate, numbered  
 12 seller's permit for each place of business within Montana. A  
 13 permit is valid until revoked or suspended but is not  
 14 assignable. A permit is valid only for the person in whose  
 15 name it is issued and for the transaction of business at the  
 16 place designated. The permit must be conspicuously displayed  
 17 at all times at the place for which it is issued.

18 NEW SECTION. Section 40. Permit application --  
 19 generally -- vending machines -- form. (1) A person desiring  
 20 to engage in the business of making retail sales in Montana  
 21 shall file with the department an application for a permit.  
 22 If the person has more than one place of business, an  
 23 application must be filed for each place of business. A  
 24 vending machine operator who has more than one vending  
 25 machine location is considered to have only one place of

1 business for purposes of this section. An applicant who has  
 2 no regular place of business and who moves from place to  
 3 place is considered to have only one place of business and  
 4 shall attach the permit to his cart, stand, truck, or other  
 5 merchandising device. The department may require any person  
 6 or class of persons obligated to file a return under  
 7 [sections 1 through 61] to file application for a permit.

8 (2) Each application for a permit must be on a form  
 9 prescribed by the department and must set forth the name  
 10 under which the applicant intends to transact business, the  
 11 location of his place or places of business, and such other  
 12 information as the department may require. The application  
 13 must be filed by the owner if the owner is a natural person,  
 14 by a member or partner if the owner is an association or  
 15 partnership, or by a person authorized to sign the  
 16 application if the owner is a corporation.

17 NEW SECTION. Section 41. Special activities --  
 18 permits -- penalty. (1) The operator of a flea market, craft  
 19 show, antique show, coin show, stamp show, comic book show,  
 20 convention exhibit area, or similar selling event, as a  
 21 prerequisite to renting or leasing space on the premises  
 22 owned or controlled by the operator to a person desiring to  
 23 engage in or conduct business as a seller, shall obtain  
 24 evidence that the seller is the holder of a valid seller's  
 25 permit issued pursuant to [section 39] or a written

1 statement from the seller that he is not offering for sale  
 2 any item that is taxable under [sections 1 through 61].

3 (2) "Flea market, craft show, antique show, coin show,  
 4 stamp show, comic book show, convention exhibit area, or  
 5 similar selling event", as used in this section, means an  
 6 activity that involves a series of sales sufficient in  
 7 number, scope, and character to constitute a regular course  
 8 of business but does not qualify as an isolated or  
 9 occasional sale pursuant to [section 19].

10 (3) An operator who fails or refuses to comply with  
 11 the provisions of this section is subject to a penalty,  
 12 payable to the department, of \$100 per day per seller at  
 13 each selling event at which the operator fails to obtain  
 14 evidence that a seller is the holder of a valid seller's  
 15 permit issued pursuant to [section 39].

16 NEW SECTION. Section 42. Revocation or suspension of  
 17 permit -- hearing -- notice. (1) Subject to the provisions  
 18 of subsection (2), the department may, for reasonable cause,  
 19 revoke or suspend any permit held by a person who fails to  
 20 comply with the provisions of [sections 1 through 61].

21 (2) (a) The department shall hold a hearing on the  
 22 proposed revocation or suspension after giving the person 30  
 23 days' notice in writing, specifying the time and place of  
 24 the hearing and the reason for the proposed revocation or  
 25 suspension.

1 (b) The notice must include a requirement that the  
2 person show cause why the permit or permits should not be  
3 revoked or suspended.

4 (c) The notice must be served personally or by  
5 certified mail.

6 (3) After revocation, the department may not issue a  
7 new permit except upon application accompanied by reasonable  
8 evidence of the intention of the applicant to comply with  
9 the provisions of [sections 1 through 61]. The department  
10 may require security in addition to that authorized by  
11 [section 49] in an amount reasonably necessary to ensure  
12 compliance with [sections 1 through 61] as a condition for  
13 the issuance of a new permit to such an applicant.

14 (4) A person aggrieved by the department's final  
15 decision to revoke a permit as provided in subsection (1)  
16 may appeal the decision to the state tax appeal board within  
17 30 days following the date on which the department issued  
18 its final decision.

19 (5) A decision of the state tax appeal board may be  
20 appealed to a court of competent jurisdiction.

21 NEW SECTION. Section 43. Nontaxable transaction  
22 certificate -- form. (1) The department shall provide for a  
23 uniform nontaxable transaction certificate. In order to  
24 obtain a deduction under [sections 1 through 61], a  
25 purchaser must use the certificate when purchasing goods for

1 resale.

2 (2) At a minimum, the certificate must provide:

3 (a) the number of the permit issued to the purchaser  
4 as provided in [section 39 or 40];

5 (b) the general character of property sold by the  
6 purchaser in the regular course of business;

7 (c) the property purchased for resale;

8 (d) the name and address of the purchaser; and

9 (e) a signature line for the purchaser.

10 NEW SECTION. Section 44. Improper use of subject of  
11 purchase obtained with nontaxable transaction certificate --  
12 penalty. (1) If a purchaser who uses a nontaxable  
13 transaction certificate utilizes the subject of the purchase  
14 other than for a purpose allowed as a deduction under  
15 [sections 1 through 61], such use is considered a taxable  
16 sale by the purchaser as of the time of first use by him and  
17 the sale price he receives is considered the gross receipts  
18 from the sale. If the sole nonexempt use is rental while  
19 holding for sale, the purchaser shall include in his gross  
20 receipts the amount of the rental charged. Upon subsequent  
21 sale of the property, the seller shall include the entire  
22 amount of gross receipts received from the resale, without  
23 deduction of amounts previously received as rentals.

24 (2) A person who uses a certificate for property that  
25 will be utilized for purposes other than the purpose

1 claimed, with the intent to evade payment to the seller of  
 2 the amount of the tax applicable to the transaction, is  
 3 subject to a penalty, payable to the department, of \$100 for  
 4 each transaction in which an improper use of an exemption  
 5 certificate has occurred.

6 (3) Upon a showing of good cause, the department may  
 7 disregard the penalty or a portion of the penalty.

8 NEW SECTION. Section 45. Commingling nontaxable  
 9 certificate goods. If a purchaser uses a nontaxable  
 10 transaction certificate with respect to the purchase of  
 11 fungible goods and thereafter commingles these goods with  
 12 fungible goods not so purchased but of such similarity that  
 13 the identity of the goods in the commingled mass cannot be  
 14 determined, sales from the mass of commingled goods are  
 15 considered to be sales of the goods purchased with the  
 16 certificate until the quantity of commingled goods sold  
 17 equals the quantity of goods originally purchased under the  
 18 certificate.

19 NEW SECTION. Section 46. Collection and payment --  
 20 penalty. (1) Liability for the payment of the sales and use  
 21 tax is not extinguished until the tax has been paid to the  
 22 department.

23 (2) A retailer who does not maintain a place of  
 24 business in this state shall obtain authorization from the  
 25 department to collect the sales and use tax and shall

1 furnish, in accordance with [sections 1 through 61],  
 2 adequate security to ensure collection and payment of the  
 3 tax. When so authorized and except as otherwise provided in  
 4 [sections 1 through 61], the retailer shall collect the tax  
 5 upon all property sold within this state, in the same manner  
 6 as a retailer who maintains a place of business within this  
 7 state. The departmental authorization provided for in this  
 8 subsection and the permit provided for in subsection (3) may  
 9 be canceled at any time if the department considers the  
 10 security inadequate or believes that the tax can be  
 11 collected more effectively in another manner.

12 (3) No agent, canvasser, or employee of a retailer not  
 13 authorized by permit from the department may collect the tax  
 14 or sell, solicit orders for, or deliver any property in  
 15 Montana. If such an agent, canvasser, or employee violates  
 16 the provisions of [sections 1 through 61], he is subject to  
 17 a fine of not more than \$100 for each separate transaction  
 18 or event.

19 NEW SECTION. Section 47. Common carriers as  
 20 retailers. A person engaged in the business of intrastate or  
 21 interstate transportation by motor vehicle of property or  
 22 passengers shall register as a retailer and pay the taxes  
 23 imposed by [sections 1 through 61].

24 NEW SECTION. Section 48. Returns -- payment --  
 25 deduction for costs -- authority of department. (1) Except



1 as provided in subsection (2), on or before the 25th day of  
 2 each month in which the tax imposed by [sections 1 through  
 3 61] is payable, a return for the preceding reporting period  
 4 must be filed with the department, in the form prescribed by  
 5 the department, and verified by a written declaration that  
 6 the return is made subject to the criminal penalties for  
 7 willfully making a false return. Each return must contain a  
 8 confession of judgment for the amount of the tax shown due,  
 9 to the extent not timely paid. A person making sales at  
 10 retail at two or more places of business may file a  
 11 consolidated return, subject to rules prescribed by the  
 12 department.

13 (2) For the purposes of the sales and use tax, a  
 14 return must be filed by:

15 (a) a retailer required to pay such tax; and

16 (b) a person:

17 (i) purchasing any items the storage, use, or other  
 18 consumption of which is subject to the sales and use tax;  
 19 and

20 (ii) who has not paid the tax to a retailer required to  
 21 pay the tax.

22 (3) All returns must be signed by the person filing  
 23 the return or by his agent duly authorized in writing.

24 (4) Each return must be accompanied by a remittance of  
 25 the amount due less 2%, which 2% may be retained by the

1 person making the remittance to cover his costs.

2 (5) (a) A person liable for the tax imposed by  
 3 [sections 1 through 61] shall keep records, render  
 4 statements, make returns, and comply with the provisions of  
 5 [sections 1 through 61] and the rules prescribed by the  
 6 department. Each return or statement must include the  
 7 information required by the rules of the department.

8 (b) For the purpose of determining compliance with the  
 9 provisions of this section, the department is authorized to  
 10 examine or cause to be examined any books, papers, records,  
 11 or memoranda relevant to making a determination, whether the  
 12 books, papers, records, or memoranda are the property of or  
 13 in the possession of the person filing the return or another  
 14 person. The department may also:

15 (i) require the attendance of a person having  
 16 knowledge or information relevant to a return;

17 (ii) compel the production of books, papers, records,  
 18 or memoranda by a person required to attend;

19 (iii) take testimony on matters material to the  
 20 determination; and

21 (iv) administer oaths or affirmations.

22 NEW SECTION. Section 49. Security -- limitations --  
 23 sale of security deposit at auction -- bond. (1) The  
 24 department may require a retailer to deposit with the  
 25 department security in a form and amount as the department

1 determines necessary. The deposit may not be more than  
 2 twice the estimated average liability for the period for  
 3 which the return is required to be filed or \$10,000,  
 4 whichever is less. The amount of security may be increased  
 5 or decreased by the department, subject to the limitations  
 6 provided in this section.

7 (2) (a) If necessary, the department may sell property  
 8 deposited as security at public auction to recover any tax  
 9 or amount required to be collected, including interest and  
 10 penalties.

11 (b) Notice of the sale must be served personally upon  
 12 the person who deposited the security or by certified mail.

13 (c) After the sale, any surplus above the amount due  
 14 that is not required as security under this section must be  
 15 returned to the person who deposited the security.

16 (3) In lieu of security, the department may require a  
 17 retailer to file a bond, issued by a surety company  
 18 authorized to transact business in this state, to guarantee  
 19 solvency and responsibility.

20 (4) For persons doing business as a corporation in  
 21 addition to doing business under the requirements of this  
 22 section, the department may require the corporate officers,  
 23 directors, or shareholders to provide a personal guaranty  
 24 and assumption of liability for the payment of the tax due  
 25 under [sections 1 through 61].

1 NEW SECTION. Section 50. Extensions. (1) The  
 2 department may extend the time for filing returns and  
 3 remittance of tax, deficiencies, and penalties for a period  
 4 not to exceed 60 days from the date the return was due and  
 5 may require both an estimated return at the time fixed for  
 6 filing the regularly required return and the payment of tax  
 7 on the basis of the estimated return.

8 (2) If an extension of time for payment has been  
 9 granted under this section, interest at the rate provided in  
 10 [section 55(2)] is payable from the date on which such  
 11 payment was first due without extension until the tax is  
 12 paid.

13 NEW SECTION. Section 51. Examination of return --  
 14 adjustments -- delivery of notices and demands. (1) The  
 15 department may examine a return and make any investigation  
 16 or examination of the records and accounts of the person  
 17 making the return that the department considers necessary to  
 18 determine the accuracy of the return.

19 (2) To determine the accuracy of a return, the  
 20 department may examine the returns or records using  
 21 statistical or other sampling techniques consistent with  
 22 generally accepted accounting principles.

23 (3) If the department determines that the amount of  
 24 tax due is different from the amount reported, the amount of  
 25 tax computed on the basis of the examination conducted

1 pursuant to subsections (1) and (2) constitutes the tax to  
2 be paid.

3 (4) If the tax due exceeds the amount of tax reported  
4 as due on the taxpayer's return, the excess must be paid to  
5 the department within 60 days after notice of the amount and  
6 demand for payment is mailed to the person making the  
7 return. If the amount of the tax found due by the  
8 department is less than that reported as due on the return  
9 and has been paid, the excess must be refunded to the person  
10 making the return in the manner provided in 15-1-503.

11 (5) The notices and demands provided for in this  
12 section must contain a statement of the computation of the  
13 tax and must be sent by mail to the person making the return  
14 at the address given in his return, if any, or to his  
15 last-known address, or a written statement of the  
16 computation of the tax may be served personally upon the  
17 taxpayer. If the statement is served personally, demand for  
18 immediate payment of the taxes contained in the written  
19 statement must be made by the person making personal  
20 service.

21 NEW SECTION. Section 52. Penalties for violation. (1)  
22 (a) Subject to the provisions of subsection (1)(b), if a  
23 person, without purposely or knowingly violating any  
24 requirement imposed by [sections 1 through 61], fails to  
25 file a return or pay the tax due on or before the date the

1 return or tax is due (determined with regard to any  
2 extension of time granted for filing the return), there must  
3 immediately be imposed a penalty of 5% of any tax due on the  
4 return. The penalty increases by the amount of 5% of the tax  
5 due for each 30-day period or portion thereof that the  
6 return remains unfiled after notification of failure to  
7 file.

8 (b) Notwithstanding the provisions of subsection (2),  
9 the total amount of the penalty may not exceed 30% of the  
10 total tax due.

11 (c) Interest accrues on the unpaid tax at the rate of  
12 1% for each month or part thereof during which the tax  
13 remains unpaid.

14 (d) The department may not assess a penalty until such  
15 time as the penalty equals \$10 or more for any one tax  
16 period or the period covered by any return or statement.

17 (2) (a) If a person purposely or knowingly violates  
18 any requirement imposed by [sections 1 through 61], fails to  
19 make a return, or fails to pay a tax, if one is due, at the  
20 time required under the provisions of [sections 1 through  
21 61], there is added to the tax an additional amount equal to  
22 25% of the tax. Such additional amount may in no case be  
23 less than \$25.

24 (b) Interest accrues on the unpaid tax at the rate of  
25 1% for each month or part thereof during which the tax

1 remains unpaid.

2 (3) (a) Any individual, corporation, or partnership,  
3 any officer or employee of a corporation, or any member or  
4 employee of a partnership who, with intent to evade any  
5 requirement of [sections 1 through 61] or any lawful  
6 requirement of the department adopted pursuant to [sections  
7 1 through 61], purposely or knowingly fails to pay the tax  
8 or to make, render, or sign any return or to supply any  
9 information within the time required under the provisions of  
10 [sections 1 through 61] or who, with like intent, purposely  
11 or knowingly makes, renders, or signs any false or  
12 fraudulent return or statement or supplies any false or  
13 fraudulent information is guilty of a misdemeanor and  
14 subject to a penalty of not more than \$5,000.

15 (b) A penalty imposed by subsection (3)(a) must be  
16 recovered by the department in the name of the state by  
17 action in a court of competent jurisdiction.

18 (4) The department may disregard the penalties imposed  
19 in subsection (1) if the taxpayer establishes to the  
20 satisfaction of the department that his failure to file or  
21 to pay on time was due to reasonable cause and was not due  
22 to neglect on his part.

23 NEW SECTION. Section 53. Warrants for distraint. If  
24 any tax imposed by [sections 1 through 61] or any portion of  
25 such tax is not paid when due, the department may issue a

1 warrant for distraint as provided in Title 15, chapter 1,  
2 part 7.

3 NEW SECTION. Section 54. Authority to collect  
4 delinquent taxes. (1) The department shall collect taxes  
5 that are delinquent as determined under [sections 1 through  
6 61].

7 (2) To collect delinquent taxes after the time for  
8 appeal has expired, the department may direct the offset of  
9 tax refunds or other funds due the taxpayer from the state,  
10 except wages subject to the provisions of 25-13-614 and  
11 retirement benefits.

12 (3) As provided in 15-1-705, the taxpayer has the  
13 right to a hearing on the tax liability prior to any offset  
14 by the department.

15 (4) The department may file a claim for state funds on  
16 behalf of the taxpayer if a claim is required before funds  
17 are available for offset.

18 (5) The department shall provide the taxpayer with  
19 written notice of the right to request a hearing under the  
20 contested case procedures of Title 2, chapter 4, on the  
21 matter of the offset action or the department's intent to  
22 file a claim on behalf of the taxpayer. A written request  
23 for a hearing must be made within 30 days of the date of the  
24 notice, and such hearing must be held within 30 days  
25 following receipt by the department of the written request.

1        NEW SECTION. Section 55. Penalty for deficiency. (1)

2        (a) If the payment of any tax deficiency is not made within  
3        60 days after it is due and payable and if the deficiency is  
4        due to negligence on the part of the taxpayer but without  
5        fraud, there must be added to the amount of the deficiency a  
6        penalty of 5% of the tax.

7        (b) In addition, a penalty of 5% of the delinquent tax  
8        shall be assessed for each 30-day period or portion thereof  
9        that the tax remains unpaid following notification of  
10       delinquency.

11       (c) Interest accrues on the unpaid taxes at the rate  
12       of 1% for each month or part thereof during which unpaid  
13       taxes remain unpaid. The interest must be computed from the  
14       date the return and tax were originally due, as  
15       distinguished from the due date as it may have been extended  
16       to the date of payment.

17       (d) In no event may the penalties imposed under  
18       subsections (1)(a) and (1)(b) exceed 30% of the total tax  
19       due.

20       (2) If the time for filing a return is extended, the  
21       taxpayer shall pay, in addition to the tax due, interest  
22       thereon at the rate of 1% for each month or part thereof  
23       from the date the return was originally required to be filed  
24       to the time of payment.

25       (3) The department may not assess any penalty until

1       such time as the penalty equals \$10 or more for any one tax  
2       period or the period covered by any return or statement.

3       NEW SECTION. Section 56. Limitations. (1) Except in  
4       the case of a person who, with intent to evade the tax,  
5       purposely or knowingly files a false or fraudulent return  
6       violating the provisions of [sections 1 through 61], the  
7       amount of tax due under any return must be determined by the  
8       department within 5 years after the return was made.

9       (2) Following the expiration of the period described  
10       in subsection (1), the department is barred from revising  
11       any return or recomputing the tax due thereon, and no  
12       proceeding in court for the collection of the tax may be  
13       instituted unless notice of an additional tax was provided  
14       within the period described in subsection (1).

15       NEW SECTION. Section 57. Refunds. A claim for a  
16       refund made for taxes collected under [sections 1 through  
17       61] must be in accordance with the procedure and time limits  
18       provided in 15-1-503.

19       NEW SECTION. Section 58. Administration -- rules. The  
20       department shall:

21       (1) administer and enforce the provisions of [sections  
22       1 through 61];

23       (2) cause to be prepared and distributed such forms  
24       and information as may be necessary to administer the  
25       provisions of [sections 1 through 61]; and

1 (3) promulgate such rules as may be appropriate to  
2 administer and enforce the provisions of [sections 1 through  
3 61].

4 NEW SECTION. Section 59. Revocation of corporate  
5 license. (1) If a corporation authorized to do business in  
6 this state and required to pay the tax imposed under  
7 [sections 1 through 61] fails to comply with any of the  
8 provisions of [sections 1 through 61] or any rule of the  
9 department, the department may, for reasonable cause,  
10 certify to the secretary of state a copy of an order finding  
11 that the corporation has failed to comply with specific  
12 statutory provisions or rules.

13 (2) The secretary of state shall, upon receipt of the  
14 certification, revoke the license authorizing the  
15 corporation to do business in this state and may issue a new  
16 license only when the corporation has obtained from the  
17 department an order finding that the corporation has  
18 complied with its obligations under [sections 1 through 61].

19 (3) No order authorized in this section may be made  
20 until the corporation is given an opportunity to be heard  
21 and to show cause at a contested case hearing before the  
22 department why such order should not be made. The  
23 corporation must be given 30 days' notice of the time and  
24 place of the hearing and the reason for the proposed order.

25 NEW SECTION. Section 60. Tax as debt. (1) The tax

1 imposed by [sections 1 through 61] and related interest and  
2 penalties become a personal debt of the person required to  
3 file a return from the time the liability arises, regardless  
4 of when the time for payment of such liability occurs.

5 (2) In the case of an executor or administrator of the  
6 estate of a decedent or in the case of a fiduciary, the debt  
7 is that of the person in his official or fiduciary capacity  
8 only, unless he has voluntarily distributed the assets held  
9 in such capacity without reserving sufficient assets to pay  
10 the tax, interest, and penalties, in which event he is  
11 personally liable for any deficiency.

12 (3) This section also applies to those corporate  
13 officers, directors, or shareholders required by the  
14 department to personally guarantee the payment of the tax  
15 for their corporations.

16 NEW SECTION. Section 61. Information --  
17 confidentiality -- agreements. (1) (a) Except as provided in  
18 subsection (1)(b), it is unlawful for an employee of the  
19 department or any other public official or public employee  
20 to divulge or otherwise make known any information disclosed  
21 in a report or return required to be filed under [sections 1  
22 through 61] or any information concerning the affairs of the  
23 person making the return that is acquired from his records,  
24 officers, or employees in an examination or audit.

25 (b) Subsection (1)(a) does apply to information

1 obtained from the taxpayer making the report or return in  
 2 connection with a proceeding involving taxes due under  
 3 [sections 1 through 61] or to comply with the provisions of  
 4 subsection (2).

5 (c) Nothing in this section may be construed to  
 6 prohibit the department from publishing statistics so  
 7 classified as to not disclose the identity of any particular  
 8 return or returns or reports and the content thereof. A  
 9 person violating the provisions of this section is subject  
 10 to the penalty provided for violating the confidentiality of  
 11 individual income tax information as provided in 15-30-303.

12 (2) (a) The department may enter into an agreement  
 13 with the taxing officials of another state for the  
 14 interpretation and administration of the laws of their state  
 15 that provide for the collection of sales and use taxes in  
 16 order to promote fair and equitable administration of such  
 17 laws and to eliminate double taxation.

18 (b) The department, in order to implement the  
 19 provisions of [sections 1 through 61], may furnish  
 20 information on a reciprocal basis to the taxing officials of  
 21 another state or to the taxing officials of a municipality  
 22 of this state that has a local sales tax or use tax.

23 (3) In order to facilitate processing of returns and  
 24 payments of taxes required by [sections 1 through 61], the  
 25 department may contract with vendors and may disclose data

1 to the vendors. The data disclosed must be administered by  
 2 the vendor in a manner consistent with this section.

3 NEW SECTION. Section 62. Heavy vehicle, truck  
 4 tractor, and semitrailer highway use fee. (1) Except as  
 5 provided in subsection (2), heavy vehicles as defined in  
 6 61-3-531, truck tractors as defined in 61-1-108, and  
 7 semitrailers as defined in 61-1-112 are subject to an annual  
 8 use fee in consideration of the right to use the highways of  
 9 the state.

10 (2) (a) Heavy vehicles, truck tractors, and  
 11 semitrailers that meet the description of property exempt  
 12 from taxation under the provisions of 15-6-201(1)(a),  
 13 (1)(c), (1)(d), (1)(e), or (1)(k) or 15-6-203(2) are exempt  
 14 from the fee imposed in subsection (1).

15 (b) A dealer of heavy vehicles, truck tractors, or  
 16 semitrailers is not required to pay the use fee for heavy  
 17 vehicles, truck tractors, or semitrailers held for sale or  
 18 used in the dealer's business in selling or demonstrating  
 19 the vehicles, truck tractors, or semitrailers. Property  
 20 exempt under this subsection may not be used for any purpose  
 21 not necessary to sell the vehicle, truck tractor, or  
 22 semitrailer.

23 NEW SECTION. Section 63. Schedule of heavy vehicle,  
 24 truck tractor, and semitrailer use fee. (1) The following  
 25 schedule, based on vehicle age and weight, is used to

1 determine the fee imposed by [sections 62 through 64]:

2 Vehicle Age	3 Weight		
	4 More Than		
	5 26,000 Pounds		
	6 26,000 Pounds	and Less Than	7 More Than
	8 or Less	34,000 Pounds	34,000 Pounds
9 Less than or			
10 equal to 5			
11 years	\$125	\$200	\$300
12 More than 5			
13 years and			
14 less than			
15 10 years	50	100	150
16 More than 10			
17 years and			
18 less than			
19 20 years	25	50	75
20 20 years old			
21 and over	10	10	10

22 (2) (a) The fee for a heavy vehicle, truck tractor, or  
23 semitrailer is determined by:

24 (i) multiplying the appropriate dollar amount from the  
25 table in subsection (1) by the ratio of the PCE for the  
second quarter of the year prior to the year of licensing to  
the PCE for the second quarter of 1988; and

1 (ii) rounding the product thus obtained to the nearest  
2 whole dollar amount.

3 (b) "PCE" means the implicit price deflator for  
4 personal consumption expenditures as published quarterly in  
5 the Survey of Current Business by the bureau of economic  
6 analysis of the United States department of commerce.

7 NEW SECTION. Section 64. Disposition of heavy  
8 vehicle, truck tractor, and semitrailer highway use fee. The  
9 fee provided in [section 62] must be deposited with the  
10 state treasurer in the special revenue fund to the credit of  
11 the department of highways and allocated pursuant to  
12 15-70-101.

13 NEW SECTION. Section 65. Per capita fee for expenses  
14 of enforcing livestock and poultry laws. (1) In addition to  
15 appropriations made for such purposes, a per capita fee is  
16 authorized and directed to be paid on all livestock and  
17 poultry in this state for the purpose of aiding in the  
18 payment of the expenses, including salaries, connected with  
19 the enforcement of the livestock and poultry laws of the  
20 state and for the payment of bounties on wild animals.

21 (2) As used in this section, "livestock" means cattle,  
22 sheep, swine, goats, horses, mules, and asses.

23 NEW SECTION. Section 66. Board of livestock to  
24 prescribe per capita fee. (1) The board of livestock shall  
25 annually prescribe the per capita fee for livestock, and



1 poultry of all classes for the payment of the expenses,  
2 including salaries, connected with the livestock laws of the  
3 state and the payment of bounties on wild animals.

4 (2) The per capita fee must be calculated each year to  
5 provide not less than 100% or more than 110% of the revenue  
6 that was generated in taxable year 1986 by 15-24-922, as it  
7 read on January 1, 1986, and 81-7-118. The calculation must  
8 include a factor to account for nonpayment and late payment  
9 of taxes.

10 NEW SECTION. Section 67. Statement -- collection of  
11 fee. (1) On or before January 15 of each year, an owner of  
12 livestock or poultry or his agent shall make and deliver to  
13 the board of livestock a verified statement showing as of  
14 January 1 the number of each kind of livestock or poultry  
15 within the state belonging to him or under his charge, with  
16 their marks and brands and the county in which the majority  
17 of the livestock or poultry is located.

18 (2) Upon determination of the numbers of each class of  
19 livestock and poultry and assessment of the amount of the  
20 levy set by the board of livestock, the county treasurer  
21 shall send to each owner or agent who filed a report a  
22 statement indicating the total fee due for the year, the  
23 fact that payment is to be made to the county treasurer on  
24 or before June 1 following assessment of the tax, and the  
25 penalty and lien provisions that apply.

1 (3) The county treasurer may withhold 2% of the money  
2 received for the per capita fee for livestock and poultry as  
3 reimbursement to the county for the collection of the tax on  
4 livestock and poultry.

5 NEW SECTION. Section 68. Transmission of fees from  
6 county to state treasurer. Except for the money withheld by  
7 the county, the fees levied and the money collected pursuant  
8 to the provisions of [sections 65 through 69] must be  
9 transmitted to the state treasurer by the county treasurer  
10 of each county, as provided in 15-1-504 but not later than  
11 July 1 following assessment. The county treasurer shall  
12 designate the amount received from the fee paid on poultry,  
13 the amount received from the fee paid on sheep, and the  
14 amount received from the fee paid on all other livestock and  
15 shall specify the separate amounts in his report to the  
16 state treasurer. The money, when received by the state  
17 treasurer, must be deposited to the credit of the department  
18 of livestock.

19 NEW SECTION. Section 69. Penalty for failure to file  
20 statement on livestock or poultry -- lien upon real and  
21 personal property. (1) If a person who is the owner of  
22 livestock or poultry within the state fails to file or have  
23 his agent file the statement required in [section 67], the  
24 county treasurer shall, after 10 days' notice to the person  
25 who failed to file the statement, assess the fee imposed by

1 [sections 65 through 69] based on the board of livestock's  
 2 estimate of the number of livestock or poultry owned by the  
 3 person in the state. The county treasurer must add a 10%  
 4 penalty to the assessment.

5 (2) The fee imposed pursuant to [sections 65 through  
 6 69] is a lien upon the real and personal property of the  
 7 livestock or poultry owner who fails to pay the fees on or  
 8 before June 1 following assessment and is to be collected  
 9 under the tax lien enforcement provisions of Title 15.

10 Section 70. Section 7-1-2111, MCA, is amended to read:

11 "7-1-2111. Classification of counties. (1) For the  
 12 purpose of regulating the compensation and salaries of all  
 13 county officers, not otherwise provided for, and for fixing  
 14 the penalties of officers' bonds, the several counties of  
 15 this state shall be classified according to that percentage  
 16 of the true and full valuation of the property therein upon  
 17 which the tax levy is made, as follows:

18 (a) first class--all counties having such a taxable  
 19 valuation of \$50 million or over;

20 (b) second class--all counties having such a taxable  
 21 valuation of more than \$30 million and less than \$50  
 22 million;

23 (c) third class--all counties having such a taxable  
 24 valuation of more than \$20 million and less than \$30  
 25 million;

1 (d) fourth class--all counties having such a taxable  
 2 valuation of more than \$15 million and less than \$20  
 3 million;

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

7 (f) sixth class--all counties having such a taxable  
 8 valuation of more than \$5 million and less than \$10 million;

9 (g) seventh class--all counties having such a taxable  
 10 valuation of less than \$5 million.

11 (2) As used in this section, taxable valuation means  
 12 the taxable value of taxable property in the county as of  
 13 the time of determination plus:

14 (a) that portion of the taxable value of the county on  
 15 December 31, 1981, attributable to automobiles and trucks  
 16 having a rated capacity of three-quarters of a ton or less;  
 17 and

18 (b) the amount of new production taxes levied, as  
 19 provided in 15-23-607, divided by the appropriate tax rates  
 20 described in 15-23-607(2)(a) or (2)(b) and multiplied by  
 21 60%;

22 (c) the portion of the total taxable value of the  
 23 county on December 31, 1986, attributable to the value of  
 24 personal property subject to taxation on December 31, 1986;  
 25 and

1        (d) the portion of the total taxable value of the  
 2 county on December 31, 1986, attributable to the first  
 3 \$17,500 or less of market value on single-family residences,  
 4 exclusive of land and appurtenant improvements, subject to  
 5 taxation on December 31, 1986."

6        Section 71. Section 7-3-1321, MCA, is amended to read:

7        "7-3-1321. Authorization to incur indebtedness --  
 8 limitation. (1) The consolidated municipality may borrow  
 9 money or issue bonds for any municipal purpose to the extent  
 10 and in the manner provided by the constitution and laws of  
 11 Montana for the borrowing of money or issuing of bonds by  
 12 counties and cities and towns.

13        (2) The municipality may not become indebted in any  
 14 manner or for any purpose to an amount, including existing  
 15 indebtedness, in the aggregate exceeding ~~20%~~ 40% of the  
 16 taxable value of the taxable property therein, as  
 17 ascertained by the last assessment for state and county  
 18 taxes prior to incurring such indebtedness. All warrants,  
 19 bonds, or obligations in excess of such amount given by or  
 20 on behalf of the municipality shall be void."

21        Section 72. Section 7-6-2211, MCA, is amended to read:

22        "7-6-2211. Authorization to conduct county business on  
 23 a cash basis. (1) In case the total indebtedness of a  
 24 county, lawful when incurred, exceeds the limit of ~~23%~~ 33%  
 25 established in 7-7-2101 by reason of great diminution of

1 taxable value, the county may conduct its business affairs  
 2 on a cash basis and pay the reasonable and necessary current  
 3 expenses of the county out of the cash in the county  
 4 treasury derived from its current revenue and under such  
 5 restrictions and regulations as may be imposed by the board  
 6 of county commissioners of the county by a resolution duly  
 7 adopted and included in the minutes of the board.

8        (2) Nothing in this section restricts the right of the  
 9 board to make the necessary tax levies for interest and  
 10 sinking fund purposes, and nothing in this section affects  
 11 the right of any creditor of the county to pursue any remedy  
 12 now given him by law to obtain payment of his claim."

13        Section 73. Section 7-6-4121, MCA, is amended to read:

14        "7-6-4121. Authorization to conduct municipal business  
 15 on a cash basis. (1) In case the total indebtedness of a  
 16 city or town has reached ~~17%~~ 24% of the total taxable value  
 17 of the property of the city or town subject to taxation, as  
 18 ascertained by the last assessment for state and county  
 19 taxes, the city or town may conduct its affairs and business  
 20 on a cash basis as provided by subsection (2).

21        (2) (a) Whenever a city or town is conducting its  
 22 business affairs on a cash basis, the reasonable and  
 23 necessary current expenses of the city or town may be paid  
 24 out of the cash in the city or town treasury and derived  
 25 from its current revenues, under such restrictions and

1 regulations as the city or town council may by ordinance  
2 prescribe.

3 (b) In the event that payment is made in advance, the  
4 city or town may require a cash deposit as collateral  
5 security and indemnity, equal in amount to such payment, and  
6 may hold the same as a special deposit with the city  
7 treasurer or town clerk, in package form, as a pledge for  
8 the fulfillment and performance of the contract or  
9 obligation for which the advance is made.

10 (c) Before the payment of the current expenses  
11 mentioned above, the city or town council shall first set  
12 apart sufficient money to pay the interest upon its legal,  
13 valid, and outstanding bonded indebtedness and any sinking  
14 funds therein provided for and shall be authorized to pay  
15 all valid claims against funds raised by tax especially  
16 authorized by law for the purpose of paying such claims."

17 Section 74. Section 7-6-4254, MCA, is amended to read:

18 "7-6-4254. Limitation on amount of emergency budgets  
19 and appropriations. (1) The total of all emergency budgets  
20 and appropriations made therein in any one year and to be  
21 paid from any city fund may not exceed ~~38%~~ 54% of the total  
22 amount which could be produced for such city fund by a  
23 maximum levy authorized by law to be made for such fund, as  
24 shown by the last completed assessment roll of the county.

25 (2) The term "taxable property", as used herein, means

1 the percentage of the value at which such property is  
2 assessed and which percentage is used for the purposes of  
3 computing taxes and does not mean the assessed value of such  
4 property as the same appears on the assessment roll."

5 Section 75. Section 7-7-107, MCA, is amended to read:

6 "7-7-107. Limitation on amount of bonds for  
7 city-county consolidated units. (1) Except as provided in  
8 7-7-108, no city-county consolidated local government may  
9 issue bonds for any purpose which, with all outstanding  
10 indebtedness, may exceed ~~39%~~ 56% of the taxable value of the  
11 property therein subject to taxation as ascertained by the  
12 last assessment for state and county taxes.

13 (2) The issuing of bonds for the purpose of funding or  
14 refunding outstanding warrants or bonds is not the incurring  
15 of a new or additional indebtedness but is merely the  
16 changing of the evidence of outstanding indebtedness."

17 Section 76. Section 7-7-108, MCA, is amended to read:

18 "7-7-108. Authorization for additional indebtedness  
19 for water or sewer systems. (1) For the purpose of  
20 constructing a sewer system or procuring a water supply or  
21 constructing or acquiring a water system for a city-county  
22 consolidated government which shall own and control such  
23 water supply and water system and devote the revenues  
24 therefrom to the payment of the debt, a city-county  
25 consolidated government may incur an additional indebtedness

1 by borrowing money or issuing bonds.

2 (2) The additional indebtedness which may be incurred  
3 by borrowing money or issuing bonds for the construction of  
4 a sewer system or for the procurement of a water supply or  
5 for both such purposes may not in the aggregate exceed 10%  
6 over and above the ~~39%~~ 56% referred to in 7-7-107 of the  
7 taxable value of the property therein subject to taxation as  
8 ascertained by the last assessment for state and county  
9 taxes."

10 Section 77. Section 7-7-2101, MCA, is amended to read:

11 "7-7-2101. Limitation on amount of county  
12 indebtedness. (1) No county may become indebted in any  
13 manner or for any purpose to an amount, including existing  
14 indebtedness, in the aggregate exceeding ~~23%~~ 33% of the  
15 total of the taxable value of the property therein subject  
16 to taxation, plus the amount of new production taxes levied  
17 divided by the appropriate tax rates described in  
18 15-23-607(2)(a) or (2)(b) and multiplied by 60%, as  
19 ascertained by the last assessment for state and county  
20 taxes previous to the incurring of such indebtedness.

21 (2) No county may incur indebtedness or liability for  
22 any single purpose to an amount exceeding \$500,000 without  
23 the approval of a majority of the electors thereof voting at  
24 an election to be provided by law, except as provided in  
25 7-21-3413 and 7-21-3414.

1 (3) Nothing in this section shall apply to the  
2 acquisition of conservation easements as set forth in Title  
3 76, chapter 6."

4 Section 78. Section 7-7-2203, MCA, is amended to read:

5 "7-7-2203. Limitation on amount of bonded  
6 indebtedness. (1) Except as provided in subsections (2)  
7 through (4), no county may issue general obligation bonds  
8 for any purpose which, with all outstanding bonds and  
9 warrants except county high school bonds and emergency  
10 bonds, will exceed ~~11-25%~~ 16% of the total of the taxable  
11 value of the property therein, plus the amount of new  
12 production taxes levied divided by the appropriate tax rates  
13 described in 15-23-607(2)(a) or (2)(b) and multiplied by  
14 60%, to be ascertained by the last assessment for state and  
15 county taxes prior to the proposed issuance of bonds.

16 (2) In addition to the bonds allowed by subsection  
17 (1), a county may issue bonds which, with all outstanding  
18 bonds and warrants, will not exceed ~~27-75%~~ 40% of the total  
19 of the taxable value of the property in the county subject  
20 to taxation, plus the amount of new production taxes levied  
21 divided by the appropriate tax rates described in  
22 15-23-607(2)(a) or (2)(b) and multiplied by 60%, when  
23 necessary to do so, for the purpose of acquiring land for a  
24 site for county high school buildings and for erecting or  
25 acquiring buildings thereon and furnishing and equipping the

1 same for county high school purposes.

2 (3) In addition to the bonds allowed by subsections  
3 (1) and (2), a county may issue bonds for the construction  
4 or improvement of a jail which will not exceed ~~12.5%~~ 18% of  
5 the taxable value of the property in the county subject to  
6 taxation.

7 (4) The limitation in subsection (1) shall not apply  
8 to refunding bonds issued for the purpose of paying or  
9 retiring county bonds lawfully issued prior to January 1,  
10 1932."

11 Section 79. Section 7-7-4201, MCA, is amended to read:

12 "7-7-4201. Limitation on amount of bonded  
13 indebtedness. (1) Except as otherwise provided, no city or  
14 town may issue bonds or incur other indebtedness for any  
15 purpose in an amount which with all outstanding and unpaid  
16 indebtedness will exceed ~~20%~~ 40% of the taxable value of the  
17 property therein subject to taxation, to be ascertained by  
18 the last assessment for state and county taxes.

19 (2) The issuing of bonds for the purpose of funding or  
20 refunding outstanding warrants or bonds is not the incurring  
21 of a new or additional indebtedness but is merely the  
22 changing of the evidence of outstanding indebtedness."

23 Section 80. Section 7-7-4202, MCA, is amended to read:

24 "7-7-4202. Special provisions relating to water and  
25 sewer systems. (1) Notwithstanding the provisions of

1 7-7-4201, for the purpose of constructing a sewer system,  
2 procuring a water supply, or constructing or acquiring a  
3 water system for a city or town which owns and controls the  
4 water supply and water system and devotes the revenues  
5 therefrom to the payment of the debt, a city or town may  
6 incur an additional indebtedness by borrowing money or  
7 issuing bonds.

8 (2) The additional total indebtedness that may be  
9 incurred by borrowing money or issuing bonds for the  
10 construction of a sewer system, for the procurement of a  
11 water supply, or for both such purposes, including all  
12 indebtedness theretofore contracted which is unpaid or  
13 outstanding, may not in the aggregate exceed 55% over and  
14 above the ~~28%~~ 40%, referred to in 7-7-4201, of the taxable  
15 value of the property therein subject to taxation as  
16 ascertained by the last assessment for state and county  
17 taxes."

18 Section 81. Section 7-13-4103, MCA, is amended to  
19 read:

20 "7-13-4103. Limitation on indebtedness for acquisition  
21 of natural gas system. The total amount of indebtedness  
22 authorized to be contracted in any form, including the  
23 then-existing indebtedness, must not at any time exceed ~~17%~~  
24 24% of the total taxable value of the property of the city  
25 or town subject to taxation as ascertained by the last

1 assessment for state and county taxes."

2 Section 82. Section 7-14-236, MCA, is amended to read:

3 "7-14-236. Limitation on bonded indebtedness. The  
4 amount of bonds issued to provide funds for the district and  
5 outstanding at any time shall not exceed ~~20%~~ 40% of the  
6 taxable value of taxable property therein as ascertained by  
7 the last assessment for state and county taxes previous to  
8 the issuance of such bonds."

9 Section 83. Section 7-14-2524, MCA, is amended to  
10 read:

11 "7-14-2524. Limitation on amount of bonds issued --  
12 excess void. (1) Except as otherwise provided hereafter and  
13 in 7-7-2203 and 7-7-2204, no county shall issue bonds which,  
14 with all outstanding bonds and warrants except county high  
15 school bonds and emergency bonds, will exceed ~~22.5%~~ 16% of  
16 the total of the taxable value of the property therein, plus  
17 the amount of new production taxes levied divided by the  
18 appropriate tax rates described in 15-23-607(2)(a) or (2)(b)  
19 and multiplied by 60%. The taxable property and the amount  
20 of new production taxes levied shall be ascertained by the  
21 last assessment for state and county taxes prior to the  
22 issuance of such bonds.

23 (2) A county may issue bonds which, with all  
24 outstanding bonds and warrants except county high school  
25 bonds, will exceed ~~22.5%~~ 16% but will not exceed ~~22.5%~~ 32%

1 of the total of the taxable value of such property, plus the  
2 amount of new production taxes levied divided by the  
3 appropriate tax rates described in 15-23-607(2)(a) or (2)(b)  
4 and multiplied by 60%, when necessary for the purpose of  
5 replacing, rebuilding, or repairing county buildings,  
6 bridges, or highways which have been destroyed or damaged by  
7 an act of God, disaster, catastrophe, or accident.

8 (3) The value of the bonds issued and all other  
9 outstanding indebtedness of the county, except county high  
10 school bonds, shall not exceed ~~22.5%~~ 32% of the total of the  
11 taxable value of the property within the county, plus the  
12 amount of new production taxes levied divided by the  
13 appropriate tax rates described in 15-23-607(2)(a) or (2)(b)  
14 and multiplied by 60%, as ascertained by the last preceding  
15 general assessment."

16 Section 84. Section 7-14-2525, MCA, is amended to  
17 read:

18 "7-14-2525. Refunding agreements and refunding bonds  
19 authorized. (1) Whenever the total indebtedness of a county  
20 exceeds ~~22.5%~~ 32% of the total of the taxable value of the  
21 property therein, plus the amount of new production taxes  
22 levied divided by the appropriate tax rates described in  
23 15-23-607(2)(a) or (2)(b) and multiplied by 60%, and the  
24 board determines that the county is unable to pay such  
25 indebtedness in full, the board may:

1 (a) negotiate with the bondholders for an agreement  
2 whereby the bondholders agree to accept less than the full  
3 amount of the bonds and the accrued unpaid interest thereon  
4 in satisfaction thereof;

5 (b) enter into such agreement;

6 (c) issue refunding bonds for the amount agreed upon.

7 (2) These bonds may be issued in more than one series,  
8 and each series may be either amortization or serial bonds.

9 (3) The plan agreed upon between the board and the  
10 bondholders shall be embodied in full in the resolution  
11 providing for the issue of the bonds."

12 Section 85. Section 7-14-4402, MCA, is amended to  
13 read:

14 "7-14-4402. Limit on indebtedness to provide bus  
15 service. The total amount of indebtedness authorized under  
16 7-14-4401(1) to be contracted in any form, including the  
17 then-existing indebtedness, may not at any time exceed ~~20%~~  
18 40% of the total taxable value of the property of the city  
19 or town subject to taxation as ascertained by the last  
20 assessment for state and county taxes. No money may be  
21 borrowed or bonds issued for the purposes specified in  
22 7-14-4401(1) until the proposition has been submitted to the  
23 vote of the taxpayers of the city or town and the majority  
24 vote cast in its favor."

25 Section 86. Section 7-16-2327, MCA, is amended to

1 read:

2 "7-16-2327. Indebtedness for park purposes. (1)  
3 Subject to the provisions of subsection (2), a county park  
4 board, in addition to powers and duties now given under law,  
5 shall have the power and duty to contract an indebtedness in  
6 behalf of a county, upon the credit thereof, for the  
7 purposes of 7-16-2321(1) and (2).

8 (2) (a) The total amount of indebtedness authorized to  
9 be contracted in any form, including the then-existing  
10 indebtedness, must not at any time exceed ~~13%~~ 19% of the  
11 total of the taxable value of the taxable property in the  
12 county, plus the amount of new production taxes levied  
13 divided by the appropriate tax rates described in  
14 15-23-607(2)(a) or (2)(b) and multiplied by 60%, ascertained  
15 by the last assessment for state and county taxes previous  
16 to the incurring of such indebtedness.

17 (b) No money may be borrowed on bonds issued for the  
18 purchase of lands and improving same for any such purpose  
19 until the proposition has been submitted to the vote of  
20 those qualified under the provisions of the state  
21 constitution to vote at such election in the county affected  
22 thereby and a majority vote is cast in favor thereof."

23 Section 87. Section 7-16-4104, MCA, is amended to  
24 read:

25 "7-16-4104. Authorization for municipal indebtedness



1 for various cultural, social, and recreational purposes. (1)  
 2 A city or town council or commission may contract an  
 3 indebtedness on behalf of the city or town, upon the credit  
 4 thereof, by borrowing money or issuing bonds:

5 (a) for the purpose of purchasing and improving lands  
 6 for public parks and grounds;

7 (b) for procuring by purchase, construction, or  
 8 otherwise swimming pools, athletic fields, skating rinks,  
 9 playgrounds, museums, a golf course, a site and building for  
 10 a civic center, a youth center, or combination thereof; and

11 (c) for furnishing and equipping the same.

12 (2) The total amount of indebtedness authorized to be  
 13 contracted in any form, including the then-existing  
 14 indebtedness, may not at any time exceed ~~16.5%~~ 24% of the  
 15 taxable value of the taxable property of the city or town as  
 16 ascertained by the last assessment for state and county  
 17 taxes previous to the incurring of such indebtedness. No  
 18 money may be borrowed on bonds issued for the purchase of  
 19 lands and improving the same for any such purpose until the  
 20 proposition has been submitted to the vote of the qualified  
 21 electors of the city or town and a majority vote is cast in  
 22 favor thereof."

23 Section 88. Section 7-21-2104, MCA, is amended to  
 24 read:

25 "7-21-2104. Lien arising from license. (1) All

1 property held or used in any trade, occupation, or  
 2 profession for which a license is required by the provisions  
 3 of this part is liable for such license and subject to a  
 4 lien for the amount thereof. This lien has precedence of any  
 5 other lien, claim, or demand.

6 (2) If any person fails or refuses to procure a  
 7 license before the transaction of the business specified,  
 8 the county treasurer must seize such property or any other  
 9 property belonging to such person and sell the same in--the  
 10 manner-provided-in-15-17-901-through-15-17-903."

11 Section 89. Section 7-31-106, MCA, is amended to read:

12 "7-31-106. Authorization for county to issue bonds --  
 13 election required. (1) If the petition is presented to the  
 14 board of county commissioners, it shall be the duty of the  
 15 board, for the purpose of raising money to meet the payments  
 16 under the terms and conditions of said contract and other  
 17 necessary and proper expenses in and about the same and for  
 18 the approval or disapproval thereof:

19 (a) to ascertain, within 30 days after submission of  
 20 the petition, the existing indebtedness of the county in the  
 21 aggregate; and

22 (b) to submit, within 60 days after ascertaining the  
 23 same, to the electors of such county the proposition to  
 24 approve or disapprove the contract and the issuance of bonds  
 25 necessary to carry out the same.

1 (2) The amount of the bonds authorized by this section  
 2 may not exceed ~~27-5%~~ 32% of the taxable value of the taxable  
 3 property therein, inclusive of the existing indebtedness  
 4 thereof, to be ascertained by the last assessment for state  
 5 and county taxes previous to the issuance of said bonds and  
 6 incurring of said indebtedness."

7 Section 90. Section 7-31-107, MCA, is amended to read:

8 "7-31-107. Authorization for municipality to issue  
 9 bonds -- election required. (1) If said petition is  
 10 presented to the council of any incorporated city or town,  
 11 the council, for the purpose of raising money to meet the  
 12 payments under the terms and conditions of said contract and  
 13 other necessary and proper expenses in and about the same  
 14 and for the approval or disapproval thereof:

15 (a) shall ascertain, within 30 days after submission  
 16 of the petition, the aggregate indebtedness of such city or  
 17 town; and

18 (b) shall submit, within 60 days after ascertaining  
 19 the same, to the electors of such city or town the  
 20 proposition to approve or disapprove said contract and the  
 21 issuance of bonds necessary to carry out the same.

22 (2) The amount of the bonds authorized by this section  
 23 may not exceed ~~16-5%~~ 24% of the taxable value of the taxable  
 24 property therein, inclusive of the existing indebtedness  
 25 thereof, to be ascertained in the manner provided in this

1 part."

2 Section 91. Section 7-34-2131, MCA, is amended to  
 3 read:

4 "7-34-2131. Hospital district bonds authorized. (1) A  
 5 hospital district may borrow money by the issuance of its  
 6 bonds to provide funds for payment of part or all of the  
 7 cost of acquisition, furnishing, equipment, improvement,  
 8 extension, and betterment of hospital facilities and to  
 9 provide an adequate working capital for a new hospital.

10 (2) The amount of bonds issued for such purpose and  
 11 outstanding at any time may not exceed ~~22-5%~~ 32% of the  
 12 taxable value of the property therein as ascertained by the  
 13 last assessment for state and county taxes previous to the  
 14 issuance of such bonds.

15 (3) Such bonds shall be authorized, sold, and issued  
 16 and provisions made for their payment in the manner and  
 17 subject to the conditions and limitations prescribed for  
 18 bonds of second- or third-class school districts by Title  
 19 20, chapter 9, part 4.

20 (4) Nothing herein shall be construed to preclude the  
 21 provisions of Title 50, chapter 6, part 1, allowing the  
 22 state to apply for and accept federal funds."

23 Section 92. Section 15-1-101, MCA, is amended to read:

24 "15-1-101. Definitions. (1) Except as otherwise  
 25 specifically provided, when terms mentioned in this section

1 are used in connection with taxation, they are defined in  
2 the following manner:

3 (a) The term "agricultural" refers to the raising of  
4 livestock, poultry, bees, and other species of domestic  
5 animals and wildlife in domestication or a captive  
6 environment, and the raising of field crops, fruit, and  
7 other animal and vegetable matter for food or fiber.

8 (b) The term "assessed value" means the value of  
9 property as defined in 15-8-111.

10 (c) The term "average wholesale value" means the value  
11 to a dealer prior to reconditioning and profit margin shown  
12 in national appraisal guides and manuals or the valuation  
13 schedules of the department of revenue.

14 (d) (i) The term "commercial", when used to describe  
15 property, means any real property and improvements used or  
16 owned by a business, a trade, or a nonprofit corporation as  
17 defined in 35-2-102 or used for the production of income,  
18 except that property described in subsection (ii).

19 (ii) The following types of property are not  
20 commercial:

21 (A) agricultural lands;

22 (B) timberlands;

23 (C) single-family residences and ancillary  
24 improvements and improvements necessary to the function of a  
25 bona fide farm, ranch, or stock operation;

1 (D) mobile homes used exclusively as a residence  
2 ~~except--when--held--by--a--distributor--or--dealer--of--trailers--or~~  
3 ~~mobile--homes--as--his--stock--in--trade; and~~

4 (E) all property described in 15-6-135;

5 ~~(F)--all--property--described--in--15-6-136; and~~

6 ~~(G)--all--property--described--in--15-6-146.~~

7 (e) The term "comparable property" means property that  
8 has similar use, function, and utility; that is influenced  
9 by the same set of economic trends and physical,  
10 governmental, and social factors; and that has the potential  
11 of a similar highest and best use.

12 (f) The term "credit" means solvent debts, secured or  
13 unsecured, owing to a person.

14 (g) The term "improvements" includes all buildings,  
15 structures, fences, and improvements situated upon, erected  
16 upon, or affixed to land and machinery and equipment that  
17 are attached or affixed to a building or land and that are  
18 not removable without materially altering, limiting, or  
19 restricting the use of the building or land. When the  
20 department of revenue or its agent determines that the  
21 permanency of location of a mobile home or housetrailer has  
22 been established, the mobile home or housetrailer is  
23 presumed to be an improvement to real property. A mobile  
24 home or housetrailer ~~may--be--determined--to--be--permanently~~  
25 ~~located--only--when--it--is--attached--to--a--foundation--which~~

1 ~~cannot--feasibly--be--relocated-and-only-when-the-wheels-are~~  
 2 ~~removed used as a residence is an improvement, whether or~~  
 3 ~~not it is affixed to the land.~~

4 (h) The term "leasehold improvements" means  
 5 improvements to mobile homes and mobile homes located on  
 6 land owned by another person. This property is assessed  
 7 under the appropriate classification and the taxes are due  
 8 and payable in two payments as provided in ~~15-24-202~~  
 9 ~~15-16-102~~. Delinquent taxes on such leasehold improvements  
 10 are a lien only on such leasehold improvements.

11 (i) The term "livestock" means cattle, sheep, swine,  
 12 goats, horses, mules, and asses.

13 (j) The term "mobile home" means forms of housing  
 14 known as "trailers", "housetrailer", or "trailer coaches"  
 15 exceeding 8 feet in width or 45 feet in length, designed to  
 16 be moved from one place to another by an independent power  
 17 connected to them, or any "trailer", "housetrailer", or  
 18 "trailer coach" up to 8 feet in width or 45 feet in length  
 19 used as a principal residence.

20 (k) The term "personal property" includes everything  
 21 that is the subject of ownership but that is not included  
 22 within the meaning of the terms "real estate" and  
 23 "improvements".

24 (l) The term "poultry" includes all chickens, turkeys,  
 25 geese, ducks, and other birds raised in domestication to

1 produce food or feathers.

2 (m) The term "property" includes moneys, credits,  
 3 bonds, stocks, franchises, and all other matters and things,  
 4 real, personal, and mixed, capable of private ownership.  
 5 This definition must not be construed to authorize the  
 6 taxation of the stocks of any company or corporation when  
 7 the property of such company or corporation represented by  
 8 the stocks is within the state and has been taxed.

9 (n) The term "real estate" includes:

10 (i) the possession of, claim to, ownership of, or  
 11 right to the possession of land or improvements;

12 (ii) all mines, minerals, and quarries in and under the  
 13 land subject to the provisions of 15-23-501 and Title 15,  
 14 chapter 23, part 8; all timber belonging to individuals or  
 15 corporations growing or being on the lands of the United  
 16 States; and all rights and privileges appertaining thereto.

17 (o) The term "taxable value" means the percentage of  
 18 market or assessed value as provided for in ~~15-6-131~~  
 19 ~~15-6-140~~ chapter 6, part 1, of this title.

20 (2) The phrase "municipal corporation" or  
 21 "municipality" or "taxing unit" shall be deemed to include a  
 22 county, city, incorporated town, township, school district,  
 23 irrigation district, drainage district, or any person,  
 24 persons, or organized body authorized by law to establish  
 25 tax levies for the purpose of raising public revenue.

1 (3) The term "state board" or "board" when used  
2 without other qualification shall mean the state tax appeal  
3 board."

4 Section 93. Section 15-1-701, MCA, is amended to read:  
5 "15-1-701. Warrant for distraint. (1) A warrant for  
6 distraint is an order, under the official seal of the  
7 department of revenue, directed to a sheriff of any county  
8 of Montana or to any agent authorized by law to collect a  
9 tax. The order commands the recipient to levy upon and sell  
10 the real ~~and--personal~~ property or improvements of a  
11 delinquent taxpayer.

12 (2) Upon filing the warrant as provided in 15-1-704,  
13 there is a lien against all real and personal property of  
14 the delinquent taxpayer located in the county where the  
15 warrant is filed. The resulting lien is treated in the same  
16 manner as a properly docketed judgment lien, and the  
17 department may collect delinquent taxes and enforce the tax  
18 lien in the same manner as a judgment is enforced.

19 (3) A warrant may be issued for the amount of unpaid  
20 tax plus penalty, if any, and accumulated interest. The lien  
21 is for the amount indicated on the warrant plus accrued  
22 interest from the date of the warrant."

23 Section 94. Section 15-6-101, MCA, is amended to read:  
24 "15-6-101. Property subject to taxation --  
25 classification. (1) All real property and improvements in

1 this state ~~is~~ are subject to taxation, except as provided  
2 otherwise.

3 (2) For the purpose of taxation, the taxable property  
4 in the state shall be classified in accordance with this  
5 part."

6 Section 95. Section 15-6-135, MCA, is amended to read:  
7 "15-6-135. Class five property -- description --  
8 taxable percentage. (1) Class five property includes:

9 (a) all real property and improvements used and owned  
10 by cooperative rural electrical and cooperative rural  
11 telephone associations organized under the laws of Montana,  
12 except property owned by cooperative organizations described  
13 in subsection (1)(c) of 15-6-137;

14 (b) air and water pollution control equipment  
15 improvements as defined in this section;

16 (c) new industrial property as defined in this  
17 section;

18 (d) any ~~personal-or~~ real property or improvements used  
19 primarily in the production of gasohol during construction  
20 and for the first 3 years of its operation.

21 (2) (a) "Air and water pollution equipment control  
22 improvements" means facilities~~,-machinery,-or-~~equipment used  
23 to reduce or control water or atmospheric pollution or  
24 contamination by removing, reducing, altering, disposing, or  
25 storing pollutants, contaminants, wastes, or heat. The

1 department of health and environmental sciences shall  
2 determine if such utilization is being made.

3 (b) The department of health and environmental  
4 sciences' determination as to air and water pollution  
5 equipment control improvements may be appealed to the board  
6 of health and environmental sciences and may not be appealed  
7 to either a county tax appeal board or the state tax appeal  
8 board. However, the appraised value of the equipment  
9 improvements as determined by the department of revenue may  
10 be appealed to the county tax appeal board and the state tax  
11 appeal board.

12 (3) "New industrial property" means any new industrial  
13 plant, including land,--buildings,--machinery,--and--fixtures  
14 and improvements, used by new industries during the first 3  
15 years of their operation. The property may not have been  
16 assessed within the state of Montana prior to July 1, 1961.

17 (4) (a) "New industry" means any person, corporation,  
18 firm, partnership, association, or other group that  
19 establishes a new plant in Montana for the operation of a  
20 new industrial endeavor, as distinguished from a mere  
21 expansion, reorganization, or merger of an existing  
22 industry.

23 (b) New industry includes only those industries that:

24 (i) manufacture, mill, mine, produce, process, or  
25 fabricate materials;

1 (ii) do similar work, employing capital and labor, in  
2 which materials unserviceable in their natural state are  
3 extracted, processed, or made fit for use or are  
4 substantially altered or treated so as to create commercial  
5 products or materials; or

6 (iii) engage in the mechanical or chemical  
7 transformation of materials or substances into new products  
8 in the manner defined as manufacturing in the 1972 Standard  
9 Industrial Classification Manual prepared by the United  
10 States office of management and budget.

11 (5) New industrial property does not include:

12 (a) property used by retail or wholesale merchants,  
13 commercial services of any type, agriculture, trades, or  
14 professions;

15 (b) a plant that will create adverse impact on  
16 existing state, county, or municipal services; or

17 (c) property used or employed in any industrial plant  
18 that has been in operation in this state for 3 years or  
19 longer.

20 (6) Class five property is taxed at 3% of its market  
21 value."

22 Section 96. Section 15-6-137, MCA, is amended to read:

23 "15-6-137. Class seven property -- description --  
24 taxable percentage. (1) Class seven property includes:

25 (a) all real property and improvements used and owned

1 by persons, firms, corporations, or other organizations that  
 2 are engaged in the business of furnishing telephone  
 3 communications exclusively to rural areas or to rural areas  
 4 and cities and towns of 800 persons or less;

5 (b) all real property and improvements owned by  
 6 cooperative rural electrical and cooperative rural telephone  
 7 associations that serve less than 95% of the electricity  
 8 consumers or telephone users within the incorporated limits  
 9 of a city or town; and

10 (c) electric transformers and meters; electric light  
 11 and power substation machinery; natural gas measuring and  
 12 regulating station equipment, meters, and compressor station  
 13 machinery owned by noncentrally assessed public utilities;  
 14 ~~and tools used in the repair and maintenance of this~~  
 15 ~~property; and~~

16 ~~(d) tools, implements, and machinery used to repair~~  
 17 ~~and maintain machinery not used for manufacturing and mining~~  
 18 ~~purposes.~~

19 (2) To qualify for this classification, the average  
 20 circuit miles for each station on the telephone  
 21 communication system described in subsection (1)(b) must be  
 22 more than 1 mile.

23 (3) Class seven property is taxed at 8% of its market  
 24 value."

25 Section 97. Section 15-6-141, MCA, is amended to read:

1 "15-6-141. Class eleven property -- description --  
 2 taxable percentage. (1) Class eleven property includes real  
 3 property and improvements as follows:

4 (a) centrally assessed electric power companies'  
 5 allocations, including, if congress passes legislation that  
 6 allows the state to tax property owned by an agency created  
 7 by congress to transmit or distribute electrical energy,  
 8 allocations of properties constructed, owned, or operated by  
 9 a public agency created by the congress to transmit or  
 10 distribute electric energy produced at privately owned  
 11 generating facilities (not including rural electric  
 12 cooperatives);

13 (b) allocations for centrally assessed natural gas  
 14 companies having a major distribution system in this state;  
 15 and

16 (c) centrally assessed companies' allocations except:

17 (i) electric power and natural gas companies'  
 18 property;

19 (ii) property owned by cooperative rural electric and  
 20 cooperative rural telephone associations and classified in  
 21 class five;

22 (iii) property owned by organizations providing  
 23 telephone communications to rural areas and classified in  
 24 class seven;

25 (iv) railroad transportation property included in class

1 fifteen; and

2 (v) airline transportation property included in class  
3 seventeen.

4 (2) Class eleven property is taxed at 12% of market  
5 value."

6 Section 98. Section 15-6-145, MCA, is amended to read:

7 "15-6-145. Class fifteen property -- description --  
8 taxable percentage. (1) Class fifteen property includes all  
9 taxable railroad transportation property as described in the  
10 Railroad Revitalization and Regulatory Reform Act of 1976 as  
11 it read on January 1, 1986.

12 (2) For the taxable year beginning January 1, 1986,  
13 and for each taxable year thereafter, class fifteen property  
14 is taxed at the percentage rate "R", to be determined by the  
15 department as provided in subsection (3), or 12%, whichever  
16 is less.

17 (3)  $R = A/B$  where:

18 (a) A is the total statewide taxable value of all  
19 commercial property, except class fifteen property, as  
20 commercial property is described in 15-1-101(1)(d),  
21 including class 1 and class 2 property; and

22 (b) B is the total statewide market value of all  
23 commercial property, except class fifteen property, as  
24 commercial property is described in 15-1-101(1)(d),  
25 including class 1 and class 2 property.

1 (4) (a) For the taxable year beginning January 1,  
2 1986, and for every taxable year thereafter, the department  
3 shall conduct a sales assessment ratio study of all  
4 commercial and industrial real property and improvements.  
5 The study must be based on:

6 (i) assessments of such property as of January 1 of  
7 the year for which the study is being conducted; and

8 (ii) a statistically valid sample of sales using data  
9 from realty transfer certificates filed during the same  
10 taxable year or from the immediately preceding taxable year,  
11 but only if a sufficient number of certificates is  
12 unavailable from the current taxable year to provide a  
13 statistically valid sample.

14 (b) The department shall determine the value-weighted  
15 mean sales assessment ratio "M" for all such property and  
16 reduce the taxable value of property described in subsection  
17 (4) only, by multiplying the total statewide taxable value  
18 of property described in subsection (4) by "M" prior to  
19 calculating "A" in subsection (3).

20 (c) The adjustment referred to in subsection (4)(b)  
21 will be made beginning January 1, 1986, and in each  
22 subsequent tax year to equalize the railroad taxable values.

23 (5) For the purpose of complying with the Railroad  
24 Revitalization and Regulatory Reform Act of 1976, as it read  
25 on January 1, 1986, the rate "R" referred to in this section



1 is the equalized average tax rate generally applicable to  
2 commercial and industrial property, except class fifteen  
3 property, as commercial property is defined in  
4 15-1-101(1)(d)."

5 Section 99. Section 15-6-147, MCA, is amended to read:

6 "15-6-147. Class seventeen property -- description --  
7 taxable percentage. (1) Class seventeen property includes  
8 all taxable airline transportation property as described in  
9 the Tax Equity and Fiscal Responsibility Act of 1982 as it  
10 read on January 1, 1986.

11 (2) For the taxable years 1986 through 1990 class  
12 seventeen property is taxed at 12%, and for each taxable  
13 year thereafter, class seventeen property is taxed at the  
14 lesser of 12% or the taxable percentage rate for class  
15 fifteen property without adjustment.

16 (3) For the purpose of complying with the Tax Equity  
17 and Fiscal Responsibility Act of 1982, as it read on January  
18 1, 1986, the taxable percentage rate "R" referred to in this  
19 section subsection (2) is the equalized average tax rate  
20 generally applicable to commercial and industrial property,  
21 except class seventeen property, as commercial property is  
22 defined in 15-1-101(1)(d)."

23 Section 100. Section 15-6-201, MCA, is amended to  
24 read:

25 "15-6-201. Exempt categories. (1) The following

1 categories of property are exempt from taxation:

2 (a) the property of:

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

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

14 (iii) municipal corporations; and

15 (iv) public libraries;

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

21 (c) property used exclusively for agricultural and  
22 horticultural societies, for educational purposes, and for  
23 hospitals;

24 (d) property that meets the following conditions:

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

1 corporation organized under Title 35, chapter 2, 3, 20, or  
2 21;

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

7 (iii) is not maintained and operated for private or  
8 corporate profit;

9 (e) institutions of purely public charity;

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

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

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

19 (i) a truck canopy cover or topper weighing less than  
20 300 pounds and having no accommodations attached. Such  
21 property is also exempt from the fee in lieu of tax.

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

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

1 (l) motorcycles and quadricycles;

2 (m) fixtures, buildings, and improvements owned by a  
3 cooperative association or nonprofit corporation organized  
4 to furnish potable water to its members or customers for  
5 uses other than the irrigation of agricultural land;

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

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

16 (p) all farm buildings with a market value of less  
17 than \$500 and all agricultural implements and machinery with  
18 a market value of less than \$100;

19 (q) personal property, as defined in 15-1-101(l)(k),  
20 that is not assessed under 15-23-501 through 15-23-508,  
21 15-23-521 through 15-23-523, 15-23-601 through 15-23-613,  
22 15-23-615, 15-23-616, 15-23-701 through 15-23-704, or  
23 15-23-801 through 15-23-807; and

24 (r) the first \$17,500 or less of the market value of  
25 any single-family residence, exclusive of land and

1 appurtenant improvements.

2 (2) (a) The term "institutions of purely public  
3 charity" includes organizations owning and operating  
4 facilities for the care of the retired or aged or  
5 chronically ill, which are not operated for gain or profit.

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

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

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

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

20 (4) The exemptions provided in this section do not  
21 impair or repeal any tax or fee authorized to be levied or  
22 imposed in lieu of a property tax. (Subsection (1)(p)  
23 applicable to taxable years beginning after December 31,  
24 1985--sec. 4, Ch. 463, L. 1985.)"

25 Section 101. Section 15-6-203, MCA, is amended to

1 read:

2 "15-6-203. Veterans' clubhouse exemption --  
3 incompetent veterans' trusts. (1) When a clubhouse or  
4 building erected by or belonging to any society or  
5 organization of honorably discharged United States military  
6 personnel is used exclusively for educational, fraternal,  
7 benevolent, or purely public charitable purposes rather than  
8 for gain or profit, ~~together-with-the-library-and--furniture~~  
9 ~~necessarily--used--in--any--such--building,~~ such property is  
10 exempt from taxation.

11 (2) All property, ~~real-or-personal,~~ in the possession  
12 of legal guardians of incompetent veterans of U.S. military  
13 service or minor dependents of such veterans, where such  
14 property is funds or derived from funds received from the  
15 United States as pension, compensation, insurance, adjusted  
16 compensation, or gratuity, shall be exempt from all taxation  
17 as property of the United States while held by the guardian,  
18 but not after title passes to the veteran or minor in his or  
19 her own right on account of removal of legal disability."

20 Section 102. Section 15-7-102, MCA, is amended to  
21 read:

22 "15-7-102. Notice of classification and appraisal to  
23 owners -- appeals. (1) It shall be the duty of the  
24 department of revenue to cause to be mailed to each owner  
25 and purchaser under contract for deed a notice of the

1 classification of the land owned or being purchased by him  
2 and the appraisal of the improvements thereon only if one or  
3 more of the following changes pertaining to the land or  
4 improvements have been made since the last notice:

- 5 (a) change in ownership;
- 6 (b) change in classification;
- 7 (c) change in valuation; or
- 8 (d) addition or subtraction of ~~personal---property~~  
9 affixed-to-the-land improvements.

10 (2) The notice of classification and appraisal  
11 provided by the department under subsection (1) must be on  
12 a standardized form adopted by the department containing  
13 sufficient information in a comprehensible manner designed  
14 to fully inform the taxpayer as to the classification and  
15 appraisal of his property and of changes over the prior tax  
16 year.

17 (3) If the owner of any land and improvements is  
18 dissatisfied with the appraisal or classification of his  
19 land or improvements, he may submit his objection in writing  
20 to the department's agent. The department shall give  
21 reasonable notice to such taxpayer of the time and place of  
22 hearing and hear any testimony or other evidence which the  
23 taxpayer may desire to produce at such time and afford the  
24 opportunity to other interested persons to produce evidence  
25 at such hearing. Thereafter, the department shall determine

1 the true and correct appraisal and classification of such  
2 land or improvements and forthwith notify the taxpayer of  
3 its determination. In the notification, the department must  
4 state its reasons for revising the classification or  
5 appraisal. When so determined, the land shall be classified  
6 and improvements appraised in the manner ordered by the  
7 department.

8 (4) Whether a hearing as provided in subsection (3) is  
9 held or not, the department or its agent may not adjust an  
10 appraisal or classification upon taxpayer's objection  
11 unless:

- 12 (a) the taxpayer has submitted his objection in  
13 writing; and
- 14 (b) the department or its agent has stated its reason  
15 in writing for making the adjustment.

16 (5) A taxpayer's written objection to a classification  
17 or appraisal and the department's notification to the  
18 taxpayer of its determination and the reason for that  
19 determination are public records. Each county appraiser  
20 shall make such records available for inspection during  
21 regular office hours.

22 (6) If any property owner shall feel aggrieved at the  
23 classification and/or the appraisal so made by the  
24 department, he shall have the right to appeal to the county  
25 tax appeal board and then to the state tax appeal board,

1 whose findings shall be final subject to the right of review  
2 in the proper court or courts."

3 Section 103. Section 15-8-104, MCA, is amended to  
4 read:

5 "15-8-104. Department audit of taxable value -- costs  
6 of audit paid by department. (1) When in the judgment of the  
7 director of revenue it is necessary, audits may be made for  
8 the purpose of determining the taxable value of net proceeds  
9 of mines and oil and gas wells and all other types of  
10 property subject to ad valorem taxation.

11 ~~{2}--The department of revenue shall conduct audits of~~  
12 ~~the assessment of all commercial personal property to assure~~  
13 ~~that the value of the property in those classes reflects~~  
14 ~~market value. Because the assessed value of commercial~~  
15 ~~personal property is defined as market value under~~  
16 ~~15-8-111{2}, the audits conducted by the department shall be~~  
17 ~~primarily directed toward ensuring that all taxable personal~~  
18 ~~property is reported to the department.~~

19 ~~{3}{2}~~ The cost of any audit performed under  
20 subsection (1) ~~or {2} shall~~ must be paid by the  
21 department."

22 Section 104. Section 15-8-111, MCA, is amended to  
23 read:

24 "15-8-111. Assessment -- market value standard --  
25 exceptions. (1) All taxable property must be assessed at

1 100% of its market value except as otherwise provided in  
2 ~~subsection {5} of this section and in 15-7-111 through~~  
3 ~~15-7-114.~~

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

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

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

22 ~~{a}--the wholesale value for agricultural implements~~  
23 ~~and machinery is the loan value as shown in the Official~~  
24 ~~Guide, Tractor and Farm Equipment, published by the National~~  
25 ~~Farm and Power Equipment Dealers Association, St. Louis,~~

1 Missouri, and  
 2 ~~(b) for agricultural implements and machinery not~~  
 3 ~~listed in the official guide, the department shall prepare a~~  
 4 ~~supplemental manual where the values reflect the same~~  
 5 ~~depreciation as those found in the official guide.~~  
 6 (4) For purposes of taxation, assessed value is the  
 7 same as appraised value.  
 8 (5) The taxable value for all property in ~~classes four~~  
 9 ~~through eleven and fifteen through nineteen~~ is the  
 10 percentage of market or assessed value established for each  
 11 class of property in ~~15-6-134 through 15-6-141 and 15-6-145~~  
 12 ~~through 15-6-149~~ chapter 6, part 1, of this title.  
 13 (6) The assessed value of properties in 15-6-131  
 14 through 15-6-133 is as follows:  
 15 (a) Properties in 15-6-131, under class one, are  
 16 assessed at 100% of the annual net proceeds after deducting  
 17 the expenses specified and allowed by 15-23-503.  
 18 (b) Properties in 15-6-132, under class two, are  
 19 assessed at 100% of the annual gross proceeds.  
 20 (c) Properties in 15-6-133, under class three, are  
 21 assessed at 100% of the productive capacity of the lands  
 22 when valued for agricultural purposes. All lands that meet  
 23 the qualifications of 15-7-202 are valued as agricultural  
 24 lands for tax purposes.  
 25 (d) Properties in 15-6-143, under class thirteen, are

1 assessed at 100% of the combined appraised value of the  
 2 standing timber and grazing productivity of the land when  
 3 valued as timberland.  
 4 (7) Land and the improvements thereon are separately  
 5 assessed when any of the following conditions occur:  
 6 (a) ownership of the improvements is different from  
 7 ownership of the land;  
 8 (b) the taxpayer makes a written request; or  
 9 (c) the land is outside an incorporated city or town.  
 10 ~~(8) The taxable value of all property in 15-6-131 and~~  
 11 ~~classes two, three, and thirteen is the percentage of~~  
 12 ~~assessed value established in 15-6-131(2), 15-6-132,~~  
 13 ~~15-6-133, and 15-6-143 for each class of property.~~  
 14 ~~(Subsections (3)(a) and (3)(b) [now deleted] applicable to~~  
 15 ~~tax years beginning after December 31, 1985--sec. 4, Ch.~~  
 16 ~~463, L. 1985. Subsection (6)(d) and references in (8) [now~~  
 17 ~~deleted] to class thirteen and 15-6-143 terminate January 1,~~  
 18 ~~1991--sec. 10, Ch. 681, L. 1985.)"~~  
 19 Section 105. Section 15-8-201, MCA, is amended to  
 20 read:  
 21 "15-8-201. General assessment day. (1) The department  
 22 of revenue or its agent must, between January 1 and the  
 23 second Monday of July in each year, ascertain the names of  
 24 all taxable inhabitants and assess all property subject to  
 25 taxation in each county. The department or its agent must

1 assess property to the person by whom it was owned or  
 2 claimed or in whose possession or control it was at midnight  
 3 of January 1 next preceding if the property becomes subject  
 4 to taxation. It must also ascertain and assess all mobile  
 5 homes arriving in the county after midnight of January 1  
 6 next preceding. No mistake in the name of the owner or  
 7 supposed owner of real property, however, renders the  
 8 assessment invalid.

9 (2) The procedure provided by this section may not  
 10 apply to:

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

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

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

18 ~~(d) motorcycles and quadricycles;~~

19 ~~(e) livestock;~~

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

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

1 (3) Credits must be assessed as provided in  
 2 15-1-101~~(i)(d)(1)(f)~~."

3 Section 106. Section 15-8-205, MCA, is amended to  
 4 read:

5 "15-8-205. Initial assessment of ~~class-twelve-property~~  
 6 improvements -- when. The county assessor shall assess all  
 7 ~~class--twelve-property improvements~~ immediately upon arrival  
 8 in the county if the taxes have not been previously paid for  
 9 that year in another county in Montana."

10 Section 107. Section 15-8-301, MCA, is amended to  
 11 read:

12 "15-8-301. Statement -- what to contain. (1) The  
 13 department of revenue or its agent must require from each  
 14 person a statement under oath setting forth specifically all  
 15 the real ~~and--personal~~ property and improvements owned by  
 16 such person or in his possession or under his control at  
 17 midnight on January 1. Such statement must be in writing,  
 18 showing separately:

19 (a) all such property belonging to, claimed by, or in  
 20 the possession or under the control or management of such  
 21 person;

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

25 (c) all such property belonging to, claimed by, or in

1 the possession or under the control or management of any  
2 corporation of which such person is president, secretary,  
3 cashier, or managing agent;

4 (d) the county in which such property is situated or  
5 in which it is liable to taxation and (if liable to taxation  
6 in the county in which the statement is made) also the city,  
7 town, school district, road district, or other revenue  
8 districts in which it is situated;

9 (e) an exact description of all lands in parcels or  
10 subdivisions not exceeding 640 acres each and the sections  
11 and fractional sections of all tracts of land containing  
12 more than 640 acres which have been sectionized by the  
13 United States government; all improvements ~~and personal~~  
14 ~~property,--including--all--vessels,--steamers,---and---other~~  
15 ~~watercraft~~; all taxable state, county, city, or other  
16 municipal or public bonds and the taxable bonds of any  
17 person, firm, or corporation and deposits of money, gold  
18 dust, or other valuables and the names of the persons with  
19 whom such deposits are made and the places in which they may  
20 be found; all mortgages, deeds of trust, contracts, and  
21 other obligations by which a debt is secured and the taxable  
22 property in the county affected thereby;

23 (f) all solvent credits, secured or unsecured, due or  
24 owing to such person or any firm of which he is a member or  
25 due or owing to any corporation of which he is president,

1 secretary, cashier, or managing agent;

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

6 (2) Whenever one member of a firm or one of the proper  
7 officers of a corporation has made a statement showing the  
8 property of the firm or corporation, another member of the  
9 firm or another officer need not include such property in  
10 the statement made by him but this statement must show the  
11 name of the person or officer who made the statement in  
12 which such property is included.

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

16 Section 108. Section 15-8-701, MCA, is amended to  
17 read:

18 "15-8-701. Assessment book -- definition -- listing  
19 property in. (1) Unless the context clearly indicates  
20 otherwise, the term "assessment book" means the record kept  
21 in each county by the agent of the department of revenue and  
22 which contains the information described in subsection (3).  
23 The term includes, in a county wherein the assessment book  
24 is kept on a computer system, the information on the system  
25 analogous to the information described in subsection (3).



1 (2) The form of the assessment book must be as  
2 directed by the department.

3 (3) The department must prepare an assessment book  
4 with appropriate headings, alphabetically arranged, in which  
5 must be listed all property within the state and in which  
6 must be specified, in separate columns under the appropriate  
7 head:

8 (a) the name of the person to whom the property is  
9 assessed;

10 (b) land, by township, range, section or fractional  
11 section, and when such land is not a United States land  
12 division or subdivision, by metes and bounds or other  
13 description sufficient to identify it, giving an estimate of  
14 the number of acres, not exceeding in each and every tract  
15 640 acres, locality, and the improvements thereon;

16 (c) city and town lots, naming the city or town and  
17 the number of the lot and block, according to the system of  
18 numbering in such city or town, and the value of same with  
19 improvements thereon;

20 (d) all taxable ~~personal~~ property improvements,  
21 showing the number, kind, amount, and quality when  
22 separately assessed; but a failure to enumerate in detail  
23 such ~~personal~~ property does not invalidate the assessment;

24 (e) the assessed value of real estate other than city  
25 or town lots;

1 (f) the assessed value of city and town lots with  
2 improvements thereon, except that a lot and improvements  
3 thereon shall be separately listed when required under  
4 15-8-111;

5 (g) the assessed value of improvements on real estate  
6 assessed to persons other than the owners of the real  
7 estate. Taxable improvements owned by a person, located upon  
8 land exempt from taxation, shall, as to the manner of  
9 assessment, be assessed as other real estate upon the  
10 assessment roll. No value, however, may be assessed against  
11 the exempt land, nor under any circumstances may the land be  
12 charged with or become responsible for the assessment made  
13 against any taxable improvements located thereon.

14 ~~{h}--the---assessed---value---of---all---taxable---personal~~  
15 ~~property;~~

16 ~~{i}{h}~~ the school, road, and other revenue districts  
17 in which each piece of property assessed is situated;

18 ~~{j}{i}~~ the total assessed value of all such property."

19 Section 109. Section 15-8-706, MCA, is amended to  
20 read:

21 "15-8-706. Statement by agent to the department. (1)  
22 On the second Monday in July in each year, the agent of the  
23 department of revenue in each county must transmit to the  
24 department a statement showing:

25 ~~{a}--the-several-kinds-of-personal-property;~~

1 ~~(b) the average and total value of each kind;~~  
 2 ~~(c)(a) the number of livestock, number of bushels of~~  
 3 ~~grain, number of pounds or tons of any article sold by the~~  
 4 ~~pound or ton; and~~

5 ~~(d)(b) when practicable, the separate value of each~~  
 6 ~~class of land, specifying the classes and the number of~~  
 7 ~~acres in each.~~

8 (2) An agent of the department who purposely or  
 9 negligently fails to perform his duty under this section or  
 10 a deputy or member of the agent's staff delegated such duty  
 11 who purposely or negligently fails to perform such duty is  
 12 guilty of official misconduct under 45-7-401."

13 Section 110. Section 15-10-105, MCA, is amended to  
 14 read:

15 "15-10-105. Tax levy for the university system. There  
 16 is levied upon the taxable value of all ~~real and personal~~  
 17 taxable property in the state of Montana, subject to  
 18 taxation, 6 mills or so much thereof as is necessary to  
 19 raise the amount appropriated by the legislature from the  
 20 state special revenue fund for the support, maintenance, and  
 21 improvement of the Montana university system and other  
 22 public educational institutions subject to board of regents'  
 23 supervision, as provided in referendum measure No. 75 passed  
 24 by vote of the people at the general election held November  
 25 7, 1978; and the funds raised therefrom shall be deposited

1 in the state special revenue fund."

2 Section 111. Section 15-10-302, MCA, is amended to  
 3 read:

4 "15-10-302. County clerk -- duplicate statement. The  
 5 county clerk and recorder shall, on or before the second  
 6 Monday in August of each year, prepare from the assessment  
 7 book of such year, as corrected by the department of revenue  
 8 or its agent, duplicate statements showing in separate  
 9 columns:

- 10 (1) the total value of all property;
- 11 (2) the value of real estate, including mining claims,  
12 stated separately;
- 13 (3) the value of the improvements thereon; and
- 14 ~~(4) the value of taxable personal property;~~
- 15 ~~(5)(4) the number of acres of land and the number of~~  
16 ~~mining claims, stated separately."~~

17 Section 112. Section 15-16-117, MCA, is amended to  
 18 read:

19 "15-16-117. ~~Personal property~~ ~~treasurer's~~  
 20 Treasurer's duty to collect certain taxes on. (1) The county  
 21 treasurer must demand payment of poor taxes, authorized by  
 22 53-2-321, and road taxes, authorized by 7-14-2206 or  
 23 7-14-2501 through 7-14-2504, of every person liable therefor  
 24 whose name does not appear on the assessment lists, and on  
 25 the neglect or refusal of such person to pay the same, he

1 must collect by seizure and sale of any taxable property  
2 owned by such person.

3 (2) These taxes shall be added upon the assessment  
4 lists to other taxes of persons liable therefor paying taxes  
5 upon real ~~and personal~~ property or improvements and paid to  
6 the county treasurer at the time of payment of other taxes,  
7 and all ~~personal~~ property assessed against a person shall be  
8 liable for the payment of such taxes.

9 ~~{3}--The procedure for the sale of such property by the  
10 county treasurer--for--such--taxes--shall--be--regulated--by  
11 15-16-113 and chapter 177 part 9--"~~

12 Section 113. Section 15-16-611, MCA, is amended to  
13 read:

14 "15-16-611. Reduction of property tax for property  
15 destroyed by natural disaster. (1) The department of revenue  
16 shall, upon showing by a taxpayer that some or all of the  
17 improvements on his real property or ~~a trailer or mobile~~  
18 ~~home as described in 15-6-142~~ have been destroyed to such an  
19 extent that such improvements have been rendered unsuitable  
20 for their previous use by natural disaster, adjust the  
21 taxable value on the property, accounting for the  
22 destruction.

23 (2) The county treasurer shall adjust the tax due and  
24 payable for the current year on the property under 15-16-102  
25 as provided in subsection (3) of this section.

1 (3) To determine the amount of tax due for destroyed  
2 property, the county treasurer shall:

3 (a) multiply the amount of tax levied and assessed on  
4 the original taxable value of the property for the year by  
5 the ratio that the number of days in the year that the  
6 property existed before destruction bears to 365; and

7 (b) multiply the amount of tax levied and assessed on  
8 the adjusted taxable value of the property for the remainder  
9 of the year by the ratio that the number of days remaining  
10 in the year after the destruction of the property bears to  
11 365.

12 (4) This section does not apply to delinquent taxes  
13 owed on the destroyed property for a year prior to the year  
14 in which the property was destroyed.

15 (5) For the purposes of this section, "natural  
16 disaster" includes but is not limited to fire, flood,  
17 earthquake, or wind."

18 Section 114. Section 15-18-103, MCA, is amended to  
19 read:

20 "15-18-103. Piecemeal redemption of land sold for  
21 taxes. {1} Whenever any person shall desire to redeem from a  
22 tax sale and pay all subsequent taxes upon any lot, piece,  
23 or parcel of real estate which said person shall own or hold  
24 a mortgage or other lien against or when such person shall  
25 be the owner of or have some interest in such property, it

1 shall be the duty of the county treasurer of the county in  
 2 which such real estate is situated to permit such redemption  
 3 and payment. In case the real estate shall have been  
 4 assessed and sold, together with other real estate, or in  
 5 case the tax assessed against any other property shall be a  
 6 lien thereon, then it shall be the duty of said county  
 7 treasurer to compute and apportion the tax that should have  
 8 properly been assessed against the real estate sought to be  
 9 redeemed and upon which the taxes are sought to be paid the  
 10 same as if said property had been separately assessed.

11 ~~{2}--Any--personal--property--tax--which-is-a-lien-upon~~  
 12 ~~said-real-estate-shall-be-likewise-computed-and--apportioned~~  
 13 ~~on-the-same-percentage-basis-as-the-tax-assessed-against-the~~  
 14 ~~real-estate-is-apportioned."~~

15 Section 115. Section 15-18-205, MCA, is amended to  
 16 read:

17 "15-18-205. Form of tax deed -- prima facie evidence.

18 (1) The form of a tax deed of an estate in real property,  
 19 executed by a county treasurer, may be made in substance as  
 20 follows:

21 This indenture, made by and between .... (insert name  
 22 of treasurer), county treasurer of the county of ....  
 23 (insert name of county), in the state of Montana, the party  
 24 of the first part, and .... (insert name of grantee), the  
 25 part of the second part, witnesseth:

1 Whereas, there was assessed for the year .... (insert  
 2 year) in the name of .... (insert name) that certain tract  
 3 of land hereinafter described, and the taxes for said year  
 4 levied against said property amounted to the sum of ....  
 5 (insert amount) dollars; and

6 Whereas, said taxes were not paid and said property was  
 7 sold for the payment of said taxes to .... (insert name of  
 8 grantee) on the .... (insert day) of .... (insert month),  
 9 A.D. .... (insert year) for the sum of .... (insert amount)  
 10 dollars and certificates of sale were duly issued and filed  
 11 as required by law; and

12 Whereas, no redemption from said sale has been made and  
 13 the said grantee has given the necessary notice of  
 14 application for tax deed as required by law;

15 Now, therefore, I, .... (insert name of treasurer),  
 16 county treasurer of the county of .... (insert name of  
 17 county), in the state of Montana, for and in consideration  
 18 of the sum of .... (insert amount) dollars paid do grant to  
 19 .... (insert name of grantee) all the property situated in  
 20 .... (insert name of county) County, state of Montana,  
 21 described as follows: .... (here insert description of the  
 22 land sold for taxes and sought to be conveyed).

23 Witness my hand this .... (insert day) day of ....  
 24 (insert month), A.D. .... (insert year).

25 .....

County treasurer of .....  
County  
State of Montana

(2) A tax deed executed in the form as provided in this section, when duly acknowledged and proved, is prima facie evidence that:

- (a) the property was assessed as required by law;
- (b) the property was equalized as required by law;
- (c) the taxes were levied in accordance with law;
- (d) the taxes were not paid;
- (e) notice of tax sale was given and published and property sold at the proper time and place as prescribed by law;

(f) the property was not redeemed, and the proper notice of application for deed has been served or posted as required by law;

(g) the person who executed the deed was the proper officer;

~~(h) --where--the--real--estate--was--sold--to--pay--taxes--on--personal--property,--the--real--estate--belonged--to--the--person--liable--to--pay--the--tax."~~

Section 116. Section 15-18-305, MCA, is amended to read:

"15-18-305. Defense to action -- redemption of parcels. Any defendant may appear in the action within the

time provided by law for appearances in civil actions, may set up any defense to the action he may have, and may therein question the legality, validity, or the sufficiency of any act had in connection with the assessment or sale of the land. Any defendant to the action may make redemption of the lands from the tax sale by paying the total amount of delinquent taxes and penalties which plaintiff has paid, with interest thereon at 8% a year from date of payment, together with costs of the action. Upon such payment, a certificate of redemption must be issued by the county treasurer to the defendant so paying, and thereupon the action must be dismissed. Whenever a defendant desires to redeem from a tax sale and pay all subsequent taxes upon any lot, piece, or parcel of real estate which such defendant owns or holds a mortgage or other lien against or has any interest in, the county treasurer of the county in which such real estate is situated shall permit such redemption and payment. In case the real estate has been assessed against any other property and is a lien thereon, then the county treasurer shall compute and apportion the tax that should have properly been assessed against the real estate sought to be redeemed and upon which the taxes are sought to be paid, the same as if the property had been separately assessed. Any ~~personal-property~~ tax on improvements which is a lien upon such real estate must be likewise computed and

1 apportioned on the same percentage basis as the tax assessed  
2 against the real estate is apportioned."

3 Section 117. Section 15-23-202, MCA, is amended to  
4 read:

5 "15-23-202. Assessment -- how made. (1) The department  
6 must assess the franchise, roadway, roadbed, rails, rolling  
7 stock, and all other operating properties of all railroads  
8 operated in more than one county or more than one state.  
9 All rolling stock must be assessed in the name of the person  
10 owning, leasing, or using the same. Assessment must be made  
11 to the person owning or leasing or using the same and must  
12 be made upon the entire railroad within the state. The  
13 depots, stations, shops, and buildings erected upon the  
14 space covered by the right-of-way and all other property  
15 owned or leased by such person, except as above provided,  
16 shall be assessed by the department.

17 (2) In determining the taxable value of railroad  
18 property, the department shall multiply the assessed value  
19 pursuant to subsection (1) by the ratio of the operating  
20 real estate and improvements owned or leased by the railroad  
21 in Montana to the value of all operating property owned or  
22 leased by the railroad in Montana and determine the  
23 percentage rate "R" provided for in 15-6-145 in order to  
24 achieve compliance with the requirements of the federal  
25 Railroad Revitalization and Regulatory Reform Act of 1976,

1 as amended.

2 (3) If any railroad allows any portion of its railway  
3 to be used for any purpose other than the operation of a  
4 railroad, the portion of its railway so used must be  
5 assessed in the same manner provided for the assessment of  
6 other real estate."

7 Section 118. Section 15-23-303, MCA, is amended to  
8 read:

9 "15-23-303. Assessment of property -- apportionment to  
10 counties. (1) The department must assess all the properties  
11 described in 15-23-301, but franchises granted by the United  
12 States must not be assessed. The value of such properties  
13 for assessment purposes shall be determined upon such  
14 factors as the department considers proper.

15 (2) The assessed valuation of the public utility shall  
16 be determined by multiplying the value of all its properties  
17 described in 15-23-301 by the ratio of the value of all real  
18 estate and improvements in Montana to the total value of all  
19 property in Montana."

20 Section 119. Section 15-23-403, MCA, is amended to  
21 read:

22 "15-23-403. Determination of value -- notice. (1) The  
23 department of revenue shall determine the full and true  
24 valuation of all property of all airlines operating in this  
25 state or used by every scheduled airline company in air

1 commerce. This valuation may be ascertained by:

2 (a) determining the full and true valuation of all  
3 property owned and operated by every scheduled airline  
4 company; and

5 (b) allocating to the state of Montana from this total  
6 valuation a valuation which represents this state's proper  
7 share of the valuation of the property, through the  
8 application of ratios which are indicated in subsections  
9 (8), (9), (10), and (11) of 15-23-402 against the total  
10 valuation; and

11 (c) multiplying the allocated value by the ratio of  
12 the value of all real estate and improvements owned and  
13 operated by the airline company in Montana to the total  
14 value of all property owned and operated by the airline  
15 company in Montana.

16 (2) After making such assessment, the department shall  
17 give written notice thereof to the person or persons to whom  
18 the assessment is made."

19 Section 120. Section 15-23-501, MCA, is amended to  
20 read:

21 "15-23-501. Taxation of mines. All mines and mining  
22 claims, both placer and rock in place, containing or bearing  
23 gold, silver, copper, lead, coal, or other valuable mineral  
24 deposits, after purchase thereof from the United States,  
25 shall be taxed as all other land is taxed. All machinery

1 ~~used---in---mining---and---all~~ real property and surface  
2 improvements upon or appurtenant to mines and mining claims  
3 which have a value separate and independent of such mines or  
4 mining claims and the annual net proceeds of all mines and  
5 mining claims shall be taxed ~~as other personal property.~~"

6 Section 121. Section 15-23-503, MCA, is amended to  
7 read:

8 "15-23-503. Net proceeds -- how computed. (1) The  
9 department of revenue shall calculate from the returns the  
10 gross product yielded from such mine and its gross value for  
11 the year covered by the statement and shall calculate and  
12 compute the net proceeds of the mine yielded to the person  
13 engaged in mining. Net proceeds shall be determined by  
14 subtracting from the value of the gross product thereof the  
15 following:

16 (a) all royalty paid or apportioned in cash or in kind  
17 by the person so engaged in mining;

18 (b) all moneys expended for necessary labor,  
19 machinery, and supplies needed and used in the mining  
20 operations and developments;

21 (c) all moneys expended for improvements, repairs, and  
22 betterments necessary in and about the working of the mine,  
23 except as hereinafter provided;

24 (d) all moneys expended for costs of repairs and  
25 replacements of the milling and reduction works used in

1 connection with the mine;

2 (e) depreciation in the sum of 6% of the assessed  
3 valuation of such milling and reduction works for the  
4 calendar year for which such return is made;

5 (f) all moneys actually expended for transporting the  
6 ores and mineral products or deposits from the mines to the  
7 mill or reduction works or to the place of sale and for  
8 extracting the metals and minerals therefrom and for  
9 marketing the product and the conversion of the same into  
10 money;

11 (g) all moneys expended for insurance and welfare and  
12 retirement costs reported in the statement required in  
13 15-23-502;

14 (h) all moneys expended for necessary labor,  
15 equipment, and supplies for testing minerals extracted to  
16 satisfy federal or state health and safety laws or  
17 regulations, for plant security in Montana, for assaying and  
18 sampling the extracted minerals, for the cost of reclamation  
19 at the site of the mine, and for engineering and geological  
20 services conducted in Montana for existing mining operations  
21 but not including any such services beyond the stage of  
22 reduction and beneficiation of the minerals.

23 (2) In computing the deductions allowable for repairs,  
24 improvements, and betterments to the mine, the department  
25 shall allow 10% of such cost each year for a period of 10

1 years.

2 (3) No moneys invested in mines or improvements may be  
3 allowed as a deduction unless all ~~machinery, equipment, and~~  
4 ~~buildings~~ improvements represented by such moneys are  
5 returned to the county in which such mine is located for  
6 assessment purposes at the level of assessment of all other  
7 property in such county.

8 (4) No moneys invested in the mines and improvements  
9 during any year except the year for which such statement is  
10 made and except as provided in this section may be included  
11 in such expenditures, and such expenditures may not include  
12 the salaries or any portion thereof of any person or officer  
13 not actually engaged in the working of the mine or  
14 superintending the management thereof."

15 Section 122. Section 15-23-504, MCA, is amended to  
16 read:

17 "15-23-504. Lien of tax and penalty. The tax and  
18 penalty so assessed on net proceeds are a lien upon all of  
19 the right, title, and interest of such operator in or to  
20 such mine or mining claim and upon all of the right, title,  
21 and interest in or to the machinery, buildings, tools, and  
22 equipment, and improvements used in operating the mine or  
23 mining claim. The tax and penalty on such net proceeds may  
24 be collected and the payment enforced by the seizure and  
25 sale of the ~~person's~~ property upon which the tax and penalty



1 are a lien ~~in the same manner as other personal property is~~  
 2 ~~seized and sold for delinquent taxes or by the sale of the~~  
 3 ~~mine and improvements~~, as provided for the sale of real  
 4 property for delinquent taxes, or by the institution of a  
 5 civil action for its collection in any court of competent  
 6 jurisdiction. Resort to ~~any one~~ either of the methods of  
 7 enforcing collection shall not bar the right to resort to  
 8 ~~either or both of the other methods~~ method, but ~~any two or~~  
 9 ~~all of the methods~~ either may be used until the full amount  
 10 of such tax and penalty is collected."

11 Section 123. Section 15-23-508, MCA, is amended to  
 12 read:

13 "15-23-508. Lien of tax -- enforcement of payment. (1)  
 14 The taxes on such net proceeds must be levied as the levy of  
 15 other taxes is provided for, and every such tax is a lien  
 16 upon the mine or mining claim from which the ore or mineral  
 17 products or deposits are mined or extracted and is a prior  
 18 lien upon all ~~personal~~ property and improvements used in the  
 19 process of extracting such ore or mineral products or  
 20 deposits, provided such ~~personal or real~~ property is owned  
 21 by or under lease by the person who extracted said ore,  
 22 mineral products, or deposits.

23 (2) The tax on such net proceeds may be collected and  
 24 the payment thereof enforced by the seizure and sale of the  
 25 ~~personal~~ property upon which the tax is a lien ~~in the same~~

1 ~~manner as other personal property is seized and sold for~~  
 2 ~~delinquent taxes~~ or by the sale of the mine or mining claim  
 3 and improvements, as provided for the sale of real property  
 4 for delinquent taxes, or by the institution of a civil  
 5 action for its collection in any court of competent  
 6 jurisdiction. A resort to ~~any one~~ either of the methods of  
 7 enforcing collection as herein provided for shall not bar  
 8 the right to resort to ~~either or both of the other methods~~,  
 9 ~~but any two or all of the methods herein provided for may be~~  
 10 ~~used until the full amount of such tax is collected~~ method."

11 Section 124. Section 15-23-522, MCA, is amended to  
 12 read:

13 "15-23-522. Surface ground and improvements not  
 14 exempt. Nothing in this part must be construed so as to  
 15 exempt from taxation the surface ground, improvements,  
 16 buildings, erections, or structures, ~~or machinery~~ placed  
 17 upon any mine or mining claim or used in connection  
 18 therewith or supplies used either in mills, reduction works,  
 19 or mines."

20 Section 125. Section 15-23-608, MCA, is amended to  
 21 read:

22 "15-23-608. Lien of tax and penalty -- enforcement of  
 23 payment. (1) The taxes and/or penalties on such net proceeds  
 24 must be levied as the levy of other taxes is provided for.  
 25 Every such tax and/or penalty is a lien upon the mine from

1 which the natural gas, petroleum, or crude or mineral oil is  
 2 mined or extracted and is a prior lien upon all ~~personal~~  
 3 property and improvements used in the process of extracting  
 4 such natural gas, petroleum, or crude or mineral oil;  
 5 provided, however, that such ~~personal-or--real~~ property is  
 6 owned by or under lease by the person who extracted said  
 7 natural gas, petroleum, or other crude or mineral oil.

8 (2) The tax and/or penalty on such net proceeds may be  
 9 collected and the payment thereof enforced by the seizure  
 10 and sale of the ~~personal~~ property upon which the tax and/or  
 11 penalty is a lien ~~in--the--same--manner--as--other--personal~~  
 12 ~~property--is--seized-and-sold-for-delinquent-taxes~~ or by the  
 13 sale of the mine and improvements, as provided for the sale  
 14 of real property for delinquent taxes, or by the institution  
 15 of a civil action for its collection in any court of  
 16 competent jurisdiction; ~~provided, however, that a. A~~ resort  
 17 to ~~any-one either~~ of the methods of enforcing collection, as  
 18 herein provided for, shall not bar the right to resort to  
 19 ~~either-or-both-of~~ the other methods ~~but-that-any-two-or--all~~  
 20 ~~of--the--methods--herein--provided-for-may-be-used-until-the~~  
 21 ~~full-amount-of-such-tax-and/or-penalty-is-collected~~ method."

22 Section 126. Section 15-23-611, MCA, is amended to  
 23 read:

24 "15-23-611. Surface ground and improvements not  
 25 exempt. Nothing in this part must may be construed so as to

1 exempt from taxation the surface ground, improvements,  
 2 buildings, erections, or structures, ~~or--machinery~~ placed  
 3 upon any mine ~~or-supplies-used-in-connection-therewith.~~"

4 Section 127. Section 15-23-704, MCA, is amended to  
 5 read:

6 "15-23-704. Lien of tax -- enforcement of payment. The  
 7 tax on gross proceeds from coal shall be levied as taxes on  
 8 other forms of taxable property, and this tax and the  
 9 severance tax on coal production are each a lien upon the  
 10 coal mine and a prior lien upon all ~~personal~~ property and  
 11 improvements used to produce the coal. These taxes may be  
 12 collected by the seizure and sale of the ~~personal~~ property  
 13 on which the tax is a lien ~~as-provided-under--15-16-113--and~~  
 14 ~~chapter---177--part--97~~ or by suit under 15-16-501 and  
 15 15-16-502."

16 Section 128. Section 15-23-806, MCA, is amended to  
 17 read:

18 "15-23-806. Lien of tax. The tax or penalty on gross  
 19 proceeds is a lien upon the mine from which the metal is  
 20 extracted and is a prior lien upon all owned or leased  
 21 ~~personal~~ property and improvements used in extracting the  
 22 ore or metal. The tax shall be collected in the manner  
 23 provided in chapters 16, 17, and 18 of this title."

24 Section 129. Section 15-24-601, MCA, is amended to  
 25 read:

1 "15-24-601. Assessment and taxation of insurance  
2 companies. Every insurance company organized under the laws  
3 of the state shall be assessed and taxed upon its real  
4 ~~estate-and-personal~~ property and improvements at the same  
5 rate and in the same manner as other property is assessed  
6 and taxed in this state."

7 Section 130. Section 15-24-701, MCA, is amended to  
8 read:

9 "15-24-701. Production credit associations --  
10 assessment and payment. Every production credit association  
11 organized under the provisions of section 1131d of Title 12,  
12 United States Codes Annotated, shall be assessed for and pay  
13 taxes upon all real ~~and-personal~~ property and improvements  
14 owned by such association."

15 Section 131. Section 15-24-801, MCA, is amended to  
16 read:

17 "15-24-801. Savings and loan associations -- taxation.  
18 Every savings and loan association subject to regulation  
19 under Title 32, chapter 2, shall be assessed for and pay  
20 taxes upon all real ~~and-personal~~ property and improvements  
21 owned by the association. The secretary of an association  
22 shall furnish to the department of revenue or its agent in  
23 the county in which the principal office of the association  
24 is located, within 5 days after demand, a condensed  
25 statement verified by his oath of the resources and

1 liabilities of the association as disclosed by its books at  
2 noon on January 1 in each year. If the secretary fails to  
3 make the statement hereby required, the department or its  
4 agent shall immediately obtain the information from any  
5 other available source, and for this purpose it shall have  
6 access to the books of the association. The department or  
7 its agent shall thereupon make an assessment of the real  
8 ~~estate-and-personal~~ property and improvements owned by the  
9 association, which assessment shall be as fair and equitable  
10 as it may be able to make from the best information  
11 available, or the assessor may, for the purpose of the  
12 assessment, adopt the figures disclosed by any prior report  
13 made by the association to any state or federal officer  
14 under a state or federal law. A person required by this  
15 section to make the statement provided for in this section  
16 who fails to furnish it is guilty of a misdemeanor."

17 Section 132. Section 15-24-1101, MCA, is amended to  
18 read:

19 "15-24-1101. Federal property held under contract by  
20 private person subject to taxation. Real ~~and/or-personal~~  
21 property and improvements of the United States or any  
22 department or agency thereof held under contract of sale,  
23 lease, or other interest or estate therein by any person for  
24 his exclusive use shall be subject to assessment for ad  
25 valorem property taxation as provided in this part; provided

1 that this part shall not apply to real property and  
 2 improvements held and in immediate use and occupation by  
 3 this state or any county, municipal corporation, or  
 4 political subdivision therein."

5 Section 133. Section 15-24-1102, MCA, is amended to  
 6 read:

7 "15-24-1102. Federal property held under contract of  
 8 sale. When the property is held under a contract of sale or  
 9 other agreement whereby upon payment the legal title is or  
 10 may be acquired by the person, the real property shall be  
 11 assessed and taxed as ~~defined in 15-6-131 through 15-6-140~~  
 12 provided in chapter 6, part 1, of this title and 15-8-111  
 13 without deduction on account of the whole or any part of the  
 14 purchase price or other sum due on the property remaining  
 15 unpaid. The lien for the tax may not attach to, impair, or  
 16 be enforced against any interest of the United States in the  
 17 real property."

18 Section 134. Section 15-24-1103, MCA, is amended to  
 19 read:

20 "15-24-1103. Federal property held under lease. When  
 21 the property is held under lease, other interest, or estate  
 22 therein less than the fee, except under contract of sale,  
 23 the property shall be assessed and taxed as for the value,  
 24 as ~~defined in 15-6-131 through 15-6-140~~ provided in chapter  
 25 6, part 1, of this title, of such leasehold, interest, or

1 estate in the property and the lien for the tax shall attach  
 2 to and be enforced against only the leasehold, interest, or  
 3 estate in the property. When the United States authorizes  
 4 the taxation of the property for the full assessed value of  
 5 the fee thereof, the property shall be assessed for full  
 6 assessed value as defined in 15-8-111."

7 Section 135. Section 15-24-1104, MCA, is amended to  
 8 read:

9 "15-24-1104. Collection of taxes on interests in  
 10 United States lands. In addition to all other remedies  
 11 available for the collection of taxes, all taxes levied in  
 12 any year against property held as under the provisions of  
 13 this part shall be a debt due and owing from the person so  
 14 holding such property as of the date of delinquency for  
 15 taxes on property for such tax year. If any such tax be not  
 16 paid within 1 year from such date, the county within which  
 17 such property is located may institute for itself, the state  
 18 of Montana, and all other municipal corporations sharing in  
 19 such taxes an action for the collection of said taxes,  
 20 together with interest, costs, and other lawful charges  
 21 thereon. At the time of commencement of such action, the  
 22 county shall have the benefit of all laws of this state  
 23 pertaining to provisional remedies against the properties,  
 24 ~~either real or personal,~~ of said the person."

25 Section 136. Section 15-24-1203, MCA, is amended to

1 read:

2 "15-24-1203. Privilege tax on gainful use of  
3 tax-exempt property -- exceptions. After March 17, 1969,  
4 there is imposed and shall be collected a tax upon the  
5 possession or other beneficial use enjoyed by any private  
6 individual, association, or corporation of any ~~property,~~  
7 ~~real or--personal,~~ property or improvements which for any  
8 reason ~~is~~ are exempt from taxation. No tax may be imposed  
9 upon the possession or other beneficial use of buildings  
10 owned by public entities and located upon public airports.  
11 However, privately owned buildings located on such airport  
12 property are subject to tax. No tax shall be imposed upon  
13 the possession or other beneficial use of public lands  
14 occupied under the terms of mineral, timber, or grazing  
15 leases or permits issued by the United States or the state  
16 of Montana or upon any easement unless the lease, permit, or  
17 easement entitles the lessee or permittee to exclusive  
18 possession of the premises to which the lease, permit, or  
19 easement relates. The tax shall be imposed upon the  
20 possession or other beneficial use of an electric  
21 transmission line and associated facilities, except that  
22 lines and facilities of a design capacity of less than 500  
23 kilovolts shall not be subject to the tax."

24 Section 137. Section 19-11-503, MCA, is amended to  
25 read:

1 "19-11-503. Special tax levy for fund required. (1)  
2 The purpose of this section is to provide a means by which  
3 each disability and pension fund may be maintained at a  
4 level equal to ~~3%~~ 4% of the taxable valuation of all taxable  
5 property within the limits of the city or town.

6 (2) Whenever the fund contains less than ~~3%~~ 4% of the  
7 taxable valuation of all taxable property within the limits  
8 of the city or town, the governing body of the city or town  
9 shall, at the time of the levy of the annual tax, levy a  
10 special tax as provided in 19-11-504. The special tax shall  
11 be collected as other taxes are collected and, when so  
12 collected, shall be paid into the disability and pension  
13 fund.

14 (3) If a special tax for the disability and pension  
15 fund is levied by a third-class city or town using the  
16 all-purpose mill levy, the special tax levy must be made in  
17 addition to the all-purpose levy."

18 Section 138. Section 19-11-504, MCA, is amended to  
19 read:

20 "19-11-504. Amount of special tax levy. Whenever the  
21 fund contains an amount which is less than ~~3%~~ 4% of the  
22 taxable valuation of all taxable property in the city or  
23 town, the city council shall levy an annual special tax of  
24 not less than 1 mill and not more than 4 mills on each  
25 dollar of taxable valuation of all taxable property within

1 the city or town."

2 Section 139. Section 20-9-406, MCA, is amended to  
3 read:

4 "20-9-406. Limitations on amount of bond issue. (1)  
5 The maximum amount for which each school district may become  
6 indebted by the issuance of bonds, including all  
7 indebtedness represented by outstanding bonds of previous  
8 issues and registered warrants, is ~~45%~~ 64% of the taxable  
9 value of the property subject to taxation as ascertained by  
10 the last completed assessment for state, county, and school  
11 taxes previous to the incurring of such indebtedness. The  
12 ~~45%~~ 64% maximum, however, may not pertain to indebtedness  
13 imposed by special improvement district obligations or  
14 assessments against the school district. All bonds issued in  
15 excess of such amount shall be null and void, except as  
16 provided in this section.

17 (2) When the total indebtedness of a school district  
18 has reached the ~~45%~~ 64% limitation prescribed in this  
19 section, the school district may pay all reasonable and  
20 necessary expenses of the school district on a cash basis in  
21 accordance with the financial administration provisions of  
22 this chapter.

23 (3) Whenever bonds are issued for the purpose of  
24 refunding bonds, any moneys to the credit of the debt  
25 service fund for the payment of the bonds to be refunded are

1 applied towards the payment of such bonds and the refunding  
2 bond issue is decreased accordingly."

3 Section 140. Section 20-9-502, MCA, is amended to  
4 read:

5 "20-9-502. Purpose and authorization of a building  
6 reserve fund by an election. (1) The trustees of any  
7 district, with the approval of the qualified electors of the  
8 district, may establish a building reserve for the purpose  
9 of raising money for the future construction, equipping, or  
10 enlarging of school buildings or for the purpose of  
11 purchasing land needed for school purposes in the district.  
12 In order to submit to the qualified electors of the district  
13 a building reserve proposition for the establishment of or  
14 addition to a building reserve, the trustees shall pass a  
15 resolution that specifies:

16 (a) the purpose or purposes for which the new or  
17 addition to the building reserve will be used;

18 (b) the duration of time over which the new or  
19 addition to the building reserve will be raised in annual,  
20 equal installments;

21 (c) the total amount of money that will be raised  
22 during the duration of time specified in subsection (1)(b);  
23 and

24 (d) any other requirements under 20-20-201 for the  
25 calling of an election.

1 (2) The total amount of building reserve when added to  
 2 the outstanding indebtedness of the district shall not be  
 3 more than ~~45%~~ 64% of the taxable value of the taxable  
 4 property of the district. Such limitation shall be  
 5 determined in the manner provided in 20-9-406. A building  
 6 reserve tax authorization shall not be for more than 20  
 7 years.

8 (3) The election shall be conducted in accordance with  
 9 the school election laws of this title, and the electors  
 10 qualified to vote in the election shall be qualified under  
 11 the provisions of 20-20-301. The ballot for a building  
 12 reserve proposition shall be substantially in the following  
 13 form:

14 OFFICIAL BALLOT

15 SCHOOL DISTRICT BUILDING RESERVE ELECTION

16 INSTRUCTIONS TO VOTERS: Make an X or similar mark in  
 17 the vacant square before the words "BUILDING RESERVE--YES"  
 18 if you wish to vote for the establishment of a building  
 19 reserve (addition to the building reserve); if you are  
 20 opposed to the establishment of a building reserve (addition  
 21 to the building reserve) make an X or similar mark in the  
 22 square before the words "BUILDING RESERVE--NO".

23 Shall the trustees be authorized to impose an  
 24 additional levy each year for .... years to establish a  
 25 building reserve (add to the building reserve) of this

1 school district to raise a total amount of .... dollars  
 2 (\$....), for the purpose(s) .... (here state the purpose or  
 3 purposes for which the building reserve will be used)?

4  BUILDING RESERVE--YES.

5  BUILDING RESERVE--NO.

6 (4) The building reserve proposition shall be approved  
 7 if a majority of those electors voting at the election  
 8 approve the establishment of or addition to such building  
 9 reserve. The annual budgeting and taxation authority of the  
 10 trustees for a building reserve shall be computed by  
 11 dividing the total authorized amount by the specified number  
 12 of years. The authority of the trustees to budget and  
 13 impose the taxation for the annual amount to be raised for  
 14 the building reserve shall lapse when, at a later time, a  
 15 bond issue is approved by the qualified electors of the  
 16 district for the same purpose or purposes for which the  
 17 building reserve fund of the district was established.  
 18 Whenever a subsequent bond issue is made for the same  
 19 purpose or purposes of a building reserve, the money in the  
 20 building reserve shall be used for such purpose or purposes  
 21 before any money realized by the bond issue is used."

22 Section 141. Section 25-13-404, MCA, is amended to  
 23 read:

24 "25-13-404. Return of the execution. (1) Except as  
 25 provided in subsection (2), execution may be made

1 returnable, at any time not less than 10 days or more than  
2 60 days after its receipt by the sheriff, to the clerk of  
3 the court in which the judgment was rendered.

4 (2) The writ of execution issued by the county  
5 treasurer ~~under 15-16-401~~ may be made returnable, at any  
6 time not less than 10 days or more than 90 days after its  
7 receipt by the sheriff, to the county treasurer of the  
8 county in which the writ was issued."

9 Section 142. Section 33-7-407, MCA, is amended to  
10 read:

11 "33-7-407. Taxes. Every society organized or licensed  
12 under this chapter is hereby declared to be a charitable and  
13 benevolent institution, and all of its funds shall be exempt  
14 from all and every state, county, district, municipal, and  
15 school tax other than taxes on gross receipts taxable under  
16 the sales and use tax and taxes on real estate property and  
17 office-equipment improvements."

18 Section 143. Section 61-3-501, MCA, is amended to  
19 read:

20 "61-3-501. When vehicle taxes and fees are due. (1)  
21 Property All taxes, including new car taxes, light vehicle  
22 license fees, and fees in lieu of tax on a motorcycle,  
23 quadricycle, motor home, or travel trailer, must be paid on  
24 the date of registration or reregistration of the vehicle.

25 (2) If the anniversary date for reregistration of a

1 vehicle passes while the vehicle is owned and held for sale  
2 by a licensed new or used car dealer, property taxes, light  
3 vehicle license fees, or the fee in lieu of property taxes  
4 abate abates on such vehicle properly reported with the  
5 department of revenue until the vehicle is sold and  
6 thereafter the purchaser shall pay the pro rata balance of  
7 the taxes or the fee in lieu of tax due and owing on the  
8 vehicle.

9 (3) In the event a vehicle's registration period is  
10 changed under 61-3-315, all taxes and other fees due thereon  
11 shall be prorated and paid from the last day of the old  
12 period until the first day of the new period in which the  
13 vehicle shall be registered. Thereafter taxes and other fees  
14 must be paid from the first day of the new period for a  
15 minimum period of 1 year. When the change is to a later  
16 registration period, taxes and fees shall be prorated and  
17 paid based on the same tax year as the original registration  
18 period. Thereafter, during the appropriate anniversary  
19 registration period, each vehicle shall again register or  
20 reregister and shall pay all taxes and fees due thereon for  
21 a 12-month period."

22 Section 144. Section 61-3-531, MCA, is amended to  
23 read:

24 "61-3-531. Light-vehicle Vehicle fee -- definitions.  
25 As used in 61-3-531 through 61-3-536 and [sections 62



1 through 64], the following definitions apply:

2 (1) "Heavy vehicle" means an automobile or a truck,  
3 either having a rated capacity of more than three-quarters  
4 of a ton.

5 ~~(1)~~(2) "Light vehicle" means an automobile or a truck  
6 having a rated capacity of three-quarters of a ton or less.

7 ~~(2)~~(3) "Vehicle age" means the difference between the  
8 calendar year of the first day of the registration period  
9 and the manufacturer's designated model year."

10 Section 145. Section 61-3-701, MCA, is amended to  
11 read:

12 "61-3-701. Foreign vehicles used in gainful occupation  
13 to be registered -- reciprocity. (1) Before any foreign  
14 licensed motor vehicle may be operated on the highways of  
15 this state for hire, compensation, or profit or before the  
16 owner and/or user thereof uses the vehicle if such owner  
17 and/or user is engaged in gainful occupation or business  
18 enterprise in the state, including highway work, the owner  
19 of the vehicle shall make application to a county treasurer  
20 for registration upon an application form furnished by the  
21 department. Upon satisfactory evidence of ownership  
22 submitted to the county treasurer and the payment of  
23 ~~property--taxes,--if--appropriate,--as--required--by--15-8-2017~~  
24 ~~15-8-202,--or--15-24-301~~ the heavy vehicle, truck tractor, and  
25 semitrailer highway use fee or the payment of the light

1 vehicle license fee as provided by 61-3-532 or the fee in  
2 lieu of tax as provided by 61-3-541, the treasurer shall  
3 accept the application for registration and shall collect  
4 the regular license fee required for the vehicle.

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

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

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

22 Section 146. Section 61-12-206, MCA, is amended to  
23 read:

24 "61-12-206. Offenses for which arrest authorized. (1)  
25 Employees appointed under 61-12-201 may make arrests for

1 violations of the following statutory provisions only:

- 2 (a) part 1, chapter 10, of this title;  
 3 (b) part 3, chapter 4, of this title;  
 4 ~~(c) sections 15-24-201 through 15-24-205;~~  
 5 ~~(d)~~(c) sections 15-70-302 through 15-70-307;  
 6 ~~(e)~~(d) sections 15-70-311 through 15-70-314;  
 7 ~~(f)~~(e) section 61-3-502(1);  
 8 ~~(g)~~(f) sections 61-10-201 through 61-10-215;  
 9 ~~(h)~~(g) sections 61-10-222 through 61-10-224;  
 10 ~~(i)~~(h) sections 61-10-231 through 61-10-233.

11 (2) These employees may not arrest for violations  
 12 other than specified in this section."

13 Section 147. Section 67-3-201, MCA, is amended to  
 14 read:

15 "67-3-201. Aircraft registration and licensing. (1)  
 16 Except as provided in 67-3-102 and in subsection ~~(7)~~ (6) of  
 17 this section, a person may not operate or cause or authorize  
 18 to be operated a civil aircraft within this state unless the  
 19 aircraft has an appropriate effective registration, license,  
 20 certificate, or permit issued or approved by the United  
 21 States government which has been registered with the  
 22 department and the registration with the department is in  
 23 force.

24 (2) Aircraft customarily kept in this state shall be  
 25 registered with the department, which may charge a fee

1 therefor of not more than \$10. The registration shall be  
 2 renewed annually on or before March 1 each year.

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

- 5 (a) aircraft owned and operated by the federal  
 6 government, the state, or any political subdivision thereof;  
 7 (b) aircraft owned and held by an aircraft dealer  
 8 solely for the purpose of resale;

9 (c) aircraft operated by an airline company and  
 10 regularly scheduled for the primary purpose of carrying  
 11 persons or property for hire in interstate or international  
 12 transportation; or

13 (d) dismantled or otherwise nonflyable aircraft.

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

23 ~~(5) Except as provided in 15-6-210, all aircraft shall~~  
 24 ~~be subject to all state, county, and school district tax~~  
 25 ~~levies and all other levies designated for aircraft or~~

1 ~~airport-related--uses--Such-aircraft-shall-not-be-liable-for~~  
2 ~~other-city-tax-levies.~~

3 ~~{6}{5}~~ Aircraft not registered in the state but  
4 entering the state to engage in commercial operations shall  
5 be registered prior to commencing operation.

6 ~~{7}{6}~~ Owners of ultralight aircraft for which no  
7 appropriate effective license, certificate, or permit is  
8 issued by the United States government shall file with the  
9 department an appropriate registration recognized and  
10 approved by the United States government."

11 Section 148. Section 67-3-202, MCA, is amended to  
12 read:

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

24 ~~{2}--Except--for-aircraft-exempt-from-property-taxation~~  
25 ~~as-provided-in-15-6-2107--an--application--for--registration~~

1 ~~shall--be--accompanied--by--a--copy--of--the--receipt-for-or~~  
2 ~~statement-of-personal--property--tax--paid,--signed--by--the~~  
3 ~~treasurer-of-the-county-where-the-aircraft-is-registered,--or~~  
4 ~~a-statement-of-lien-assignment-against-real-property,--signed~~  
5 ~~by--the--county-assessor-where-the-aircraft-is-registered--A~~  
6 ~~person-who-pays-personal-property-tax-on-his-aircraft-to-any~~  
7 ~~jurisdiction-other-than-the-county--where--the--aircraft--is~~  
8 ~~required--to--be--registered--is--liable-for-the-tax-in-that~~  
9 ~~county-without-credit-for-such-other-taxes-paid,--in-addition~~  
10 ~~to-this-civil-liability,--a-person-who-attempts-to--establish~~  
11 ~~the-situs-of-his-aircraft-in-any-jurisdiction-other-than-the~~  
12 ~~county--where-the-aircraft-is-required-to-be-registered-with~~  
13 ~~intent-to-avoid-payment-of-taxes-to-that-county-commits--the~~  
14 ~~offense-of-false-swearing-as-defined-in-45-7-202;~~

15 ~~{3}{2}~~ A person who operates an aircraft required to  
16 be registered in the state without having displayed upon  
17 such aircraft a certificate of registration issued by the  
18 department for that aircraft commits a misdemeanor."

19 Section 149. Section 81-6-101, MCA, is amended to  
20 read:

21 "81-6-101. Petition for county livestock protective  
22 committee -- members -- term. (1) The board of county  
23 commissioners must, upon receipt of a petition or petitions  
24 to do so, establish a county livestock protective committee  
25 of three members. The petition or petitions must be signed

1 by at least 51% of the owners of cattle in the county and  
 2 such petitioners owning shall own at least 55% of the cattle  
 3 as shown by the most recent completed assessment records of  
 4 the county assessor, ~~set-up-a-county-livestock-protective~~  
 5 ~~committee-of-three-members~~ treasurer.

6 (2) Members appointed to serve on such committee shall  
 7 be residents of the county engaged in the business of  
 8 raising cattle. If there be in the county any organization  
 9 of cattle growers, the county commissioners shall give  
 10 preference to names submitted by any such group for  
 11 appointment to such committee. The term for which said  
 12 committee members shall be appointed shall be 2 years with  
 13 two members of the first committee named to serve for 2  
 14 years, one member to serve for 1 year. Members of such  
 15 committee shall receive no remuneration or reimbursement for  
 16 expenses for serving on said committee.

17 (3) By "organization of cattle growers", as used in  
 18 this section, is meant any group or organization holding  
 19 regular meetings at least annually, having officers, and  
 20 composed predominantly of cattle growers resident in the  
 21 county, with its membership open to cattle growers willing  
 22 to abide by its governing rules or bylaws, and its general  
 23 purpose being the promotion of the interests of its members  
 24 in matters pertaining to the cattle or livestock industry.

25 (4) If owners of sheep in the county desire to come

1 under the provisions of this part in cooperation with owners  
 2 of cattle, they shall file a like petition to that set out  
 3 herein for owners of cattle, and in such case at least one  
 4 member of said livestock protective committee shall be a  
 5 sheep grower and where the word "cattle" appears in this  
 6 part, it shall be deemed to comprehend also the word  
 7 "sheep".

8 (5) Owners of sheep alone may form a county livestock  
 9 protective committee, in which case the word "cattle" as in  
 10 this part contained shall be considered as if it were the  
 11 word "sheep"; and provided further that the levy as provided  
 12 in 81-6-104 hereof shall, in the case of sheep, not exceed 5  
 13 cents per head."

14 Section 150. Section 81-6-104, MCA, is amended to  
 15 read:

16 "81-6-104. Tax levy -- special fund. Said The county  
 17 livestock protective committee may recommend to the board of  
 18 county commissioners the levy of a tax in an amount not to  
 19 exceed 50 cents per head on all assessable cattle in the  
 20 county on January 1, and the board of county commissioners  
 21 shall thereupon be empowered to levy such tax, to be  
 22 collected as other taxes on personal property and when  
 23 collected to be deposited by the county treasurer in a  
 24 special fund to be known as the stockmen's special deputy  
 25 fund, together with any other funds made available from

1 county, state, federal, or private sources for the purposes  
2 of this part."

3 Section 151. Section 81-6-204, MCA, is amended to  
4 read:

5 "81-6-204. Tax levy -- deposit of proceeds. Said  
6 district cattle protective committee may recommend to the  
7 board of county commissioners the levy of a tax in an amount  
8 not to exceed 50 cents per head on all assessable cattle in  
9 the district on January 1, and the board of county  
10 commissioners shall thereupon be empowered to levy such tax,  
11 to be collected as other taxes on personal property and when  
12 collected to be deposited in the county treasury of one of  
13 the counties in the district, to be selected by the district  
14 cattle protective committee, in a special fund to be known  
15 as the stockmen's special deputy fund, together with any  
16 other funds made available from county, state, federal, or  
17 private sources for the purposes of this part."

18 Section 152. Section 81-6-209, MCA, is amended to  
19 read:

20 "81-6-209. Tax levy -- deposit of proceeds. Said  
21 district cattle protective committee may recommend to the  
22 board of county commissioners the levy of a tax in an amount  
23 not to exceed 50 cents per head on all assessable cattle in  
24 the district on January 1, and the board of county  
25 commissioners shall thereupon be empowered to levy such tax,

1 to be collected as other taxes on personal property and when  
2 collected to be deposited in the county treasury in a  
3 special fund to be known as the stockmen's special deputy  
4 fund, together with any other funds made available from  
5 county, state, federal, or private sources for the purposes  
6 of this part."

7 Section 153. Section 81-7-103, MCA, is amended to  
8 read:

9 "81-7-103. Administration of funds by the department.  
10 The department shall administer and expend for predatory  
11 animal extermination and control all money which is made  
12 available to it, including the money ~~from the levy~~ allocated  
13 for this purpose under 81-7-104 and all money which is made  
14 available to the department by appropriations made by the  
15 legislature for predatory animal control by the department.  
16 The department shall expend the funds for predatory animal  
17 control by all effective means responsive to the necessities  
18 of control in various areas of the state, including  
19 employment of hunters, trappers, and other personnel,  
20 procurement of traps, poisons, equipment, and supplies, and  
21 payment of bounties in the discretion of the department at  
22 those times of the year it considers advisable."

23 Section 154. Section 81-7-104, MCA, is amended to  
24 read:

25 "81-7-104. ~~Levy for predator~~ Predator control moneys

1 -- use of proceeds. (1) The department of revenue shall  
 2 annually levy an ad valorem tax on all livestock in the  
 3 state of Montana livestock shall allocate a portion of the  
 4 levy under [sections 65 and 66] for the purpose of  
 5 protecting them livestock and poultry in the state against  
 6 destruction, depredation, and injury by wild animals,  
 7 whether the livestock is on lands in private ownership, in  
 8 the ownership of the state, or in the ownership of the  
 9 United States, including open ranges and all lands in or of  
 10 the public domain. This protection may be by any means of  
 11 effective predatory animal destruction, extermination, and  
 12 control, including systematic hunting and trapping and  
 13 payment of bounties. ~~The tax levy may not exceed in any one~~  
 14 ~~year 15 mills on the taxable value of all sheep and 10 mills~~  
 15 ~~on the taxable value of other livestock.~~

16 (2) The moneys received from the tax levies shall be  
 17 transmitted monthly with other taxes for state purposes by  
 18 the county treasurer of each county to the state treasury.  
 19 ~~The state treasurer shall place the money in the state~~  
 20 ~~special revenue fund with the other moneys as provided in~~  
 21 ~~81-7-119. The moneys shall thereafter~~ be paid out only on  
 22 claims duly and regularly presented to the department of  
 23 livestock and approved by the department in accordance with  
 24 the law applicable either to claims for bounties or for  
 25 other expenditures necessary and proper for predatory animal

1 control by means and methods other than payment of bounties,  
 2 as determined by the department. ~~All the moneys~~ Money  
 3 designated for predator control shall be available for the  
 4 payment of bounty claims and for expenditures for planned,  
 5 seasonal, or other campaigns directed or operated by the  
 6 department in cooperation with other agencies for the  
 7 systematic destruction, extermination, and control of  
 8 predatory wild animals, as determined by the department and  
 9 its advisory committee. No claims may be approved in excess  
 10 of moneys available for such purposes, and no warrants may  
 11 be registered against the moneys."

12 Section 155. Section 81-7-202, MCA, is amended to  
 13 read:

14 "81-7-202. Signers of petition -- time for presenting  
 15 -- limitation on bounties -- bounty inspectors. (1) The  
 16 petition provided for in 81-7-201 shall be signed by the  
 17 owners, agent, or agents of not less than 51% of the  
 18 livestock of such county ~~as ascertained from the assessment~~  
 19 ~~books of such county~~ and shall recommend to the board of  
 20 county commissioners the bounties to be paid on such  
 21 predatory animals, which shall not exceed the following:

- 22 (a) on each wolf or mountain lion, \$100;  
 23 (b) on each wolf pup or mountain lion kitten, \$20;  
 24 (c) on one coyote, \$5;  
 25 (d) on each coyote pup, \$2.50.

1           (2) Such petition shall be presented not later than  
2 August 1 of each year, and the board of county commissioners  
3 on determining the sufficiency of such petition shall make  
4 an order granting such petition, which order shall fix the  
5 levy for that year and the amount of the bounties to be paid  
6 for the killing of each such predatory animal, which shall  
7 not exceed the amounts recommended in such petition, and  
8 appoint not less than 10 or more than 20 stockowners of such  
9 county to be bounty inspectors under this part, without  
10 compensation, who shall hold their offices for 1 year."

11           Section 156. Section 81-7-303, MCA, is amended to  
12 read:

13           "81-7-303. County commissioners permitted to require  
14 per capita license fee on sheep. (1) To defray the expense  
15 of such protection the board of county commissioners of any  
16 county shall have the power to require all owners or persons  
17 in possession of any sheep coming 1 year old or over in the  
18 county on the regular assessment date of each year to pay a  
19 license fee in an amount to be determined by the board on a  
20 per head basis for sheep so owned or possessed by him in the  
21 county. All owners or persons in possession of any sheep  
22 coming 1 year old or over coming into the county after the  
23 regular assessment date ~~and subject to taxation under the~~  
24 ~~provisions of 15-24-301~~ shall also be subject to payment of  
25 the license fee herein prescribed.

1           (2) Upon the order of the board of county  
2 commissioners such license fees may be imposed by the entry  
3 thereof in the name of the licensee upon the property tax  
4 rolls of the county by the county assessor. Said license  
5 fees shall be payable to and collected by the county  
6 treasurer, and when so levied, shall be a lien upon the  
7 property, both real and personal, of the licensee. In case  
8 the person against whom said license fee is levied owns no  
9 real estate against which said license fee is or may become  
10 a lien, then said license fee shall be payable immediately  
11 upon its levy and the treasurer shall collect the same in  
12 the manner provided by law for the collection of ~~personal~~  
13 ~~property taxes which are not a lien upon real estate.~~

14           (3) When collected, said fees shall be placed by the  
15 treasurer in the predatory animal control fund and the  
16 moneys in said fund shall be expended on order of the board  
17 of county commissioners of the county for predatory animal  
18 control only."

19           Section 157. Section 81-7-305, MCA, is amended to  
20 read:

21           "81-7-305. Duty of county commissioners -- petition of  
22 sheep owners -- license fees. (1) In conducting a predatory  
23 animal control program, the board of county commissioners  
24 shall give preference to recommendations for such program  
25 and its incidents as made by organized associations of sheep

1 growers in the county. Upon petition of the resident owners  
 2 of at least 51% of the sheep in the county, ~~as shown by the~~  
 3 ~~assessment rolls of the last preceding assessment,~~ which  
 4 petition shall be filed with the board of county  
 5 commissioners on or before the first Monday in December in  
 6 any year, such board shall establish the predatory animal  
 7 control program and cause said licenses to be secured and  
 8 issued and the fees collected for the following year in such  
 9 amount as will defray the cost of administering the program  
 10 so established. The license fee determined and set by the  
 11 board shall remain in full force and effect from year to  
 12 year without change, unless there is filed with the board a  
 13 petition subscribed by the resident owners of at least 51%  
 14 of the sheep in the county, ~~as shown by the assessment rolls~~  
 15 ~~of the last assessment preceding the filing of the petition,~~  
 16 for termination of the program and repeal of the license  
 17 fee, in which event the program shall by order of the board  
 18 of county commissioners be disestablished and the license  
 19 fee shall not be further levied.

20 (2) If the resident owners of at least 51% of the  
 21 sheep in the county either petition for an increase in the  
 22 license fee or petition for a decrease in the license fee  
 23 then in force, the board of county commissioners shall upon  
 24 receipt of any such petition fix a new license fee to  
 25 continue from year to year and the program shall thereupon

1 continue within the limits of the aggregate amount of the  
 2 license fee as collected from year to year."

3 Section 158. Section 81-8-804, MCA, is amended to  
 4 read:

5 "81-8-804. Assessments -- refunds. (1) There is  
 6 levied, ~~in addition to the tax on livestock prescribed in~~  
 7 ~~title 15, chapter 24, part 9,~~ a per head tax of 25 cents on  
 8 each head of cattle that is more than 9 months of age and is  
 9 owned or possessed within a county for the support and  
 10 maintenance of research into beef production as provided in  
 11 this part. The tax shall be paid to the county treasurer of  
 12 that county on or before March 1 of each year.

13 (2) The tax required in subsection (1) must be paid  
 14 for each head of cattle that is more than 9 months of age  
 15 and is brought into the county after March 1 ~~and is subject~~  
 16 ~~to taxation and assessment under 15-24-301.~~

17 (3) Each county is entitled to receive \$250 annually  
 18 as reimbursement for the administration of this section.

19 (4) A person who has paid the tax required by this  
 20 section may obtain a refund of the tax upon submission of a  
 21 written request to the department. The application must be  
 22 made within 30 days after the payment of the tax and on  
 23 forms furnished by the department. The department shall,  
 24 upon receipt of a timely and otherwise properly submitted  
 25 refund request, refund the tax."



1 Section 159. Section 85-7-2001, MCA, is amended to  
2 read:

3 "85-7-2001. Limitations on debt-incurring power. (1)  
4 The board of commissioners or other officers of the district  
5 may not incur any debt or liability, either by issuing bonds  
6 or otherwise, except as provided in this chapter. No  
7 irrigation district may become indebted, in any manner or  
8 for any purpose in any one year, in an amount exceeding  
9 ~~10-75%~~ 27% of the assessed valuation of the district, except  
10 as provided in subsection (2).

11 (2) (a) For the purpose of organization; for any of  
12 the immediate purposes of this chapter; to make or purchase  
13 surveys, plans, and specifications; for stream gauging and  
14 gathering data; or to make any repairs occasioned by any  
15 calamity or other unforeseen contingency, the board of  
16 commissioners may, in any one year, incur the indebtedness  
17 of as many dollars as there are acres in the district and  
18 may cause warrants of the district to issue therefor.

19 (b) For the purpose of organization, for any of the  
20 immediate purposes of this chapter, or to meet the expenses  
21 occasioned by any calamity or other unforeseen contingency,  
22 the board of commissioners may, in any one year, incur (in  
23 addition to the ~~10-75%~~ 27% limitation of subsection (1)) an  
24 additional indebtedness not exceeding ~~12-5%~~ 18% of the  
25 assessed valuation of the district and may cause warrants of

1 the district to issue therefor.

2 (c) The limitation of subsection (1) does not apply to  
3 warrants issued for unpaid interest on the valid bonds of  
4 any irrigation district.

5 (d) The limitation of subsection (1) does not apply to  
6 any bonds issued under this chapter pursuant to a provision  
7 which expressly supersedes the limitation.

8 (3) Any debt or liability incurred in excess of the  
9 limitations provided by the irrigation district laws is  
10 void."

11 NEW SECTION. Section 160. Sales and use tax account.  
12 (1) There is a sales and use tax account within the state  
13 special revenue fund.

14 (2) Funds in the account must be distributed as  
15 provided in [section 161].

16 (3) All receipts collected from the sales and use tax  
17 under the provisions of [sections 1 through 61] and all  
18 money appropriated to the account must be deposited in the  
19 account.

20 NEW SECTION. Section 161. Disposition of sales and  
21 use tax proceeds. (1) Funds in the sales and use tax account  
22 created in [section 160] must be distributed as follows:

23 (a) 67.5% to the local government block grant account  
24 created in 7-6-302;

25 (b) 7.5% to the state special revenue fund for the

1 support, maintenance, and improvement of the Montana  
 2 university system and other public educational institutions  
 3 subject to board of regents supervision; and

4 (c) 25% to the state general fund.

5 (2) The distributions made under subsection (1) are  
 6 statutorily appropriated, as provided in 17-7-502.

7 Section 162. Section 17-7-502, MCA, is amended to  
 8 read:

9 "17-7-502. Statutory appropriations -- definition --  
 10 requisites for validity. (1) A statutory appropriation is an  
 11 appropriation made by permanent law that authorizes spending  
 12 by a state agency without the need for a biennial  
 13 legislative appropriation or budget amendment.

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

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

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

22 (3) The following laws are the only laws containing  
 23 statutory appropriations:

24 (a) 2-9-202;

25 (b) 2-17-105;

1 (c) 2-18-812;

2 (d) 10-3-203;

3 (e) 10-3-312;

4 (f) 10-3-314;

5 (g) 10-4-301;

6 (h) 13-37-304;

7 (i) 15-31-702;

8 (j) 15-36-112;

9 (k) 15-70-101;

10 (l) 16-1-404;

11 (m) 16-1-410;

12 (n) 16-1-411;

13 (o) 17-3-212;

14 (p) 17-5-404;

15 (q) 17-5-424;

16 (r) 17-5-804;

17 (s) 19-8-504;

18 (t) 19-9-702;

19 (u) 19-9-1007;

20 (v) 19-10-205;

21 (w) 19-10-305;

22 (x) 19-10-506;

23 (y) 19-11-512;

24 (z) 19-11-513;

25 (aa) 19-11-606;

1 (bb) 19-12-301;  
 2 (cc) 19-13-604;  
 3 (dd) 20-6-406;  
 4 (ee) 20-8-111;  
 5 (ff) 23-5-612;  
 6 (gg) 37-51-501;  
 7 (hh) 53-24-206;  
 8 (ii) 75-1-1101;  
 9 (jj) 75-7-305;  
 10 (kk) 80-2-103;  
 11 (ll) 80-2-228;  
 12 (mm) 90-3-301;  
 13 (nn) 90-3-302;  
 14 (oo) 90-15-103; and  
 15 (pp) Sec. 13, HB 861, L. 1985; and  
 16 (qq) [section 161].  
 17 (4) There is a statutory appropriation to pay the  
 18 principal, interest, premiums, and costs of issuing, paying,  
 19 and securing all bonds, notes, or other obligations, as due,  
 20 that have been authorized and issued pursuant to the laws of  
 21 Montana. Agencies that have entered into agreements  
 22 authorized by the laws of Montana to pay the state  
 23 treasurer, for deposit in accordance with 17-2-101 through  
 24 17-2-107, as determined by the state treasurer, an amount  
 25 sufficient to pay the principal and interest as due on the

1 bonds or notes have statutory appropriation authority for  
 2 such payments."  
 3 Section 163. Section 20-9-141, MCA, is amended to  
 4 read:  
 5 "20-9-141. Computation of general fund net levy  
 6 requirement by county superintendent. (1) The county  
 7 superintendent shall compute the levy requirement for each  
 8 district's general fund on the basis of the following  
 9 procedure:  
 10 (a) Determine the total of the funding required for  
 11 the district's final general fund budget less the amount  
 12 established by the schedules in 20-9-316 through 20-9-321 by  
 13 totaling:  
 14 (i) the district's nonisolated school foundation  
 15 program requirement to be met by a district levy as provided  
 16 in 20-9-303;  
 17 (ii) the district's permissive levy amount as provided  
 18 in 20-9-352; and  
 19 (iii) any general fund budget amount adopted by the  
 20 trustees of the district under the provisions of 20-9-353,  
 21 including any additional levies authorized by the electors  
 22 of the district.  
 23 (b) Determine the total of the moneys available for  
 24 the reduction of the property tax on the district for the  
 25 general fund by totaling:

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

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

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

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

12 (v) anticipated or reappropriated motor vehicle fees  
13 and reimbursement under the provisions of 61-3-532 and  
14 61-3-536;

15 (vi) anticipated net proceeds taxes for new production,  
16 as defined in 15-23-601;

17 (vii) anticipated interest to be earned or  
18 reappropriated interest earned by the investment of general  
19 fund cash in accordance with the provisions of 20-9-213(4);  
20 and

21 (viii) anticipated sales and use tax revenue  
22 distributed through the local government block grant  
23 program; and

24 ~~(viii)~~(ix) any other revenue anticipated by the  
25 trustees to be received during the ensuing school fiscal

1 year which may be used to finance the general fund.

2 (c) Subtract the total of the moneys available to  
3 reduce the property tax required to finance the general fund  
4 that has been determined in subsection (1)(b) from the total  
5 requirement determined in subsection (1)(a).

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

12 Section 164. Section 20-9-331, MCA, is amended to  
13 read:

14 "20-9-331. Basic county tax and other revenues for  
15 county equalization of the elementary district foundation  
16 program. (1) It shall be the duty of the county  
17 commissioners of each county to levy an annual basic tax of  
18 28 mills on the dollars of the taxable value of all taxable  
19 property within the county for the purposes of local and  
20 state foundation program support. The revenue to be  
21 collected from this levy shall be apportioned to the support  
22 of the foundation programs of the elementary school  
23 districts in the county and to the state special revenue  
24 fund, state equalization aid account, in the following  
25 manner:

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

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

16 (2) The proceeds realized from the county's portion of  
17 the levy prescribed by this section and the revenues from  
18 the following sources shall be used for the equalization of  
19 the elementary district foundation programs of the county as  
20 prescribed in 20-9-334, and a separate accounting shall be  
21 kept of such proceeds and revenues by the county treasurer  
22 in accordance with 20-9-212(1);

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

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

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

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

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

17 (f) net proceeds taxes for new production, as defined  
18 in 15-23-601; and

19 (g) sales and use tax revenue distributed through the  
20 local government block grant program."

21 Section 165. Section 20-9-333, MCA, is amended to  
22 read:

23 "20-9-333. Basic special levy and other revenues for  
24 county equalization of high school district foundation  
25 program. (1) It shall be the duty of the county

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

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

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

25 (2) The proceeds realized from the county's portion of

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

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

11 (b) any federal or state moneys, including anticipated  
 12 or reappropriated motor vehicle fees and reimbursement under  
 13 the provisions of 61-3-532 and 61-3-536, distributed to the  
 14 county as a payment in lieu of the property taxation  
 15 established by the county levy required by this section; and

16 (c) net proceeds taxes for new production, as defined  
 17 in 15-23-601; and

18 (d) sales and use tax revenue distributed through the  
 19 local government block grant program."

20 Section 166. Section 20-9-352, MCA, is amended to  
 21 read:

22 "20-9-352. Permissive amount and permissive levy. (1)  
 23 Whenever the trustees of any district shall deem it  
 24 necessary to adopt a general fund budget in excess of the  
 25 foundation program amount but not in excess of the maximum

1 general fund budget amount for such district as established  
 2 by the schedules in 20-9-316 through 20-9-321, the trustees  
 3 shall adopt a resolution stating the reasons and purposes  
 4 for exceeding the foundation program amount. Such excess  
 5 above the foundation program amount shall be known as the  
 6 "permissive amount", and it shall be financed by a levy on  
 7 the taxable value of all taxable property within the  
 8 district as prescribed in 20-9-141, supplemented with any  
 9 biennial appropriation by the legislature for this purpose.  
 10 The proceeds of such an appropriation shall be deposited to  
 11 the state special revenue fund, permissive account.

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

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

1 government block grant program is not sufficient to fund the  
 2 permissive amount in full, the amount of the deficiency  
 3 shall be paid to the district from the state special revenue  
 4 fund according to the provisions of subsections (3) and (4)  
 5 of this section.

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

23 (3) The superintendent of public instruction shall, if  
 24 the appropriation by the legislature for the permissive  
 25 account for the biennium is insufficient, request the budget

1 director to submit a request for a supplemental  
 2 appropriation in the second year of the biennium. The  
 3 supplemental appropriation shall provide enough revenue to  
 4 fund the permissive deficiency of the elementary and high  
 5 school districts of the state. The proceeds of this  
 6 appropriation shall be deposited to the state special  
 7 revenue fund, permissive account, and shall be distributed  
 8 to the elementary and high school districts in accordance  
 9 with their entitlements as determined by the superintendent  
 10 of public instruction according to the provisions of  
 11 subsections (1) and (2) of this section.

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

1 insufficient to meet foundation program requirements."

2 Section 167. Section 20-9-501, MCA, is amended to  
 3 read:

4 "20-9-501. Retirement fund. (1) The trustees of any  
 5 district employing personnel who are members of the  
 6 teachers' retirement system or the public employees'  
 7 retirement system or who are covered by unemployment  
 8 insurance or who are covered by any federal social security  
 9 system requiring employer contributions shall establish a  
 10 retirement fund for the purposes of budgeting and paying the  
 11 employer's contributions to such systems. The district's  
 12 contribution for each employee who is a member of the  
 13 teachers' retirement system shall be calculated in  
 14 accordance with Title 19, chapter 4, part 6. The district's  
 15 contribution for each employee who is a member of the public  
 16 employees' retirement system shall be calculated in  
 17 accordance with 19-3-801. The district may levy a special  
 18 tax to pay its contribution to the public employees'  
 19 retirement system under the conditions prescribed in  
 20 19-3-204. The district's contributions for each employee  
 21 covered by any federal social security system shall be paid  
 22 in accordance with federal law and regulation. The  
 23 district's contribution for each employee who is covered by  
 24 unemployment insurance shall be paid in accordance with  
 25 Title 39, chapter 51, part 11.



1 (2) The trustees of any district required to make a  
 2 contribution to any such system shall include in the  
 3 retirement fund of the preliminary budget the estimated  
 4 amount of the employer's contribution and such additional  
 5 moneys, within legal limitations, as they may wish to  
 6 provide for the retirement fund cash reserve. After the  
 7 final retirement fund budget has been adopted, the trustees  
 8 shall pay the employer contributions to such systems in  
 9 accordance with the financial administration provisions of  
 10 this title.

11 (3) When the final retirement fund budget has been  
 12 adopted, the county superintendent shall establish the levy  
 13 requirement by:

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

16 (i) any anticipated moneys that may be realized in the  
 17 retirement fund during the ensuing school fiscal year,  
 18 including anticipated motor vehicle fees and reimbursement  
 19 under the provisions of 61-3-532 and 61-3-536;

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

22 (iii) sales and use tax revenue distributed through the  
 23 local government block grant program; and

24 ~~††††~~(iv) any cash available for reappropriation as  
 25 determined by subtracting the amount of the end-of-the-year

1 cash balance earmarked as the retirement fund cash reserve  
 2 for the ensuing school fiscal year by the trustees from the  
 3 end-of-the-year cash balance in the retirement fund. The  
 4 retirement fund cash reserve shall not be more than 35% of  
 5 the final retirement fund budget for the ensuing school  
 6 fiscal year and shall be used for the purpose of paying  
 7 retirement fund warrants issued by the district under the  
 8 final retirement fund budget.

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

13 (4) The county superintendent shall total the net  
 14 retirement fund levy requirements separately for all  
 15 elementary school districts, all high school districts, and  
 16 all community college districts of the county, including any  
 17 prorated joint district or special education cooperative  
 18 agreement levy requirements, and shall report each such levy  
 19 requirement to the county commissioners on the second Monday  
 20 of August as the respective county levy requirements for  
 21 elementary district, high school district, and community  
 22 college district retirement funds. The county commissioners  
 23 shall fix and set such county levy in accordance with  
 24 20-9-142.

25 (5) The net retirement fund levy requirement for a

1 joint elementary district or a joint high school district  
 2 shall be prorated to each county in which a part of such  
 3 district is located in the same proportion as the district  
 4 ANB of the joint district is distributed by pupil residence  
 5 in each such county. The county superintendents of the  
 6 counties affected shall jointly determine the net retirement  
 7 fund levy requirement for each county as provided in  
 8 20-9-151.

9 (6) The net retirement fund levy requirement for  
 10 districts that are members of special education cooperative  
 11 agreements shall be prorated to each county in which such  
 12 district is located in the same proportion as the budget for  
 13 the special education cooperative agreement of the district  
 14 bears to the total budget of the cooperative. The county  
 15 superintendents of the counties affected shall jointly  
 16 determine the net retirement fund levy requirement for each  
 17 county in the same manner as provided in 20-9-151 and fix  
 18 and levy the net retirement fund levy for each county in the  
 19 same manner as provided in 20-9-152."

20 Section 168. Section 20-10-144, MCA, is amended to  
 21 read:

22 "20-10-144. Computation of revenues and net tax levy  
 23 requirements for the transportation fund budget. Before the  
 24 fourth Monday of July and in accordance with 20-9-123, the  
 25 county superintendent shall compute the revenue available to

1 finance the transportation fund budget of each district. The  
 2 county superintendent shall compute the revenue for each  
 3 district on the following basis:

4 (1) The "schedule amount" of the preliminary budget  
 5 expenditures that is derived from the rate schedules in  
 6 20-10-141 and 20-10-142 shall be determined by adding the  
 7 following amounts:

8 (a) the sum of the maximum reimbursable expenditures  
 9 for all approved school bus routes maintained by the  
 10 district (to determine the maximum reimbursable expenditure,  
 11 multiply the applicable rate per bus mile by the total  
 12 number of miles to be traveled during the ensuing school  
 13 fiscal year on each bus route approved by the county  
 14 transportation committee and maintained by such district);  
 15 plus

16 (b) the total of all individual transportation per  
 17 diem reimbursement rates for such district as determined  
 18 from the contracts submitted by the district multiplied by  
 19 the number of pupil-instruction days scheduled for the  
 20 ensuing school attendance year; plus

21 (c) any estimated costs for supervised home study or  
 22 supervised correspondence study for the ensuing school  
 23 fiscal year; plus

24 (d) the amount budgeted on the preliminary budget for  
 25 the contingency amount permitted in 20-10-143, except if

1 such amount exceeds 10% of the total of subsections (1)(a),  
 2 (1)(b), and (1)(c) or \$100, whichever is larger, the  
 3 contingency amount on the preliminary budget shall be  
 4 reduced to such limitation amount and used in this  
 5 determination of the schedule amount.

6 (2) The schedule amount determined in subsection (1)  
 7 or the total preliminary transportation fund budget,  
 8 whichever is smaller, shall be divided by 3 and the  
 9 resulting one-third amount shall be used to determine the  
 10 available state and county revenue to be budgeted on the  
 11 following basis:

12 (a) the resulting one-third amount shall be the  
 13 budgeted state transportation reimbursement, except that the  
 14 state transportation reimbursement for the transportation of  
 15 special education pupils under the provisions of 20-7-442  
 16 shall be two-thirds of the schedule amount attributed to the  
 17 transportation of special education pupils;

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

23 (c) the resulting one-third amount multiplied by 2  
 24 shall be the budgeted county transportation reimbursement  
 25 amount for high school districts financed under the

1 provisions of subsection (5) of this section, except as  
 2 provided for joint high school districts in subsection  
 3 (2)(e), and except that the county transportation  
 4 reimbursement for the transportation of special education  
 5 pupils under the provisions of 20-7-442 shall be one-third  
 6 of the schedule amount attributed to the transportation of  
 7 special education pupils;

8 (d) when the district has a sufficient amount of cash  
 9 for reappropriation and other sources of district revenue,  
 10 as determined in subsection (3), to reduce the total  
 11 district obligation for financing to zero, any remaining  
 12 amount of such district revenue and cash reappropriated  
 13 shall be used to reduce the county financing obligation in  
 14 subsections (2)(b) or (2)(c) and, if such county financing  
 15 obligations are reduced to zero, to reduce the state  
 16 financial obligation in subsection (2)(a); and

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

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

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

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

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

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

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

16 (f) net proceeds taxes for new production, as defined  
17 in 15-23-601; plus

18 (g) sales and use tax revenue distributed through the  
19 local government block grant program; plus

20 (g)(h) any other revenue anticipated by the trustees  
21 to be earned during the ensuing school fiscal year which may  
22 be used to finance the transportation fund; plus

23 (h)(i) any cash available for reappropriation as  
24 determined by subtracting the amount of the end-of-the-year  
25 cash balance earmarked as the transportation fund cash

1 reserve for the ensuing school fiscal year by the trustees  
2 from the end-of-the-year cash balance in the transportation  
3 fund. Such cash reserve shall not be more than 20% of the  
4 final transportation fund budget for the ensuing school  
5 fiscal year and shall be for the purpose of paying  
6 transportation fund warrants issued by the district under  
7 the final transportation fund budget.

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

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

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

19 (5) The county levy requirement for the financing of  
20 the county transportation reimbursement to high school  
21 districts shall be computed by adding all such requirements  
22 for all the high school districts of the county, including  
23 the county's obligation for reimbursements in joint high  
24 school districts.

25 (6) The transportation fund levy requirements

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

8 NEW SECTION. Section 169. Repealer. Sections  
 9 15-6-136, 15-6-138 through 15-6-140, 15-6-142, 15-6-146,  
 10 15-6-207, 15-6-210, 15-8-202, 15-8-204, 15-8-401, 15-8-404,  
 11 15-8-405, 15-8-408, 15-16-111 through 15-16-115, 15-16-401,  
 12 15-16-402, 15-16-404, 15-16-503, 15-16-701 through  
 13 15-16-703, 15-17-901 through 15-17-903, 15-24-101 through  
 14 15-24-105, 15-24-201 through 15-24-208, 15-24-301 through  
 15 15-24-304, 15-24-901 through 15-24-906, 15-24-908 through  
 16 15-24-911, 15-24-921 through 15-24-926, 15-24-931, 15-24-941  
 17 through 15-24-943, 15-24-1001, and 61-3-707, MCA, are  
 18 repealed.

19 NEW SECTION. Section 170. Codification instructions.  
 20 (1) Sections 1 through 61, 160, and 161 are intended to be  
 21 codified as an integral part of Title 15, and the provisions  
 22 of Title 15 apply to sections 1 through 61, 160, and 161.

23 (2) Sections 62 through 64 are intended to be codified  
 24 as an integral part of Title 61, chapter 3, and the  
 25 provisions of Title 61, chapter 3, apply to sections 62

1 through 64.

2 (3) Sections 65 through 69 are intended to be codified  
 3 as an integral part of Title 81, chapter 3, and the  
 4 provisions of Title 81, chapter 3, apply to sections 65  
 5 through 69.

6 NEW SECTION. Section 171. Extension of authority. Any  
 7 existing authority of the department of revenue, the  
 8 department of livestock, the board of livestock, the  
 9 department of highways, the department of commerce, or the  
 10 board of aeronautics to make rules on the subject of the  
 11 provisions of this act is extended to the provisions of this  
 12 act.

13 NEW SECTION. Section 172. Severability. If a part of  
 14 this act is invalid, all valid parts that are severable from  
 15 the invalid part remain in effect. If a part of this act is  
 16 invalid in one or more of its applications, the part remains  
 17 in effect in all valid applications that are severable from  
 18 the invalid applications.

19 NEW SECTION. Section 173. Saving clause. This act  
 20 does not affect rights and duties that matured, penalties  
 21 that were incurred, or proceedings that were begun before  
 22 the effective date of this act.

23 NEW SECTION. Section 174. Effective date --  
 24 applicability. This act is effective on passage and approval  
 25 and applies October 1, 1987, and thereafter.

-End-

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STATE OF MONTANA - FISCAL NOTE

Form BD-15

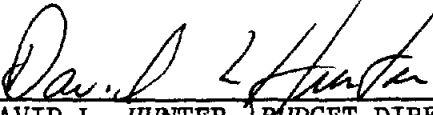
In compliance with a written request, there is hereby submitted a Fiscal Note for HB885, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing a 5 percent sales and use tax; providing for the elimination of the ad valorem tax on personal property; providing for the reduction of the ad valorem tax on residences; providing for a highway user fee as a replacement for the property tax for heavy vehicles, truck tractors, and semitrailers; providing for a fee as the replacement for property tax revenue to fund the Board of Livestock; providing for the distribution of the proceeds of the sales and use tax; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. The effective date of the proposed sales and use tax would be delayed until June 1, 1988 to allow an orderly implementation of the tax. The first remittance of sales tax proceeds is assumed to cover the first 3 months of the tax to provide additional time for the implementation of the tax. The property tax changes are assumed to continue to apply to tax year 1988.
2. The taxable value of the state will be \$2,024,661,000 in FY89 (REAC).
3. The database prepared by the Bureau of Business and Economic Research for the Revenue Oversight Committee is used to estimate the revenue from the proposed sales tax.
4. The proposed sales tax would generate \$211,778,000 in FY89 (net of the 2 percent rebate allowed businesses for collecting the tax).
5. The proposal would reduce property taxes on personal property by \$109,348,000 in FY89 (including \$4,475,000 in estimated taxes on personal property mobile homes, but excluding \$2,700,000 in fees on heavy trucks earmarked for Highways). Residential property taxes would be reduced by \$46,731,000 (excluding personal property mobile homes, which are exempt) in FY89.
6. Mill levies under current law are 6 mills for the university system, 45 mills for school equalization and 225 mills for local governments.
7. The proposed highway user fee for heavy trucks would generate \$2,700,000 for the Department of Highways in FY89.
8. The per capita tax on livestock would generate the same amount of revenue as the current livestock levy in FY89.

 DATE 3/21/87  
DAVID L. HUNTER, BUDGET DIRECTOR  
Office of Budget and Program Planning

DATE \_\_\_\_\_  
CHUCK SWYSGOOD, PRIMARY SPONSOR

Fiscal Note for HB885, as introduced.  
**HB 885**

9. The following table provides a summary of the estimated costs to administer the proposed sales and use tax, and the savings from the repeal of personal property taxes.

<u>Category of Expenditure</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Sales Tax Administration	\$ 101,935	\$1,733,232	\$3,388,712
Personal Property Tax Admin.	0	( 894,545)	(1,847,970)
Net Additional Cost	\$ 101,935	\$ 838,687	\$1,540,742

FISCAL IMPACT:

	<u>Current Law</u>	<u>FY88</u>		<u>Current Law</u>	<u>FY89</u>	
		<u>Proposed Law</u>	<u>Difference</u>		<u>Proposed Law</u>	<u>Difference</u>
Revenues:						
Sales and Use Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$211,778,000	\$211,778,000
Heavy Truck Fees	0	0	0	0	2,700,000	2,700,000
University Levy	11,983,158	11,983,158	0	12,147,966	8,754,988	( 3,392,978)
County Equalization (45 mills)	89,873,685	89,873,685	0	91,109,745	65,662,408	( 25,447,337)
Total	\$101,856,843	\$101,856,843	\$ 0	\$103,257,711	\$288,895,396	\$185,637,685

Expenditure Impact: (General Fund)

The proposal will increase FY87 expenditures by an estimated \$101,935. FY88 and FY89 costs are shown below.

	<u>Current Law</u>	<u>FY88</u>		<u>Current Law</u>	<u>FY89</u>	
		<u>Proposed Law</u>	<u>Difference</u>		<u>Proposed Law</u>	<u>Difference</u>
Sales Tax Admin.	\$ 0	\$ 1,733,232	\$ 1,733,232	\$ 0	\$ 3,388,712	\$ 3,388,712
Pers. Prop. Tax Admin	894,545	0	( 894,545)	1,847,970	0	( 1,847,970)
Net Cost	\$ 894,545	\$ 1,733,232	\$ 838,687	\$ 1,847,970	\$ 3,388,712	\$ 1,540,742

Fund Information:

University Levy	\$ 11,983,158	\$ 11,983,158	\$ 0	\$ 12,147,966	\$ 24,637,988	\$ 12,490,022
County Equalization (45 mills)	89,873,685	89,873,685	0	91,109,745	65,662,408	( 25,447,337)
General Fund	0	0	0	0	52,945,000	52,945,000
Block Grant	0	0	0	0	142,950,000	142,950,000
Dept. of Highways	0	0	0	0	2,700,000	2,700,000
Total	\$101,856,843	\$101,856,843	\$ 0	\$103,257,711	\$288,895,396	\$185,637,685

HB 885

EFFECT ON LOCAL GOVERNMENT REVENUES:

The proposal will reduce property tax collections of local governments by an estimated \$127,237,000 in FY89. However, \$142,950,000 of sales tax revenue is allocated to the block grant program to offset the loss in property tax revenue. If the entire amount of the block grant allocation is allocated within counties based on relative mill levies (see technical note), then \$116,540,000 would be allocated to local governments. On net, local government revenues are reduced by \$10,700,000 annually.

TECHNICAL OR MECHANICAL DEFECT OR CONFLICT WITH EXISTING LEGISLATION:

The proposal returns sales and use tax revenues to local governments using the block grant distribution, which is comprised of two parts; the general purpose and general services block grants. Only revenue to the general purpose block grant account is used to fund schools as well as other taxing jurisdictions based on relative mill levies. General services block grant monies go to municipal and county governments only. \$10.354 million of additional revenue is needed to fund the general purpose block grant in FY89 (REAC). The allocation in excess of \$10.354 million will go to cities and counties and no other taxing jurisdictions, and thereby reduce revenues to local school districts.