

SENATE BILL NO. 44  
INTRODUCED BY FARRELL

IN THE SENATE

JANUARY 6, 1987                   INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

FEBRUARY 4, 1987                   COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 5, 1987                   PRINTING REPORT.

FEBRUARY 7, 1987                   SECOND READING, DO PASS.

FEBRUARY 9, 1987                   ENGROSSING REPORT.

FEBRUARY 10, 1987                  THIRD READING, PASSED.  
AYES, 44; NOES, 6.

TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 18, 1987                  INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

APRIL 6, 1987                    COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

APRIL 9, 1987                    SECOND READING, CONCURRED IN.

APRIL 10, 1987                   THIRD READING, CONCURRED IN.  
AYES, 69; NOES, 27.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 15, 1987

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

ON MOTION, RULES SUSPENDED TO PLACE  
BILL ON THIRD READING THIS DAY.

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

1                    SENATE    BILL NO.    44  
2    INTRODUCED BY FARRELL

3  
4    A BILL FOR AN ACT ENTITLED:    "AN ACT TO TRANSFER LARGER  
5    TRUCKS FROM CLASS TEN PROPERTY TO CLASS EIGHT PROPERTY FOR  
6    TAXATION PURPOSES; AMENDING SECTIONS 15-6-138 AND 15-6-140,  
7    MCA; AND PROVIDING AN APPLICABILITY DATE."

8  
9    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

11            "15-6-138. Class eight property -- description --  
12    taxable percentage. (1) Class eight property includes:

- 13            (a) all agricultural implements and equipment;
- 14            (b) all mining machinery, fixtures, equipment, tools,  
15    and supplies except:
- 16            (i) those included in class five; and
- 17            (ii) coal and ore haulers;
- 18            (c) all manufacturing machinery, fixtures, equipment,  
19    tools, and supplies except those included in class five;
- 20            (d) all trailers up to and including 18,000 pounds  
21    maximum gross loaded weight, except those subject to a fee  
22    in lieu of property tax;
- 23            (e) aircraft;
- 24            (f) all goods and equipment intended for rent or  
25    lease, except goods and equipment specifically included and

1    taxed in another class; and  
2            (g) trucks having a rated capacity of more than 1 1/2  
3    tons, including those prorated under 15-24-102; and

4            ~~(g)~~(h) all other machinery except that specifically  
5    included in another class.

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

8            Section 2. Section 15-6-140, MCA, is amended to read:

9            "15-6-140. Class ten property -- description --  
10    taxable percentage. (1) Class ten property includes:

- 11            (a) radio and television broadcasting and transmitting  
12    equipment;
- 13            (b) cable television systems;
- 14            (c) coal and ore haulers;
- 15            ~~(d)--trucks--having-a-rated-capacity-of-more-than-1-1/2~~  
16    ~~tons--including-those-prorated-under-15-24-102;~~
- 17            ~~(e)~~(d) all trailers exceeding 18,000 pounds maximum  
18    gross loaded weight, including those prorated under  
19    15-24-102 and except those subject to a fee in lieu of  
20    property tax;
- 21            ~~(e)~~(e) theater projectors and sound equipment; and
- 22            ~~(g)~~(f) all other property not included in any other  
23    class in this part except that property subject to a fee in  
24    lieu of a property tax.
- 25            (2) Class ten property is taxed at 16% of its market



-2-    INTRODUCED BILL  
          SB-44

1 value."

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

6 NEW SECTION. Section 4. Applicability. This act  
7 applies to taxable years beginning after December 31, 1986.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB044, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act to transfer larger trucks from Class 10 to Class 8 property for taxation purposes; and providing an applicability date.

ASSUMPTIONS:

1. The taxable value of the state will be \$1,997,193,000 in FY88 and \$2,024,661,000 in FY89 (REAC).
2. The taxable value of trucks with a rated capacity of more than 1 1/2 tons was \$13,773,458 in tax year 1986, of which \$1,758,830 was subject to city and town levies. These levels are assumed constant.
3. Mill levies are 6 mills for the university levy, 45 mills for the school foundation program, the average county levy is 192.3 mills (243.3 - 6 - 45), and the average city and town levy is 100.4 mills. These levies are assumed constant.

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$ 11,983,158	\$ 11,957,333	(\$ 25,825)	\$ 12,147,966	\$ 12,122,141	(\$ 25,825)
School Equalization	89,873,685	89,679,996	( 193,689)	91,109,745	90,916,056	( 193,689)
Total	\$101,856,843	\$101,637,329	(\$219,514)	\$103,257,711	\$103,038,197	(\$219,514)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal would reduce county and local school district revenues by \$827,719 annually. City and towns would experience a revenue loss of \$55,172 each year.

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

This act applies to taxable years beginning after December 31, 1986. These trucks must be licensed by February 15, and the taxes are due at that time. If this legislation is passed, the fiscal impact could start in FY87. There might be a timing problem if the legislation is passed after February 15 because the taxes would already have been paid.

David L. Hunter DATE 1/8/87  
 DAVID L. HUNTER, BUDGET DIRECTOR  
 Office of Budget and Program Planning

William E. Farrell DATE 1/9/87  
 WILLIAM E. FARRELL, PRIMARY SPONSOR

Fiscal Note for SB044, as introduced.

SB 44

APPROVED BY COMMITTEE  
ON TAXATION

1                   SENATE BILL NO. 44  
2                   INTRODUCED BY FARRELL  
3  
4   A BILL FOR AN ACT ENTITLED: "AN ACT TO TRANSFER LARGER  
5   TRUCKS AND TRAILERS FROM CLASS TEN PROPERTY TO CLASS EIGHT  
6   PROPERTY FOR TAXATION PURPOSES; AMENDING SECTIONS 15-6-138  
7   AND 15-6-140, MCA; AND PROVIDING AN APPLICABILITY DATE."  
8  
9   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
10       Section 1. Section 15-6-138, MCA, is amended to read:  
11       "15-6-138. Class eight property -- description --  
12   taxable percentage. (1) Class eight property includes:  
13       (a) all agricultural implements and equipment;  
14       (b) all mining machinery, fixtures, equipment, tools,  
15   and supplies except:  
16       (i) those included in class five; and  
17       (ii) coal and ore haulers;  
18       (c) all manufacturing machinery, fixtures, equipment,  
19   tools, and supplies except those included in class five;  
20       (d) all trailers ~~up to and including 10,000 pounds~~  
21   ~~maximum gross loaded weight, INCLUDING THOSE PRORATED UNDER~~  
22   15-24-102, except those subject to a fee in lieu of property  
23   tax;  
24       (e) aircraft;  
25       (f) all goods and equipment intended for rent or

1   lease, except goods and equipment specifically included and  
2   taxed in another class; and  
3       (g) trucks having a rated capacity of more than 1 1/2  
4   tons, including those prorated under 15-24-102; and  
5       ~~(g)(h)~~ all other machinery except that specifically  
6   included in another class.  
7       (2) Class eight property is taxed at 11% of its market  
8   value."  
9       Section 2. Section 15-6-140, MCA, is amended to read:  
10       "15-6-140. Class ten property -- description --  
11   taxable percentage. (1) Class ten property includes:  
12       (a) radio and television broadcasting and transmitting  
13   equipment;  
14       (b) cable television systems;  
15       (c) coal and ore haulers;  
16       ~~(d) trucks having a rated capacity of more than 1 1/2~~  
17   ~~tons, including those prorated under 15-24-102;~~  
18       ~~(e)(d)~~ all trailers exceeding 10,000 pounds maximum  
19   ~~gross loaded weight, including those prorated under~~  
20   ~~15-24-102 and except those subject to a fee in lieu of~~  
21   ~~property tax;~~  
22       ~~(f)(e)(D)~~ theater projectors and sound equipment; and  
23       ~~(g)(f)(E)~~ all other property not included in any other  
24   class in this part except that property subject to a fee in  
25   lieu of a property tax.



1           (2) Class ten property is taxed at 16% of its market  
2 value."

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

7           NEW SECTION. Section 4. Applicability. This act  
8 applies to taxable years beginning after December 31, 1986.

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ASSUMPTIONS:

1. The taxable value of the state will be \$1,997,193,000 in FY88 and \$2,024,661,000 in FY89 (REAC).
2. The taxable value of trucks with a rated capacity of more than 1 1/2 tons was \$13,773,458 in tax year 1986, of which \$1,758,830 was subject to city and town levies. The taxable value of trailers affected by the proposal is \$2,231,240 (\$260,472 in cities and towns). These levels are assumed constant.
3. Mill levies are 6 mills for the university levy, 45 mills for the school foundation program, the average county levy is 192.3 mills (243.3 - 6 - 45), and the average city and town levy is 100.4 mills. These levies are assumed constant.
4. The Gross Vehicle Weight Division of the Department of Highways collected \$4.8 million in property taxes on interstate and intrastate trucking fleets that are not included in the assessment figures. It is assumed that these taxes are allocated among the taxing jurisdictions in the counties as if they were property tax collections.

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$ 11,983,158	\$ 11,918,054	(\$ 65,104)	\$ 12,147,966	\$ 12,082,862	(\$ 65,104)
School Equalization	89,873,685	89,385,408	( 488,277)	91,109,745	90,621,468	( 488,277)
Total	\$101,856,843	\$101,303,462	(\$553,381)	\$ 103,257,711	\$ 102,704,330	(\$ 553,381)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal would reduce county and local school district revenues by \$2,091,816 annually. City and towns would experience a revenue loss of \$137,419 each year.

*David L. Hunter* DATE 1/19/87  
 DAVID L. HUNTER, BUDGET DIRECTOR  
 Office of Budget and Program Planning

*William E. Farrell* DATE 1/19/87  
 WILLIAM E. FARRELL, PRIMARY SPONSOR

Fiscal Note for SB044, as amended.

**SB44**



Fiscal Note Request, SB044, as amended.

Form BD-15

Page 2

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

N/A

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

This act applies to taxable years beginning after December 31, 1986. These trucks must be licensed by February 15, and the taxes are due at that time. If this legislation is passed, the fiscal impact could start in FY87. There might be a timing problem if the legislation is passed after February 15, because the taxes would already have been paid.

SB-44

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13 (a) all agricultural implements and equipment;

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15 and supplies except:

16 (i) those included in class five; and

17 (ii) coal and ore haulers;

18 (c) all manufacturing machinery, fixtures, equipment,  
19 tools, and supplies except those included in class five;20 (d) all trailers up--to--and--including--10,000--pounds  
21 ~~maximum-gross-loaded-weight~~, INCLUDING THOSE PRORATED UNDER  
22 15-24-102, except those subject to a fee in lieu of property  
23 tax;

24 (e) aircraft;

25 (f) all goods and equipment intended for rent or

1 lease, except goods and equipment specifically included and  
2 taxed in another class; and3 (g) trucks having a rated capacity of more than 1 1/2  
4 tons, including those prorated under 15-24-102; and5 ~~(g)(h)~~ all other machinery except that specifically  
6 included in another class.7 (2) Class eight property is taxed at 11% of its market  
8 value."

9 Section 2. Section 15-6-140, MCA, is amended to read:

10 "15-6-140. Class ten property -- description --  
11 taxable percentage. (1) Class ten property includes:12 (a) radio and television broadcasting and transmitting  
13 equipment;

14 (b) cable television systems;

15 (c) coal and ore haulers;

16 ~~(d)--trucks--having--a--rated--capacity--of--more--than--1--1/2~~  
17 ~~tons--including--those--prorated--under--15--24--102;~~18 ~~(e)(d)--all--trailers--exceeding--10,000--pounds--maximum~~  
19 ~~gross---loaded---weight,---including---those---prorated---under~~  
20 ~~15-24-102--and--except--those--subject--to--a--fee--in--lieu--of~~  
21 ~~property--tax;~~22 ~~(f)(e)(D)~~ theater projectors and sound equipment; and23 ~~(g)(f)(E)~~ all other property not included in any other  
24 class in this part except that property subject to a fee in  
25 lieu of a property tax.

1       (2) Class ten property is taxed at 16% of its market  
2 value."

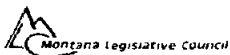
3       NEW SECTION. Section 3. Extension of authority. Any  
4 existing authority of the department of revenue to make  
5 rules on the subject of the provisions of this act is  
6 extended to the provisions of this act.

7       NEW SECTION. Section 4. Applicability. This act  
8 applies to taxable years beginning after December 31, 1986.

-End-

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 20 tools, and supplies except those included in class five;  
 21 (d) all trailers up to and including 10,000 pounds  
 22 maximum gross loaded weight, INCLUDING THOSE PRORATED UNDER  
 23 15-24-102, except those subject to a fee in lieu of property  
 24 tax;  
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1 (f) all goods and equipment intended for rent or  
 2 lease, except goods and equipment specifically included and  
 3 taxed in another class; and  
 4 (g) trucks having a rated capacity of more than 1 1/2  
 5 tons, including those prorated under 15-24-102; and  
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 8 (2) Class eight property is taxed at 11% of its market  
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 10 Section 2. Section 15-6-140, MCA, is amended to read:  
 11 "15-6-140. Class ten property -- description --  
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 14 equipment;  
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 17 (d) trucks having a rated capacity of more than 1 1/2  
 18 tons, including those prorated under 15-24-102;  
 19 (e) all trailers exceeding 10,000 pounds maximum  
 20 gross loaded weight, including those prorated under  
 21 15-24-102 and except those subject to a fee in lieu of  
 22 property tax;  
 23 (f) theater projectors and sound equipment; and  
 24 (g) all other property not included in any other  
 25 class in this part except that property subject to a fee in



1 lieu of a property tax.

2 (2) Class ten property is taxed at 16% of its market  
3 value."

4 NEW SECTION. Section 3. Extension of authority. Any  
5 existing authority of the department of revenue to make  
6 rules on the subject of the provisions of this act is  
7 extended to the provisions of this act.

8 NEW SECTION. Section 4. Applicability EFFECTIVE DATE.  
9 This act ~~applies to taxable years beginning after December~~  
10 ~~31, 1986.~~ IS EFFECTIVE JULY 1, 1987.

-End-

STANDING COMMITTEE REPORT

HOUSE

APRIL 6 1987

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 44

- do pass
- be concurred in
- as amended
- do not pass
- be not concurred in
- statement of intent attached

*Ramirez*  
 Representative Jack Ramirez, Chairman

Be amended as follows:

1. Title, line 7  
 Strike: "APPLICABILITY"  
 Insert: "EFFECTIVE"
2. Page 3, line 7  
 Strike: "Applicability"  
 Insert: "Effective date"
3. Page 3, line 8  
 Strike: line 8 in its entirety  
 Insert: "is effective July 1, 1987,"

*Carried by Rep. Gilbert*

*AD*  
*TPC*