

SB 395 INTRODUCED BY HIRSCH, SPAETH, WILLIAMS, B., ET AL.
THREE PERCENT SALES TAX; PROPERTY TAX REDUCTION;
REFERENDUM FOR NOVEMBER 8, 1988
BY REQUEST OF GOVERNOR

3/10 INTRODUCED
3/10 REFERRED TO TAXATION
3/12 HEARING
DIED IN COMMITTEE

1 *Senate* BILL NO. *395*
 2 INTRODUCED BY *Huiskamp, R. Williams*
 3 BY REQUEST OF THE GOVERNOR
 4 *Wallin, Bengtson, Syppen, M. Williams*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A 3
 6 PERCENT SALES AND USE TAX; PROVIDING FOR THE ELIMINATION OF
 7 THE AD VALOREM TAX ON PERSONAL PROPERTY; PROVIDING FOR THE
 8 REDUCTION OF THE AD VALOREM TAX ON RESIDENCES; PROVIDING FOR
 9 A HIGHWAY USE FEE IN LIEU OF PROPERTY TAX FOR HEAVY
 10 VEHICLES, TRUCK TRACTORS, AND SEMITRAILERS; PROVIDING FOR A
 11 FEE AS A REPLACEMENT FOR PROPERTY TAX REVENUE TO FUND THE
 12 BOARD OF LIVESTOCK; PROVIDING FOR THE ALLOCATION OF THE
 13 PROCEEDS OF THE SALES AND USE TAX; PROVIDING THAT THE
 14 PROPOSED ACT BE SUBMITTED TO THE ELECTORS OF THE STATE OF
 15 MONTANA AT THE NOVEMBER 8, 1988, GENERAL ELECTION; AMENDING
 16 SECTIONS 7-1-2111, 7-3-1321, 7-6-2211, 7-6-4121, 7-6-4254,
 17 7-7-107, 7-7-108, 7-7-2101, 7-7-2203, 7-7-4201, 7-7-4202,
 18 7-13-4103, 7-14-236, 7-14-2524, 7-14-2525, 7-14-4402,
 19 7-16-2327, 7-16-4104, 7-21-2104, 7-31-106, 7-31-107,
 20 7-34-2131, 15-1-101, 15-1-701, 15-6-101, 15-6-135, 15-6-137,
 21 15-6-141, 15-6-145, 15-6-147, 15-6-201, 15-6-203, 15-7-102,
 22 15-8-104, 15-8-111, 15-8-201, 15-8-205, 15-8-301, 15-8-701,
 23 15-8-706, 15-10-105, 15-10-302, 15-16-117, 15-16-611,
 24 15-18-103, 15-18-205, 15-18-305, 15-23-202, 15-23-303,
 25 15-23-403, 15-23-501, 15-23-503, 15-23-504, 15-23-508,

1 15-23-522, 15-23-608, 15-23-611, 15-23-704, 15-23-806,
 2 15-24-601, 15-24-602, 15-24-701, 15-24-801, 15-24-1101
 3 THROUGH 15-24-1104, 15-24-1203, 19-11-503, 19-11-504,
 4 20-9-141, 20-9-331, 20-9-333, 20-9-352, 20-9-406, 20-9-501,
 5 20-9-502, 20-10-144, 25-13-404, 33-7-407, 61-3-501,
 6 61-3-531, 61-3-701, 61-12-206, 67-3-201, 67-3-202, 81-6-101,
 7 81-6-104, 81-6-204, 81-6-209, 81-7-103, 81-7-104, 81-7-202,
 8 81-7-303, 81-7-305, 81-8-804, AND 85-7-2001, MCA; REPEALING
 9 SECTIONS 15-6-136, 15-6-138 THROUGH 15-6-140, 15-6-142,
 10 15-6-146, 15-6-207, 15-6-210, 15-8-202, 15-8-204, 15-8-401,
 11 15-8-404, 15-8-405, 15-8-408, 15-16-111 THROUGH 15-16-115,
 12 15-16-401, 15-16-402, 15-16-404, 15-16-503, 15-16-701
 13 THROUGH 15-16-703, 15-17-901 THROUGH 15-17-903, 15-24-101
 14 THROUGH 15-24-105, 15-24-201 THROUGH 15-24-208, 15-24-301
 15 THROUGH 15-24-304, 15-24-602, 15-24-901 THROUGH 15-24-906,
 16 15-24-908 THROUGH 15-24-911, 15-24-921 THROUGH 15-24-926,
 17 15-24-931, 15-24-941 THROUGH 15-24-943, 15-24-1001,
 18 61-3-707, AND 81-7-118, MCA; AND PROVIDING EFFECTIVE DATES
 19 AND APPLICABILITY DATES."

20
 21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 22 NEW SECTION. Section 1. Definitions. For purposes of
 23 [sections 1 through 66] unless the context requires
 24 otherwise, the following definitions apply:
 25 (1) "Buying", "selling", "buy", "sell", or "sale"



1 means the transfer of property for consideration or the
2 performance of service for consideration.

3 (2) "Construction" means:

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

6 (i) road, highway, bridge, parking area, or related
7 project;

8 (ii) building, stadium, or other structure;

9 (iii) airport, subway, or similar facility;

10 (iv) park, trail, athletic field, golf course, or
11 similar facility;

12 (v) dam, reservoir, canal, ditch, or similar facility;

13 (vi) sewage or water treatment facility, power
14 generating plant, pump station, natural gas compressing
15 station, gas processing plant, coal gasification plant,
16 refinery, distillery, or similar facility;

17 (vii) sewage, water, gas, or other pipeline;

18 (viii) transmission line;

19 (ix) radio, television, or other tower;

20 (x) water, oil, or other storage tank;

21 (xi) shaft, tunnel, or other mining appurtenance; or

22 (xii) microwave station or similar facility;

23 (b) the leveling or clearing of land;

24 (c) the excavating of earth;

25 (d) the drilling of wells of any type, including

1 seismograph shot holes or core drilling; or

2 (e) any similar work.

3 (3) "Department" means the department of revenue.

4 (4) "Engaging in business" means carrying on or
5 causing to be carried on any activity with the purpose of
6 direct or indirect benefit.

7 (5) "Food product for human consumption":

8 (a) means and includes:

9 (i) cereals and cereal products, margarine, meat and
10 meat products, fish and fish products, eggs and egg
11 products, vegetables and vegetable products, fruit and fruit
12 products, spices, salt, sugar, sugar substitutes, sugar
13 products other than candy and confectioneries, coffee and
14 coffee substitutes, tea, and cocoa and cocoa products other
15 than candy or confectioneries;

16 (ii) milk and cream and their products;

17 (iii) all fruit juices containing 15% or more real
18 fruit juice, vegetable juices, and other beverages, except
19 bottled water, spirituous, malt, or various other liquors,
20 or carbonated beverages, whether liquid or frozen; and

21 (b) does not mean or include medicines or
22 preparations, in liquid, powdered, granular, bottled,
23 capsule, lozenge, or pill form, sold as a dietary supplement
24 or adjunct not prescribed by a licensed physician.

25 (6) (a) "Gross receipts", in addition to the other

1 meanings provided in this subsection (6), means the total
 2 amount of money or the value of other consideration received
 3 from selling property in Montana, from leasing property used
 4 in Montana, or from performing services in Montana. The term
 5 includes all receipts from the sale of tangible personal
 6 property handled on consignment but excludes cash discounts
 7 allowed and taken and any type of time-price differential.

8 (b) In an exchange in which the money or other
 9 consideration received does not represent the value of the
 10 property or service exchanged, gross receipts means the
 11 reasonable value of the property or service exchanged.

12 (c) (i) Except as provided in [section 52], when the
 13 sale of property or service is made under any type of charge
 14 or conditional or time-sales contract or the leasing of
 15 property is made under a leasing contract, the seller or
 16 lessor shall treat all receipts, excluding any type of
 17 time-price differential, under such contracts as gross
 18 receipts at the time of the sale.

19 (ii) If the seller or lessor transfers his interest in
 20 any such contract to a third person, the seller or lessor
 21 shall pay the sales tax or use tax upon the full sale or
 22 leasing contract amount, excluding any type of time-price
 23 differential.

24 (d) For the purpose of the business of buying,
 25 selling, or promoting, as an agent or broker on a commission

1 or fee basis, the purchase, sale, or lease of any property,
 2 service, stock, bond, or security, gross receipts includes
 3 the total commissions or fees derived from the business.

4 (e) Gross receipts includes all amounts paid by
 5 members of any cooperative association or similar
 6 organization for sales or leases of personal property or
 7 performance of services by such organization.

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

11 (8) "Manufacturing" means combining or processing
 12 components or materials to increase their value for sale in
 13 the ordinary course of business. The term does not include
 14 construction.

15 (9) "Medical services" means a service performed by a
 16 person licensed to practice medicine, osteopathy, dentistry,
 17 podiatry, optometry, chiropractic, or psychology as a
 18 regular part of his business activities and applied
 19 externally or internally to the human body or mind for the
 20 diagnosis, cure, mitigation, treatment, or prevention of
 21 disease.

22 (10) "Medicine" or "drug" means and includes any
 23 substance or preparation intended for use by external or
 24 internal application to the human body or mind in the
 25 diagnosis, cure, mitigation, treatment, or prevention of

1 disease, which substance or preparation is required by law
2 or regulation to be prescribed by a person licensed to
3 prescribe such drug or medicine.

4 (11) "Permit" means a seller's permit as described in
5 [section 43].

6 (12) "Person" means:

7 (a) an individual, estate, trust, receiver,
8 cooperative association, club, corporation, company, firm,
9 partnership, joint venture, syndicate, or other entity,
10 including any gas, water, or electric utility owned or
11 operated by a county, municipality, or other political
12 subdivision of the state; or

13 (b) the United States or any agency or instrumentality
14 of the United States or the state of Montana or any
15 political subdivision of the state.

16 (13) "Sales tax" and "use tax" mean the applicable tax
17 imposed by [section 2].

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

1 (b) In determining what a service is, the intended
2 use, principal objective, or ultimate objective of the
3 contracting parties is irrelevant.

4 (15) "Therapeutic and prosthetic devices" includes but
5 is not limited to prescription eyeglasses, contact lenses,
6 dentures, and artificial limbs, prescribed or ordered by a
7 person licensed to practice medicine, osteopathy, dentistry,
8 podiatry, optometry, or chiropractic.

9 (16) "Use" or "using" includes use, consumption, or
10 storage other than storage for subsequent sale, in the
11 ordinary course of business, or for use solely outside this
12 state.

13 NEW SECTION. Section 2. Imposition and rate of sales
14 tax and use tax. (1) A sales tax of 3% is imposed on all
15 gross receipts, as defined in [section 1], for the privilege
16 of engaging in business in this state.

17 (2) For the privilege of using property in this state,
18 there is imposed on the person using the property a use tax
19 equal to 3% of the value of the property that was:

20 (a) manufactured by the person using the property in
21 this state;

22 (b) acquired outside this state as the result of a
23 transaction that would have been subject to the sales tax
24 had it occurred within this state; or

25 (c) acquired as the result of a transaction that was

1 not initially subject to the use tax imposed by subsection
2 (2)(b) or the sales tax imposed by subsection (1) but which
3 transaction, because of the buyer's subsequent use of the
4 property, is subject to the sales tax or use tax.

5 (3) For the privilege of using services rendered in
6 this state, there is imposed on the person using such
7 services a use tax equal to 3% of the value of the services
8 at the time at which they were rendered. Services taxable
9 under this section must have been rendered as the result of
10 a transaction that was not initially subject to the sales
11 tax or use tax but which transaction, because of the buyer's
12 subsequent use of the service, is subject to the sales tax
13 or use tax.

14 (4) For purposes of this section, the value of
15 property must be determined as of the time of acquisition,
16 introduction into this state, or conversion to use,
17 whichever is later.

18 NEW SECTION. Section 3. Presumption of taxability --
19 value. (1) In order to prevent evasion of the sales tax or
20 use tax and to aid in its administration, it is presumed
21 that:

22 (a) all receipts of a person engaging in business are
23 subject to the sales tax or use tax; and

24 (b) all property bought or sold by any person for
25 delivery into this state is bought or sold for a taxable use

1 in this state.

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

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

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

25 NEW SECTION. Section 5. Liability of user for payment

1 of use tax. (1) A person in this state who uses property is
 2 liable to the state for payment of the use tax if the tax is
 3 payable on the value of the property but has not been paid.

4 (2) The liability imposed by this section is
 5 discharged if the buyer has paid the use tax to the seller
 6 for payment to the department.

7 NEW SECTION. Section 6. Agents for collection of
 8 sales tax and use tax. (1) (a) A person who performs or
 9 attempts to perform an activity within this state that
 10 attempts to exploit this state's markets, who sells property
 11 or services for use in this state, and who is not subject to
 12 the sales tax or use tax on receipts from these sales shall
 13 collect the sales tax or use tax from the buyer and pay the
 14 tax collected to the department.

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

18 (i) maintaining an office or other place of business
 19 that solicits orders through employees or independent
 20 contractors;

21 (ii) canvassing;

22 (iii) demonstrating;

23 (iv) collecting money;

24 (v) warehousing or storing merchandise; or

25 (vi) delivering or distributing products as a

1 consequence of an advertising or other sales program
 2 directed at potential customers.

3 (2) To ensure orderly and efficient collection of the
 4 tax imposed by [sections 1 through 66], if any application
 5 of this section is held invalid, the section's application
 6 to other situations or persons is not affected.

7 NEW SECTION. Section 7. Nontaxable transaction
 8 certificate. (1) A nontaxable transaction certificate
 9 executed by a buyer or lessee must be in the possession of
 10 the seller or lessor at the time a nontaxable transaction
 11 occurs.

12 (2) If the seller or lessor is not in possession of a
 13 nontaxable transaction certificate within 60 days from the
 14 date notice of the requirement for possession of a
 15 nontaxable transaction certificate is given to him by the
 16 department, all deductions claimed by him that require
 17 delivery of a nontaxable transaction certificate are
 18 disallowed.

19 (3) A nontaxable transaction certificate must contain
 20 the information and be in the form prescribed by the
 21 department.

22 (4) Only a buyer or lessee who has registered with the
 23 department and whose permit is not suspended or revoked may
 24 be allowed to execute a nontaxable transaction certificate.

25 (5) If the seller or lessor accepts a nontaxable

1 transaction certificate within the required time and
 2 believes in good faith that the buyer or lessee will employ
 3 the property or service transferred in a nontaxable manner,
 4 the properly executed nontaxable transaction certificate is
 5 considered conclusive evidence that the proceeds from the
 6 transaction are deductible from the seller's or lessor's
 7 gross receipts.

8 NEW SECTION. Section 8. Government agencies exempt --
 9 utilities taxable. (1) All receipts of the United States or
 10 any agency or instrumentality of the United States or of
 11 this state or any political subdivision of this state are
 12 exempted from the sales tax and use tax.

13 (2) All receipts from the sale of gas, water, or
 14 electricity by a utility owned or operated by a county,
 15 municipality, or other political subdivision are subject to
 16 the sales tax.

17 NEW SECTION. Section 9. Exemption -- food products.
 18 (1) Except as provided in subsection (2), receipts from
 19 sales of food products for human consumption are exempt from
 20 the sales tax.

21 (2) The gross receipts from food products sold in the
 22 following manner are not exempt from the sales tax:

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

25 (b) milk or cream sold as beverages commonly referred

1 to as milk shakes, malted milks, or any similar beverage;

2 (c) food products furnished, prepared, or served for
 3 consumption at tables, chairs, or counters or from trays,
 4 glasses, dishes, or other tableware, whether provided by the
 5 retailer or by a person with whom the retailer contracts to
 6 furnish, prepare, or serve food products to others;

7 (d) food products sold for immediate consumption on or
 8 near a location at which parking facilities are provided
 9 primarily for the ease of patrons in consuming the products
 10 purchased at the location, even though such products are
 11 sold on a "take out", "to go", or "U-bake" order and are
 12 actually packaged or wrapped and taken from the premises of
 13 the retailer; or

14 (e) food products sold for consumption within a place
 15 that charges an admission fee.

16 NEW SECTION. Section 10. Exemption -- medicines,
 17 drugs, and medical services. (1) The gross receipts from the
 18 sale of medicines, drugs, and therapeutic and prosthetic
 19 devices are exempt from the sales tax.

20 (2) The gross receipts from the sale of medical
 21 services are exempt from the sales tax.

22 NEW SECTION. Section 11. Exemption -- wages. The
 23 receipts of an employee from an employer for wages, salary,
 24 commissions, or any other form of remuneration for personal
 25 services are exempt from the sales tax.

1 NEW SECTION. Section 12. Exemption -- agricultural
 2 products. The receipts of a grower, producer, trapper, or
 3 nonprofit marketing association from the sale of livestock,
 4 live poultry, unprocessed agricultural products, hides, or
 5 pelts are exempt from the sales tax. Persons engaged in the
 6 business of buying and selling wool or mohair or of buying
 7 and selling livestock on their own account and without the
 8 services of a broker, auctioneer, or other agent are
 9 considered producers for the purposes of this section.

10 NEW SECTION. Section 13. Exemption -- livestock
 11 feeding. A person's receipts derived from feeding,
 12 pasturing, penning, or handling or the training of livestock
 13 prior to sale are exempt from the sales tax.

14 NEW SECTION. Section 14. Exemption -- vehicles. The
 15 receipts from the sale of any vehicle upon which a tax
 16 pursuant to [sections 1 through 66] has been paid or which
 17 was purchased prior to [the applicability date of this act]
 18 are exempt from the sales tax. A registration certificate
 19 showing that the vehicle was registered in this state prior
 20 to [the applicability date of this act] is conclusive proof
 21 that it was purchased before it was subject to taxation
 22 under [sections 1 through 66] and is exempt under this
 23 section.

24 NEW SECTION. Section 15. Exemption -- insurance
 25 companies. The receipts of an insurance company or any of

1 its agents from premiums are exempt from the sales tax.

2 NEW SECTION. Section 16. Exemption -- dividends and
 3 interest. The receipts of interest on money loaned or
 4 deposited or dividends or interest from stocks, bonds, or
 5 securities or from the sale of stocks, bonds, or securities
 6 are exempt from the sales tax.

7 NEW SECTION. Section 17. Exemption -- fuel. The
 8 receipts from the sale of gasoline, ethanol blended for
 9 fuel, or special fuel on which the Montana gasoline and
 10 special fuels tax has been paid under Title 15, chapter 70,
 11 are exempt from the sales tax and use tax.

12 NEW SECTION. Section 18. Exemption -- isolated or
 13 occasional sale or lease of property or services. The
 14 receipts from the isolated or occasional sale or lease of
 15 property or performance of a service by a person who is not
 16 regularly engaged in or who does not represent himself as
 17 engaged in the business of selling or leasing the same or a
 18 similar property or service are exempt from the sales tax.

19 NEW SECTION. Section 19. Exemption -- oil, gas, and
 20 mineral interests. The receipts from the sale or lease of
 21 oil, natural gas, or mineral interests are exempt from the
 22 sales tax.

23 NEW SECTION. Section 20. Exemption -- minerals. The
 24 receipts from the sale or use of a mineral as defined in
 25 15-38-103 are exempt from the sales tax and use tax.

1 NEW SECTION. Section 21. Exemption -- governmental
2 agencies. (1) The use of property by the United States or
3 any agency or instrumentality of the United States or by
4 this state or any political subdivision of this state is
5 exempt from the use tax.

6 (2) The use of property by the governing body of an
7 Indian tribe on a federally recognized Indian reservation is
8 exempt from the use tax.

9 NEW SECTION. Section 22. Exemption -- personal
10 effects. The use by an individual of personal or household
11 effects brought into the state for the establishment by him
12 of an initial residence in this state and the use of
13 property brought into the state by a nonresident for his own
14 nonbusiness use while temporarily within this state are
15 exempt from the use tax.

16 NEW SECTION. Section 23. Deduction -- sale of
17 tangible personal property for resale. Receipts from the
18 sale of tangible personal property may be deducted from
19 gross receipts if:

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

22 (2) the buyer resells or plans to resell the tangible
23 personal property either by itself or in combination with
24 other tangible personal property in the ordinary course of
25 business and the property will subsequently be subject to

1 the sales tax.

2 NEW SECTION. Section 24. Deduction -- sale of service
3 for resale. Receipts from the sale of a service for resale
4 may be deducted from gross receipts if:

5 (1) the sale is made to a person who delivers a
6 nontaxable transaction certificate;

7 (2) the buyer separately states the value of the
8 service purchased in his charge for the service on its
9 subsequent sale; and

10 (3) the subsequent sale is in the ordinary course of
11 business and subject to the use tax.

12 NEW SECTION. Section 25. Deduction -- sale to
13 manufacturer. Receipts from the sale of tangible personal
14 property to a buyer engaged in the business of manufacturing
15 may be deducted from gross receipts if:

16 (1) the buyer delivers a nontaxable transaction
17 certificate to the seller; and

18 (2) the buyer incorporates or will incorporate the
19 tangible personal property as an ingredient or component
20 part of the product which he is in the business of
21 manufacturing.

22 NEW SECTION. Section 26. Deduction -- sale of
23 tangible personal property for leasing. Receipts from the
24 sale of tangible personal property, other than furniture or
25 appliances, and from the rental or lease of property, other

1 than coin-operated machines and mobile homes, that is
2 deductible under [sections 1 through 66] may be deducted
3 from gross receipts if:

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

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

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

14 NEW SECTION. Section 27. Deduction -- lease for
15 subsequent lease. Receipts from the lease of tangible
16 personal property, other than furniture or appliances, and
17 from the rental or lease of property, other than
18 coin-operated machines and mobile homes, that is deductible
19 under [sections 1 through 66] may be deducted from gross
20 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 -- sale of
2 tangible personal property to person engaged in construction
3 business. (1) Receipts from the sale of tangible personal
4 property may be deducted from gross receipts if the sale is
5 made to a buyer engaged in the construction business who
6 delivers a nontaxable transaction certificate to the seller.

7 (2) Receipts from the sale may be deducted if the
8 buyer incorporates the tangible personal property as:

9 (a) an ingredient or component part of a construction
10 project that is subject to the sales tax or use tax upon its
11 completion or upon the completion of the overall
12 construction project of which it is a part; or

13 (b) an ingredient or component part of a construction
14 project that is subject to the sales tax or use tax upon the
15 sale in the ordinary course of business of the real property
16 upon which it was constructed.

17 NEW SECTION. Section 29. Deduction -- machinery and
18 equipment used in trade or business. (1) The receipts from
19 the sale or use of machinery or equipment used in a trade or
20 business may be deducted from gross receipts if the buyer:

21 (a) delivers a nontaxable transaction certificate to
22 the seller; or

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

25 (2) Receipts from the sale or use of machinery or

1 equipment may be deducted if the buyer uses the property as
 2 equipment or machinery in his business. For purposes of this
 3 section, "equipment and machinery" means tangible personal
 4 property that will not be consumed in or made a part of any
 5 product or service.

6 NEW SECTION. Section 30. Deduction -- sale of
 7 construction service to person engaged in construction
 8 business. (1) Receipts from the sale of a construction
 9 service may be deducted from gross receipts if the sale is
 10 made to a buyer engaged in the construction business and he
 11 delivers a nontaxable transaction certificate to the person
 12 performing the construction service.

13 (2) Receipts from the service may be deducted if the
 14 buyer has the construction services performed upon:

15 (a) a construction project that is subject to the
 16 sales tax or use tax upon its completion or upon the
 17 completion of the overall construction project of which it
 18 is a part; or

19 (b) a construction project that is subject to the
 20 sales tax or use tax upon the sale in the ordinary course of
 21 business of the real property upon which it was constructed.

22 NEW SECTION. Section 31. Deduction -- sale or lease
 23 of real property and lease of mobile homes. (1) (a) Receipts
 24 from the sale or lease of real property except as provided
 25 in subsection (b), from the lease of a mobile home, or from

1 the rental of a mobile home for a period of at least 1 month
 2 may be deducted from gross receipts.

3 (b) The portion of the gross receipts from the sale of
 4 real property that is attributable to improvements
 5 constructed on the real property by the seller in the
 6 ordinary course of his construction business may not be
 7 deducted from gross receipts.

8 (2) Receipts attributable to the inclusion of
 9 furniture or appliances furnished by the landlord or lessor
 10 as part of a leased or rented dwelling, house, mobile home,
 11 cabin, condominium, or apartment may be deducted from gross
 12 receipts.

13 (3) Receipts received by hotels, motels,
 14 roominghouses, campgrounds, guest ranches, trailer parks, or
 15 similar facilities are not receipts from leasing real
 16 property for purposes of this section if such receipts are
 17 taxable under a lodging or accommodation type tax on either
 18 the operator or the user.

19 NEW SECTION. Section 32. Deduction -- transaction in
 20 interstate commerce. (1) Receipts from a transaction in
 21 interstate commerce may be deducted from gross receipts to
 22 the extent that the imposition of the sales tax or use tax
 23 would be unlawful under the United States constitution.

24 (2) (a) Receipts from transmitting messages or
 25 conversations by radio, if originated from a point outside

1 this state to another point within this state, and receipts
 2 from the sale of radio or television broadcast time if the
 3 advertising message is supplied by or on behalf of a
 4 national or regional seller or an advertiser not having its
 5 principal place of business in or being incorporated under
 6 the laws of this state may be deducted from gross receipts.

7 (b) Commissions received by an advertising agency for
 8 performing services in this state may not be deducted from
 9 gross receipts under this section.

10 NEW SECTION. Section 33. Deduction -- intrastate
 11 transportation and services in interstate commerce. (1)
 12 Receipts from the transport of persons or property from one
 13 point within this state to another point within this state
 14 may be deducted from gross receipts if such persons or
 15 property, including any reasonably necessary services, are
 16 being transported in interstate or foreign commerce under a
 17 single contract.

18 (2) Receipts from handling, storage, drayage, or
 19 packing of property or any other accessorial services on
 20 property may be deducted from gross receipts if:

21 (a) the property has been or will be moved in
 22 interstate or foreign commerce;

23 (b) the services are performed by a local agent for a
 24 carrier or by a carrier; and

25 (c) the services are performed under a single contract

1 in relation to transportation services.

2 NEW SECTION. Section 34. Deduction -- sale of certain
 3 services to out-of-state buyer. (1) Receipts from performing
 4 a service, other than a legal, accounting, or architectural
 5 service, may be deducted from gross receipts if the sale of
 6 the service is made to a buyer who delivers to the seller
 7 either a nontaxable transaction certificate or other
 8 evidence acceptable to the department that the transaction
 9 meets the conditions set out in subsection (3).

10 (2) The person who delivers the nontaxable transaction
 11 certificate or other evidence acceptable to the department
 12 must meet the conditions set out in subsection (3).

13 (3) Receipts from the performance of a service are
 14 subject to the deduction provided in this section if the
 15 buyer of the service, any of his employees, or any person in
 16 privity with him:

17 (a) does not make initial use of the product or the
 18 service in this state;

19 (b) does not take delivery of the product or the
 20 service in this state; or

21 (c) concurrent with the performance of the service,
 22 does not have a regular place of work in this state or spend
 23 more than brief and occasional periods of time in this state
 24 and:

25 (i) does not have any communication in this state

1 related in any way to the subject matter, performance, or
2 administration of the service with the person performing the
3 service; or

4 (ii) does not himself perform work in this state
5 related to the subject matter of the service.

6 (4) Receipts from performing a service that initially
7 qualified for the deduction provided in this section but
8 which no longer meets the criteria set forth in subsection
9 (3) is deductible for the period prior to the
10 disqualification.

11 NEW SECTION. Section 35. Deduction -- feed,
12 fertilizers, and agricultural supplies -- livestock
13 auctioneers. (1) Receipts from the sale of feed for
14 livestock, fish raised for human consumption, poultry,
15 animals raised for their hides or pelts, semen used in
16 animal husbandry, seeds, roots, bulbs, soil conditioners,
17 fertilizers, insecticides, insects used to control the
18 population of other insects, fungicides, weedicides,
19 herbicides, or water for irrigation purposes may be deducted
20 from gross receipts if the sale is made to a person who
21 states in writing that he is regularly engaged in the
22 business of farming, ranching, or the raising of animals for
23 their hides or pelts.

24 (2) Receipts of auctioneers from selling livestock or
25 other agricultural products at auction may be deducted from

1 gross receipts.

2 NEW SECTION. Section 36. Deduction -- certain
3 chemicals and reagents. (1) Receipts from the sale of
4 chemicals or reagents to any mining concern or milling
5 company for use in processing ores or oil in a mill,
6 smelter, or refinery or in acidizing oil wells and receipts
7 from the sale of chemicals or reagents in an amount in
8 excess of 18 tons may be deducted from gross receipts.

9 (2) Receipts from the sale of explosives, blasting
10 material, or dynamite may not be deducted from gross
11 receipts.

12 NEW SECTION. Section 37. Deduction -- trade-in
13 allowance. That portion of the receipts of a seller that is
14 represented by a trade-in of tangible personal property of
15 the same type as the property being sold may be deducted
16 from gross receipts.

17 NEW SECTION. Section 38. Deduction -- special fuel.
18 (1) Receipts from the sale of special fuel, as defined in
19 15-70-301, may be deducted from gross receipts if the
20 purchaser uses the special fuel in agriculture, or to
21 operate machinery, equipment, or vehicles used in a trade or
22 business.

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

25 NEW SECTION. Section 39. Deduction -- sale of certain

1 services performed directly on product manufactured.
 2 Receipts from sale of the service of combining or processing
 3 components or materials may be deducted from gross receipts
 4 if the sale is made to a buyer who is engaged in the
 5 business of manufacturing and delivers a nontaxable
 6 transaction certificate to the seller. The receipts from the
 7 service may be deducted if the buyer has the service
 8 performed directly upon tangible personal property that he
 9 is in the business of manufacturing or upon ingredients or
 10 component parts of such property.

11 NEW SECTION. Section 40. Deduction -- certain mobile
 12 homes. Receipts from the resale of a mobile home may be
 13 deducted from gross receipts if the sale is of a mobile home
 14 that was subject to the sales tax or use tax upon its
 15 initial sale or use in this state or was initially sold or
 16 used in this state prior to [the applicability date of this
 17 act]. The receipts from the resale may be deducted if the
 18 seller retains and furnishes proof satisfactory to the
 19 department that the sales tax or use tax was paid upon the
 20 initial sale or use in this state of the mobile home. In the
 21 absence of such proof, it is presumed that the tax was not
 22 paid. Proof that a Montana certificate of title was issued
 23 for a mobile home prior to [the applicability date of this
 24 act] is proof that the mobile home was initially sold or
 25 used in this state prior to [the applicability date of this

1 act] and exempt under this section.

2 NEW SECTION. Section 41. Deduction -- use of tangible
 3 personal property for leasing. (1) Except as provided in
 4 subsection (2), the value of leased property may be deducted
 5 in computing the use tax due if the person holding the
 6 tangible personal property for lease:

7 (a) is engaged in a business that derives a
 8 substantial portion of its receipts from leasing or selling
 9 property of the type leased;

10 (b) does not use the property in any manner other than
 11 holding it for lease or sale or leasing or selling it either
 12 by itself or in combination with other tangible personal
 13 property in the ordinary course of business; and

14 (c) does not use the property in a manner incidental
 15 to the performance of a service.

16 (2) The deduction provided in subsection (1) does not
 17 apply to the value of furniture or appliances furnished by
 18 the landlord or lessor as part of a leased or rented
 19 dwelling, house, cabin, condominium, or apartment or to the
 20 lease of coin-operated machines or mobile homes.

21 NEW SECTION. Section 42. Credit -- out-of-state
 22 taxes. (1) If a gross receipts, sales, use, or similar tax
 23 has been levied by another state or a political subdivision
 24 of another state on property bought outside this state but
 25 which will be used or consumed in this state and the tax was

1 paid, the amount of tax paid may be credited against any use
2 tax due this state on the same property.

3 (2) If the receipts from the sale of improvements to
4 real property constructed by a person in the ordinary course
5 of his construction business are subject to the sales tax or
6 use tax, the amount of tax paid by the person under
7 subsection (1) on materials that became an ingredient or
8 component part of the construction project and on
9 construction services performed upon the construction
10 project may be credited against the sales tax or use tax due
11 on the sale.

12 NEW SECTION. Section 43. Seller's permit. Upon an
13 applicant's compliance with [sections 1 through 66], the
14 department shall issue to the applicant a separate, numbered
15 seller's permit for each place of business within Montana. A
16 permit is valid until revoked or suspended but is not
17 assignable. A permit is valid only for the person in whose
18 name it is issued and for the transaction of business at the
19 place designated. The permit must be conspicuously displayed
20 at all times at the place for which it is issued.

21 NEW SECTION. Section 44. Permit application --
22 generally -- vending machines -- form. (1) A person desiring
23 to engage in the business of making retail sales or
24 providing services in Montana shall file with the department
25 an application for a permit. If the person has more than one

1 place of business, an application must be filed for each
2 place of business. A vending machine operator who has more
3 than one vending machine location is considered to have only
4 one place of business for purposes of this section. An
5 applicant who has no regular place of business and who moves
6 from place to place is considered to have only one place of
7 business and shall attach the permit to his cart, stand,
8 truck, or other merchandising device. Each person or class
9 of persons obligated to file a return under [sections 1
10 through 66] is required to file application for a permit.

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

20 NEW SECTION. Section 45. Special activities --
21 permits -- penalty. (1) The operator of a flea market, craft
22 show, antique show, coin show, stamp show, comic book show,
23 convention exhibit area, or similar selling event, as a
24 prerequisite to renting or leasing space on the premises
25 owned or controlled by the operator to a person desiring to

1 engage in or conduct business as a seller, shall obtain
 2 evidence that the seller is the holder of a valid seller's
 3 permit issued pursuant to [section 43] or a written
 4 statement from the seller that he is not offering for sale
 5 any item that is taxable under [sections 1 through 66].

6 (2) "Flea market, craft show, antique show, coin show,
 7 stamp show, comic book show, convention exhibit area, or
 8 similar selling event", as used in this section, means an
 9 activity that involves a series of sales sufficient in
 10 number, scope, and character to constitute a regular course
 11 of business but does not qualify as an isolated or
 12 occasional sale pursuant to [section 18].

13 (3) An operator who fails or refuses to comply with
 14 the provisions of this section is subject to a penalty,
 15 payable to the department, of \$100 per day per seller at
 16 each selling event at which the operator fails to obtain
 17 evidence that a seller is the holder of a valid seller's
 18 permit issued pursuant to [section 43].

19 NEW SECTION. Section 46. Revocation or suspension of
 20 permit -- hearing -- notice. (1) Subject to the provisions
 21 of subsection (2), the department may, for reasonable cause,
 22 revoke or suspend any permit held by a person who fails to
 23 comply with the provisions of [sections 1 through 66].

24 (2) (a) The department shall hold a hearing on the
 25 proposed revocation or suspension after giving the person 30

1 days' notice in writing, specifying the time and place of
 2 the hearing and the reason for the proposed revocation or
 3 suspension.

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

7 (c) The notice must be served personally or by
 8 certified mail.

9 (3) After revocation, the department may not issue a
 10 new permit except upon application accompanied by reasonable
 11 evidence of the intention of the applicant to comply with
 12 the provisions of [sections 1 through 66]. The department
 13 may require security in addition to that authorized by
 14 [section 54] in an amount reasonably necessary to ensure
 15 compliance with [sections 1 through 66] as a condition for
 16 the issuance of a new permit to such an applicant.

17 (4) A person aggrieved by the department's final
 18 decision to revoke a permit as provided in subsection (1)
 19 may appeal the decision to the state tax appeal board within
 20 30 days following the date on which the department issued
 21 its final decision.

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

24 NEW SECTION. Section 47. Nontaxable transaction
 25 certificate -- form. (1) The department shall provide for a

1 uniform nontaxable transaction certificate. In order to
 2 obtain a deduction under [sections 1 through 66], a
 3 purchaser must use the certificate when purchasing goods or
 4 services for resale.

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

6 (a) the number of the permit issued to the purchaser
 7 as provided in [section 43 or 44];

8 (b) the general character of property or service sold
 9 by the purchaser in the regular course of business;

10 (c) the property or service purchased for resale;

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

12 (e) a signature line for the purchaser.

13 NEW SECTION. Section 48. Improper use of subject of
 14 purchase obtained with nontaxable transaction certificate --
 15 penalty. (1) If a purchaser who uses a nontaxable
 16 transaction certificate utilizes the subject of the purchase
 17 other than for a purpose allowed as a deduction under
 18 [sections 1 through 66], such use is considered a taxable
 19 sale by the purchaser as of the time of first use by him and
 20 the sale price he receives is considered the gross receipts
 21 from the sale. If the sole nonexempt use is rental while
 22 holding for sale, the purchaser shall include in his gross
 23 receipts the amount of the rental charged. Upon subsequent
 24 sale of the property, the seller shall include the entire
 25 amount of gross receipts received from the resale, without

1 deduction of amounts previously received as rentals.

2 (2) A person who uses a certificate for property that
 3 will be utilized for purposes other than the purpose claimed
 4 is subject to a penalty, payable to the department, of \$100
 5 for each transaction in which an improper use of an
 6 exemption certificate has occurred.

7 (3) Upon a showing of good cause, the department may
 8 abate or waive the penalty or a portion of the penalty.

9 NEW SECTION. Section 49. Commingling nontaxable
 10 certificate goods. If a purchaser uses a nontaxable
 11 transaction certificate with respect to the purchase of
 12 fungible goods and thereafter commingles these goods with
 13 fungible goods not so purchased but of such similarity that
 14 the identity of the goods in the commingled mass cannot be
 15 determined, sales from the mass of commingled goods are
 16 considered to be sales of the goods purchased with the
 17 certificate until the quantity of commingled goods sold
 18 equals the quantity of goods originally purchased under the
 19 certificate.

20 NEW SECTION. Section 50. Collection and payment --
 21 penalty. (1) Liability for the payment of the sales tax and
 22 use tax is not extinguished until the taxes have been paid
 23 to the department.

24 (2) A retailer who does not maintain a place of
 25 business in this state is liable for the sales tax or use

1 tax and shall furnish, in accordance with [sections 1
2 through 66], adequate security to ensure collection and
3 payment of the taxes. When so authorized and except as
4 otherwise provided in [sections 1 through 66], the retailer
5 is liable for the taxes upon all tangible property sold that
6 is to be used within this state in the same manner as a
7 retailer who maintains a place of business within this
8 state. The permit provided for in subsection (3) may be
9 canceled at any time if the department considers the
10 security inadequate or believes that the taxes can be
11 collected more effectively in another manner.

12 (3) No agent, canvasser, or employee of a retailer
13 doing business in this state who is not authorized by permit
14 from the department may sell, solicit orders for, or deliver
15 any tangible personal property in Montana. If such an agent,
16 canvasser, or employee violates the provisions of [sections
17 1 through 66], he is subject to a fine of not more than \$100
18 for each separate transaction or event.

19 NEW SECTION. Section 51. Common carriers as
20 retailers. A person engaged in the business of intrastate or
21 interstate transportation by motor vehicle of tangible
22 personal property or passengers shall register as a retailer
23 and pay the taxes imposed by [sections 1 through 66].

24 NEW SECTION. Section 52. Application for permission
25 to report on accrual basis. (1) A person having a permit

1 pursuant to [section 43] may apply to the department for
2 permission to report and pay the sales tax or use tax on an
3 accrual basis.

4 (2) The application must be made on a form prescribed
5 by the department that contains such information as the
6 department may require.

7 (3) No person may report or pay the sales tax or use
8 tax on an accrual basis unless he has first received written
9 permission from the department.

10 NEW SECTION. Section 53. Returns -- authority of
11 department. (1) Except as provided in subsection (2), on or
12 before the 25th day of each month in which the tax imposed
13 by [sections 1 through 66] is payable, a return for the
14 preceding month must be filed with the department, on a form
15 provided by the department. Each return must contain a
16 confession of judgment for the amount of the tax shown due,
17 to the extent not timely paid. A person making sales at
18 retail at two or more places of business may file a
19 consolidated return, subject to rules prescribed by the
20 department.

21 (2) (a) For the purposes of the sales tax or use tax,
22 a return must be filed by:

23 (i) a retailer required to pay such tax; and

24 (ii) a person:

25 (A) purchasing any items the storage, use, or other

1 consumption of which is subject to the sales tax or use tax;
2 and

3 (B) who has not paid the tax to a retailer required to
4 pay the tax.

5 (b) Each return must be signed by the person filing
6 the return or by his agent duly authorized in writing.

7 (3) (a) A person liable for the taxes imposed by
8 [sections 1 through 66] shall keep records, render
9 statements, make returns, and comply with the provisions of
10 [sections 1 through 66] and the rules prescribed by the
11 department. Each return or statement must include the
12 information required by the rules of the department.

13 (b) For the purpose of determining compliance with the
14 provisions of this section, the department is authorized to
15 examine or cause to be examined any books, papers, records,
16 or memoranda relevant to making a determination of the
17 amount of tax due, whether the books, papers, records, or
18 memoranda are the property of or in the possession of the
19 person filing the return or another person. The department
20 may also:

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

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

25 (iii) take testimony on matters material to the

1 determination; and

2 (iv) administer oaths or affirmations.

3 (4) The returns due for June, July, and August of 1989
4 are due on or before September 25, 1989.

5 NEW SECTION. Section 54. Security -- limitations --
6 sale of security deposit at auction -- bond. (1) The
7 department may require a retailer to deposit with the
8 department security in a form and amount as the department
9 determines appropriate. The deposit may not be more than
10 twice the estimated average liability for the period for
11 which the return is required to be filed or \$10,000,
12 whichever is less. The amount of security may be increased
13 or decreased by the department, subject to the limitations
14 provided in this section.

15 (2) (a) If necessary, the department may sell property
16 deposited as security at public auction to recover any sales
17 tax or use tax or amount required to be collected, including
18 interest and penalties.

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

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

24 (3) In lieu of security, the department may require a
25 retailer to file a bond, issued by a surety company

1 authorized to transact business in this state, to guarantee
2 solvency and responsibility.

3 (4) For persons doing business as a corporation in
4 addition to doing business under the requirements of this
5 section, the department may require the corporate officers,
6 directors, or shareholders to provide a personal guaranty
7 and assumption of liability for the payment of the tax due
8 under [sections 1 through 66].

9 NEW SECTION. Section 55. Extensions. (1) The
10 department may extend the time for filing a return and
11 remittance of tax, deficiencies, and penalties for a period
12 not to exceed 60 days from the date a return was due and may
13 require both an estimated return at the time fixed for
14 filing the regularly required return and the payment of tax
15 on the basis of the estimated return.

16 (2) If an extension of time for payment has been
17 granted under this section, interest at the rate provided in
18 [section 60(2)] is payable from the date on which such
19 payment was first due without extension until the tax is
20 paid.

21 NEW SECTION. Section 56. Examination of return --
22 adjustments -- delivery of notices and demands. (1) The
23 department may examine a return and make any investigation
24 or examination of the records and accounts of the person
25 making the return that the department considers necessary to

1 determine the accuracy of the return.

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

6 (3) If the department determines that the amount of
7 tax due is different from the amount reported, the amount of
8 tax computed on the basis of the examination conducted
9 pursuant to subsections (1) and (2) constitutes the tax to
10 be paid.

11 (4) If the tax due exceeds the amount of tax reported
12 as due on the taxpayer's return, the excess must be paid to
13 the department within 60 days after notice of the amount and
14 demand for payment is mailed to the person making the
15 return. If the amount of the tax found due by the
16 department is less than that reported as due on the return
17 and has been paid, the excess must be refunded to the person
18 making the return in the manner provided in 15-1-503.

19 (5) The notices and demands provided for in this
20 section must contain a statement of the computation of the
21 tax and must be sent by mail to the person making the return
22 at the address given in his return, if any, or to his
23 last-known address, or a written statement of the
24 computation of the tax may be served personally upon the
25 taxpayer.

1 NEW SECTION. Section 57. Penalties for violation.

2 (1) (a) Subject to the provisions of subsection (1)(b), if a
3 person, without purposely or knowingly violating any
4 requirement imposed by [sections 1 through 66], fails to
5 file a return or pay the tax due on or before the date the
6 return or tax is due (determined with regard to any
7 extension of time granted for filing the return), there must
8 immediately be imposed a penalty of 5% of any tax due on the
9 return. The penalty increases by the amount of 5% of the tax
10 due for each 30-day period or portion thereof that the
11 return remains unfiled after notification of failure to
12 file.

13 (b) Notwithstanding the provisions of subsection (2),
14 the total amount of the penalty may not exceed 25% of the
15 total tax due.

16 (c) Interest accrues on the unpaid tax at the rate of
17 1% for each month or part thereof during which the tax
18 remains unpaid.

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

22 (2) (a) If a person purposely or knowingly violates
23 any requirement imposed by [sections 1 through 66], fails to
24 make a return, or fails to pay a tax, if one is due, at the
25 time required under the provisions of [sections 1 through

1 66], there is added to the tax an additional amount equal to
2 25% of the tax. Such additional amount may in no case be
3 less than \$25.

4 (b) Interest accrues on the unpaid tax at the rate of
5 1% for each month or part thereof during which the tax
6 remains unpaid.

7 (3) (a) Any individual, corporation, or partnership,
8 any officer or employee of a corporation, or any member or
9 employee of a partnership who, with intent to evade any
10 requirement of [sections 1 through 66] or any lawful
11 requirement of the department adopted pursuant to [sections
12 1 through 66], purposely or knowingly fails to pay the tax
13 or to make, render, or sign any return or to supply any
14 information within the time required under the provisions of
15 [sections 1 through 66] or who, with like intent, purposely
16 or knowingly makes, renders, or signs any false or
17 fraudulent return or statement or supplies any false or
18 fraudulent information is subject to a civil penalty of not
19 more than \$5,000.

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

23 (4) The department may abate or waive all or a portion
24 of the penalties imposed in subsection (1) if the taxpayer
25 establishes to the satisfaction of the department that his

1 failure to file or to pay on time was due to reasonable
2 cause and was not due to neglect on his part.

3 NEW SECTION. Section 58. Warrants for distraint. If a
4 tax imposed by [sections 1 through 66] or any portion of
5 such tax is not paid when due, the department may issue a
6 warrant for distraint as provided in Title 15, chapter 1,
7 part 7.

8 NEW SECTION. Section 59. Authority to collect
9 delinquent taxes. (1) The department shall collect taxes
10 that are delinquent as determined under [sections 1 through
11 66].

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

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

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

23 (5) The department shall provide the taxpayer with
24 written notice of the right to request a hearing under the
25 contested case procedures of Title 2, chapter 4, on the

1 matter of the offset action or the department's intent to
2 file a claim on behalf of the taxpayer. A written request
3 for a hearing must be made within 30 days of the date of the
4 notice, and such hearing must be held within 30 days
5 following receipt by the department of the written request.

6 NEW SECTION. Section 60. Penalty for deficiency.
7 (1) (a) If the payment of a tax deficiency is not made
8 within 60 days after it is due and payable and if the
9 deficiency is due to negligence on the part of the taxpayer
10 but without fraud, there must be added to the amount of the
11 deficiency a penalty of 5% of the tax.

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

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

22 (d) In no event may the penalties imposed under
23 subsections (1)(a) and (1)(b) exceed 25% of the total tax
24 due.

25 (2) If the time for filing a return is extended, the

1 taxpayer shall pay, in addition to the tax due, interest
2 thereon at the rate of 1% for each month or part thereof
3 from the date the return was originally required to be filed
4 to the time of payment.

5 (3) The department may not assess a penalty until such
6 time as the penalty equals \$10 or more for any one tax
7 period or the period covered by any return or statement.

8 NEW SECTION. Section 61. Limitations. Except in the
9 case of a person who, with intent to evade the tax,
10 purposely or knowingly files a false or fraudulent return
11 violating the provisions of [sections 1 through 66], the
12 amount of tax due under any return must be determined by the
13 department within 5 years after the return was made. The
14 department is barred from revising a return or recomputing
15 the tax due thereon, and no proceeding in court for the
16 collection of the tax may be instituted unless notice of an
17 additional tax was provided within the period described in
18 this section.

19 NEW SECTION. Section 62. Refunds. A claim for a
20 refund made for taxes collected under [sections 1 through
21 66] must be in accordance with the procedure and time limits
22 provided in 15-1-503.

23 NEW SECTION. Section 63. Administration -- rules. The
24 department shall:

25 (1) administer and enforce the provisions of [sections

1 1 through 66];

2 (2) cause to be prepared and distributed such forms
3 and information as may be necessary to administer the
4 provisions of [sections 1 through 66]; and

5 (3) promulgate such rules as may be appropriate to
6 administer and enforce the provisions of [sections 1 through
7 66].

8 NEW SECTION. Section 64. Revocation of corporate
9 license. (1) If a corporation authorized to do business in
10 this state and required to pay the taxes imposed under
11 [sections 1 through 66] fails to comply with any of the
12 provisions of [sections 1 through 66] or any rule of the
13 department, the department may, for reasonable cause,
14 certify to the secretary of state a copy of an order finding
15 that the corporation has failed to comply with specific
16 statutory provisions or rules.

17 (2) The secretary of state shall, upon receipt of the
18 certification, revoke the license authorizing the
19 corporation to do business in this state and may issue a new
20 license only when the corporation has obtained from the
21 department an order finding that the corporation has
22 complied with its obligations under [sections 1 through 66].

23 (3) No order authorized in this section may be made
24 until the corporation is given an opportunity to be heard
25 and to show cause at a contested case hearing before the

1 department why such order should not be made. The
2 corporation must be given 30 days' notice of the time and
3 place of the hearing and the reason for the proposed order.

4 NEW SECTION. Section 65. Tax as debt. (1) The taxes
5 imposed by [sections 1 through 66] and related interest and
6 penalties become a personal debt of the person required to
7 file a return from the time the liability arises, regardless
8 of when the time for payment of such liability occurs.

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

16 (3) This section also applies to those corporate
17 officers, directors, or shareholders required by the
18 department to personally guarantee the payment of the taxes
19 for their corporations.

20 NEW SECTION. Section 66. Information --
21 confidentiality -- agreements. (1) (a) Except as provided in
22 subsection (1)(b), it is unlawful for an employee of the
23 department or any other public official or public employee
24 to divulge or otherwise make known any information disclosed
25 in a report or return required to be filed under [sections 1

1 through 66] or any information concerning the affairs of the
2 person making the return that is acquired from his records,
3 officers, or employees in an examination or audit.

4 (b) Subsection (1)(a) does apply to information
5 obtained from the taxpayer making the report or return in
6 connection with a proceeding involving taxes due under
7 [sections 1 through 66] or to comply with the provisions of
8 subsection (2).

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

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

22 (b) The department, in order to implement the
23 provisions of [sections 1 through 66], may furnish
24 information on a reciprocal basis to the taxing officials of
25 another state or to the taxing officials of a municipality

1 of this state that has a local sales tax or use tax.

2 (3) In order to facilitate processing of returns and
3 payments of taxes required by [sections 1 through 66], the
4 department may contract with vendors and may disclose data
5 to the vendors. The data disclosed must be administered by
6 the vendor in a manner consistent with this section.

7 NEW SECTION. Section 67. Heavy vehicle, truck
8 tractor, and semitrailer highway use fee -- exemptions. (1)
9 Except as provided in subsection (2), heavy vehicles as
10 defined in 61-3-531, truck tractors as defined in 61-1-108,
11 and semitrailers as defined in 61-1-112 are subject to an
12 annual use fee in consideration of the right to use the
13 highways of the state.

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

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

1 tractor, or semitrailer.

2 NEW SECTION. Section 68. Schedule of heavy vehicle,
3 truck tractor, and semitrailer use fee. (1) The following
4 schedule, based on vehicle age and weight, is used to
5 determine the fee imposed by [sections 67 through 69]:

6 Vehicle Age	7 Weight		
	8 More Than		
	9 26,000 Pounds		
	10 26,000 Pounds	11 and Less Than	12 More Than
	13 or Less	14 34,000 Pounds	15 34,000 Pounds
16 Less than or			
17 equal to 5			
18 years	\$125	\$200	\$300
19 More than 5			
20 years and			
21 less than			
22 10 years	50	100	150
23 More than 10			
24 years and			
25 less than			
26 20 years	25	50	75
27 20 years old			
28 and over	10	10	10

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

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

5 (ii) rounding the product thus obtained to the nearest
6 whole dollar amount.

7 (b) "PCE" means the implicit price deflator for
8 personal consumption expenditures as published quarterly in
9 the Survey of Current Business by the bureau of economic
10 analysis of the United States department of commerce.

11 NEW SECTION. Section 69. Disposition of heavy
12 vehicle, truck tractor, and semitrailer highway use fee. The
13 fee provided in [section 67] must be deposited with the
14 state treasurer in the special revenue fund to the credit of
15 the department of highways and allocated pursuant to
16 15-70-101.

17 NEW SECTION. Section 70. Per capita fee for expenses
18 of enforcing livestock and poultry laws. (1) In addition to
19 appropriations made for such purposes, a per capita fee is
20 authorized and directed to be paid on all livestock and
21 poultry in this state for the purpose of aiding in the
22 payment of the expenses, including salaries, connected with
23 the enforcement of the livestock and poultry laws of the
24 state and for the payment of bounties on wild animals.

25 (2) As used in this section, "livestock" means cattle,

1 sheep, swine, goats, horses, mules, and asses.

2 NEW SECTION. Section 71. Board of livestock to
3 prescribe per capita fee. (1) The board of livestock shall
4 annually prescribe the per capita fee for livestock and
5 poultry of all classes for the payment of the expenses,
6 including salaries, connected with the livestock laws of the
7 state and the payment of bounties on wild animals.

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

14 NEW SECTION. Section 72. Collection of fee. (1) On or
15 before January 15 of each year, an owner of livestock or
16 poultry or his agent shall make and deliver to the board of
17 livestock a verified statement showing as of January 1 the
18 number of each kind of livestock or poultry within the state
19 belonging to him or under his charge, with their marks and
20 brands and the county in which the majority of the livestock
21 or poultry is located.

22 (2) Upon determination of the numbers of each class of
23 livestock and poultry and assessment of the amount of the
24 levy set by the board of livestock, the county treasurer
25 shall send to each owner or agent who filed a report a

1 statement indicating the total fee due for the year, the
 2 fact that payment is to be made to the county treasurer on
 3 or before June 1 following assessment of the tax, and the
 4 penalty and lien provisions that apply.

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

9 NEW SECTION. Section 73. Transmission of fees from
 10 county to state treasurer. Except for the money withheld by
 11 the county, the fees levied and the money collected pursuant
 12 to the provisions of [sections 70 through 74] must be
 13 transmitted to the state treasurer by the county treasurer
 14 of each county, as provided in 15-1-504 but not later than
 15 July 1 following assessment. The county treasurer shall
 16 designate the amount received from the fee paid on poultry,
 17 the amount received from the fee paid on sheep, and the
 18 amount received from the fee paid on all other livestock and
 19 shall specify the separate amounts in his report to the
 20 state treasurer. The money, when received by the state
 21 treasurer, must be deposited to the credit of the department
 22 of livestock.

23 NEW SECTION. Section 74. Penalty for failure to file
 24 statement on livestock or poultry. -- lien upon real and
 25 personal property. (1) If a person who is the owner of

1 livestock or poultry within the state fails to file or have
 2 his agent file the statement required in [section 72], the
 3 county treasurer shall, after 10 days' notice to the person
 4 who failed to file the statement, assess the fee imposed by
 5 [sections 70 through 74] based on the board of livestock's
 6 estimate of the number of livestock or poultry owned by the
 7 person in the state. The county treasurer must add a 10%
 8 penalty to the assessment.

9 (2) The fee imposed pursuant to [sections 70 through
 10 74] is a lien upon the real and personal property of the
 11 livestock or poultry owner who fails to pay the fees on or
 12 before June 1 following assessment and is to be collected
 13 under the tax lien enforcement provisions of Title 15.

14 Section 75. Section 7-1-2111, MCA, is amended to read:

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

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

24 (b) second class--all counties having such a taxable
 25 valuation of more than \$30 million and less than \$50

1 million;

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

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

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

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

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

15 (2) As used in this section, taxable valuation means
16 the taxable value of taxable property in the county as of
17 the time of determination plus:

18 (a) that portion of the taxable value of the county on
19 December 31, 1981, attributable to automobiles and trucks
20 having a rated capacity of three-quarters of a ton or less;
21 and

22 (b) the amount of new production taxes levied, as
23 provided in 15-23-607, divided by the appropriate tax rates
24 described in 15-23-607(2)(a) or (2)(b) and multiplied by
25 60%;

1 (c) the portion of the total taxable value of the
2 county on December 31, 1986, attributable to the value of
3 personal property subject to taxation on December 31, 1986;
4 and

5 (d) the portion of the taxable value of the county on
6 December 31, 1986, attributable to the value of the first
7 \$16,500 or less of market value on single-family residences,
8 exclusive of land and appurtenant improvements, subject to
9 taxation on December 31, 1986."

10 Section 76. Section 7-3-1321, MCA, is amended to read:

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

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

25 Section 77. Section 7-6-2211, MCA, is amended to read:

1 "7-6-2211. Authorization to conduct county business on
 2 a cash basis. (1) In case the total indebtedness of a
 3 county, lawful when incurred, exceeds the limit of ~~23%~~ 33%
 4 established in 7-7-2101 by reason of great diminution of
 5 taxable value, the county may conduct its business affairs
 6 on a cash basis and pay the reasonable and necessary current
 7 expenses of the county out of the cash in the county
 8 treasury derived from its current revenue and under such
 9 restrictions and regulations as may be imposed by the board
 10 of county commissioners of the county by a resolution duly
 11 adopted and included in the minutes of the board.

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

17 Section 78. Section 7-6-4121, MCA, is amended to read:

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

25 (2) (a) Whenever a city or town is conducting its

1 business affairs on a cash basis, the reasonable and
 2 necessary current expenses of the city or town may be paid
 3 out of the cash in the city or town treasury and derived
 4 from its current revenues, under such restrictions and
 5 regulations as the city or town council may by ordinance
 6 prescribe.

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

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

21 Section 79. Section 7-6-4254, MCA, is amended to read:

22 "7-6-4254. Limitation on amount of emergency budgets
 23 and appropriations. (1) The total of all emergency budgets
 24 and appropriations made therein in any one year and to be
 25 paid from any city fund may not exceed ~~30%~~ 54% of the total

1 amount which could be produced for such city fund by a
2 maximum levy authorized by law to be made for such fund, as
3 shown by the last completed assessment roll of the county.

4 (2) The term "taxable property", as used herein, means
5 the percentage of the value at which such property is
6 assessed and which percentage is used for the purposes of
7 computing taxes and does not mean the assessed value of such
8 property as the same appears on the assessment roll."

9 Section 80. Section 7-7-107, MCA, is amended to read:

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

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

21 Section 81. Section 7-7-108, MCA, is amended to read:

22 "7-7-108. Authorization for additional indebtedness
23 for water or sewer systems. (1) For the purpose of
24 constructing a sewer system or procuring a water supply or
25 constructing or acquiring a water system for a city-county

1 consolidated government which shall own and control such
2 water supply and water system and devote the revenues
3 therefrom to the payment of the debt, a city-county
4 consolidated government may incur an additional indebtedness
5 by borrowing money or issuing bonds.

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

14 Section 82. Section 7-7-2101, MCA, is amended to read:

15 "7-7-2101. Limitation on amount of county
16 indebtedness. (1) No county may become indebted in any
17 manner or for any purpose to an amount, including existing
18 indebtedness, in the aggregate exceeding ~~29%~~ 33% of the
19 total of the taxable value of the property therein 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%, as
23 ascertained by the last assessment for state and county
24 taxes previous to the incurring of such indebtedness.

25 (2) No county may incur indebtedness or liability for

1 any single purpose to an amount exceeding \$500,000 without
2 the approval of a majority of the electors thereof voting at
3 an election to be provided by law, except as provided in
4 7-21-3413 and 7-21-3414.

5 (3) Nothing in this section shall apply to the
6 acquisition of conservation easements as set forth in Title
7 76, chapter 6."

8 Section 83. Section 7-7-2203, MCA, is amended to read:

9 "7-7-2203. Limitation on amount of bonded
10 indebtedness. (1) Except as provided in subsections (2)
11 through (4), no county may issue general obligation bonds
12 for any purpose which, with all outstanding bonds and
13 warrants except county high school bonds and emergency
14 bonds, will exceed ~~11-25%~~ 16% of the total of the taxable
15 value of the property therein, plus the amount of new
16 production taxes levied divided by the appropriate tax rates
17 described in 15-23-607(2)(a) or (2)(b) and multiplied by
18 60%, to be ascertained by the last assessment for state and
19 county taxes prior to the proposed issuance of bonds.

20 (2) In addition to the bonds allowed by subsection
21 (1), a county may issue bonds which, with all outstanding
22 bonds and warrants, will not exceed ~~27-75%~~ 40% of the total
23 of the taxable value of the property in the county subject
24 to taxation, plus the amount of new production taxes levied
25 divided by the appropriate tax rates described in

1 15-23-607(2)(a) or (2)(b) and multiplied by 60%, when
2 necessary to do so, for the purpose of acquiring land for a
3 site for county high school buildings and for erecting or
4 acquiring buildings thereon and furnishing and equipping the
5 same for county high school purposes.

6 (3) In addition to the bonds allowed by subsections
7 (1) and (2), a county may issue bonds for the construction
8 or improvement of a jail which will not exceed ~~12-5%~~ 18% of
9 the taxable value of the property in the county subject to
10 taxation.

11 (4) The limitation in subsection (1) shall not apply
12 to refunding bonds issued for the purpose of paying or
13 retiring county bonds lawfully issued prior to January 1,
14 1932."

15 Section 84. Section 7-7-4201, MCA, is amended to read:

16 "7-7-4201. Limitation on amount of bonded
17 indebtedness. (1) Except as otherwise provided, no city or
18 town may issue bonds or incur other indebtedness for any
19 purpose in an amount which with all outstanding and unpaid
20 indebtedness will exceed ~~28%~~ 40% of the taxable value of the
21 property therein subject to taxation, to be ascertained by
22 the last assessment for state and county taxes.

23 (2) The issuing of bonds for the purpose of funding or
24 refunding outstanding warrants or bonds is not the incurring
25 of a new or additional indebtedness but is merely the

1 changing of the evidence of outstanding indebtedness."

2 Section 85. Section 7-7-4202, MCA, is amended to read:

3 "7-7-4202. Special provisions relating to water and
4 sewer systems. (1) Notwithstanding the provisions of
5 7-7-4201, for the purpose of constructing a sewer system,
6 procuring a water supply, or constructing or acquiring a
7 water system for a city or town which owns and controls the
8 water supply and water system and devotes the revenues
9 therefrom to the payment of the debt, a city or town may
10 incur an additional indebtedness by borrowing money or
11 issuing bonds.

12 (2) The additional total indebtedness that may be
13 incurred by borrowing money or issuing bonds for the
14 construction of a sewer system, for the procurement of a
15 water supply, or for both such purposes, including all
16 indebtedness theretofore contracted which is unpaid or
17 outstanding, may not in the aggregate exceed 55% over and
18 above the ~~20%~~ 40%, referred to in 7-7-4201, of the taxable
19 value of the property therein subject to taxation as
20 ascertained by the last assessment for state and county
21 taxes."

22 Section 86. Section 7-13-4103, MCA, is amended to
23 read:

24 "7-13-4103. Limitation on indebtedness for acquisition
25 of natural gas system. The total amount of indebtedness

1 authorized to be contracted in any form, including the
2 then-existing indebtedness, must not at any time exceed ~~17%~~
3 24% of the total taxable value of the property of the city
4 or town subject to taxation as ascertained by the last
5 assessment for state and county taxes."

6 Section 87. Section 7-14-236, MCA, is amended to read:

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

13 Section 88. Section 7-14-2524, MCA, is amended to
14 read:

15 "7-14-2524. Limitation on amount of bonds issued --
16 excess void. (1) Except as otherwise provided hereafter and
17 in 7-7-2203 and 7-7-2204, no county shall issue bonds which,
18 with all outstanding bonds and warrants except county high
19 school bonds and emergency bonds, will exceed ~~11-25%~~ 16% of
20 the total of the taxable value of the property therein, plus
21 the amount of new production taxes levied divided by the
22 appropriate tax rates described in 15-23-607(2)(a) or (2)(b)
23 and multiplied by 60%. The taxable property and the amount
24 of new production taxes levied shall be ascertained by the
25 last assessment for state and county taxes prior to the

1 issuance of such bonds.

2 (2) A county may issue bonds which, with all
3 outstanding bonds and warrants except county high school
4 bonds, will exceed ~~22-5% 16%~~ but will not exceed ~~22-5% 32%~~
5 of the total of the taxable value of such property, plus the
6 amount of new production taxes levied divided by the
7 appropriate tax rates described in 15-23-607(2)(a) or (2)(b)
8 and multiplied by 60%, when necessary for the purpose of
9 replacing, rebuilding, or repairing county buildings,
10 bridges, or highways which have been destroyed or damaged by
11 an act of God, disaster, catastrophe, or accident.

12 (3) The value of the bonds issued and all other
13 outstanding indebtedness of the county, except county high
14 school bonds, shall not exceed ~~22-5% 32%~~ of the total of the
15 taxable value of the property within the county, plus the
16 amount of new production taxes levied divided by the
17 appropriate tax rates described in 15-23-607(2)(a) or (2)(b)
18 and multiplied by 60%, as ascertained by the last preceding
19 general assessment."

20 Section 89. Section 7-14-2525, MCA, is amended to
21 read:

22 "7-14-2525. Refunding agreements and refunding bonds
23 authorized. (1) Whenever the total indebtedness of a county
24 exceeds ~~22-5% 32%~~ of the total of the taxable value of the
25 property therein, plus the amount of new production taxes

1 levied divided by the appropriate tax rates described in
2 15-23-607(2)(a) or (2)(b) and multiplied by 60%, and the
3 board determines that the county is unable to pay such
4 indebtedness in full, the board may:

5 (a) negotiate with the bondholders for an agreement
6 whereby the bondholders agree to accept less than the full
7 amount of the bonds and the accrued unpaid interest thereon
8 in satisfaction thereof;

9 (b) enter into such agreement;

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

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

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

16 Section 90. Section 7-14-4402, MCA, is amended to
17 read:

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

1 7-14-4401(1) until the proposition has been submitted to the
2 vote of the taxpayers of the city or town and the majority
3 vote cast in its favor."

4 Section 91. Section 7-16-2327, MCA, is amended to
5 read:

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

12 (2) (a) The total amount of indebtedness authorized to
13 be contracted in any form, including the then-existing
14 indebtedness, must not at any time exceed ~~13%~~ 19% of the
15 total of the taxable value of the taxable property in the
16 county, 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%, ascertained
19 by the last assessment for state and county taxes previous
20 to the incurring of such indebtedness.

21 (b) No money may be borrowed on bonds issued for the
22 purchase of lands and improving same for any such purpose
23 until the proposition has been submitted to the vote of
24 those qualified under the provisions of the state
25 constitution to vote at such election in the county affected

1 thereby and a majority vote is cast in favor thereof."

2 Section 92. Section 7-16-4104, MCA, is amended to
3 read:

4 "7-16-4104. Authorization for municipal indebtedness
5 for various cultural, social, and recreational purposes. (1)
6 A city or town council or commission may contract an
7 indebtedness on behalf of the city or town, upon the credit
8 thereof, by borrowing money or issuing bonds:

9 (a) for the purpose of purchasing and improving lands
10 for public parks and grounds;

11 (b) for procuring by purchase, construction, or
12 otherwise swimming pools, athletic fields, skating rinks,
13 playgrounds, museums, a golf course, a site and building for
14 a civic center, a youth center, or combination thereof; and

15 (c) for furnishing and equipping the same.

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

1 favor thereof."

2 Section 93. Section 7-21-2104, MCA, is amended to
3 read:

4 "7-21-2104. Lien arising from license. (1) All
5 property held or used in any trade, occupation, or
6 profession for which a license is required by the provisions
7 of this part is liable for such license and subject to a
8 lien for the amount thereof. This lien has precedence of any
9 other lien, claim, or demand.

10 (2) If any person fails or refuses to procure a
11 license before the transaction of the business specified,
12 the county treasurer must seize such property or any other
13 property belonging to such person and sell the same ~~in--the~~
14 ~~manner-provided-in-15-17-981-through-15-17-903.~~"

15 Section 94. Section 7-31-106, MCA, is amended to read:

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

23 (a) to ascertain, within 30 days after submission of
24 the petition, the existing indebtedness of the county in the
25 aggregate; and

1 (b) to submit, within 60 days after ascertaining the
2 same, to the electors of such county the proposition to
3 approve or disapprove the contract and the issuance of bonds
4 necessary to carry out the same.

5 (2) The amount of the bonds authorized by this section
6 may not exceed ~~22.5%~~ 32% of the taxable value of the taxable
7 property therein, inclusive of the existing indebtedness
8 thereof, to be ascertained by the last assessment for state
9 and county taxes previous to the issuance of said bonds and
10 incurring of said indebtedness."

11 Section 95. Section 7-31-107, MCA, is amended to read:

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

19 (a) shall ascertain, within 30 days after submission
20 of the petition, the aggregate indebtedness of such city or
21 town; and

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

1 (2) The amount of the bonds authorized by this section
2 may not exceed ~~16.5%~~ 24% of the taxable value of the taxable
3 property therein, inclusive of the existing indebtedness
4 thereof, to be ascertained in the manner provided in this
5 part."

6 Section 96. Section 7-34-2131, MCA, is amended to
7 read:

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

14 (2) The amount of bonds issued for such purpose and
15 outstanding at any time may not exceed ~~22.5%~~ 32% of the
16 taxable value of the property therein as ascertained by the
17 last assessment for state and county taxes previous to the
18 issuance of such bonds.

19 (3) Such bonds shall be authorized, sold, and issued
20 and provisions made for their payment in the manner and
21 subject to the conditions and limitations prescribed for
22 bonds of second- or third-class school districts by Title
23 20, chapter 9, part 4.

24 (4) Nothing herein shall be construed to preclude the
25 provisions of Title 50, chapter 6, part 1, allowing the

1 state to apply for and accept federal funds."

2 Section 97. Section 15-1-101, MCA, is amended to read:

3 "15-1-101. Definitions. (1) Except as otherwise
4 specifically provided, when terms mentioned in this section
5 are used in connection with taxation, they are defined in
6 the following manner:

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

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

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

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

23 (ii) The following types of property are not
24 commercial:

25 (A) agricultural lands;

1 (B) timberlands;

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

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

8 (E) all property described in 15-6-135~~7~~;
9 ~~{F}--all--property--described--in--15-6-1367--and~~
10 ~~{G}--all--property--described--in--15-6-1467~~

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

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

18 (g) The term "improvements" includes all buildings,
19 structures, fences, and improvements situated upon, erected
20 upon, or affixed to land and machinery and equipment that
21 are attached or affixed to a building or land and that are
22 not removable without materially altering, limiting, or
23 restricting the use of the building or land. When the
24 department of revenue or its agent determines that the
25 permanency of location of a mobile home or housetrailer has

1 been established, the mobile home or housetrailer is
2 presumed to be an improvement to real property. A mobile
3 home or housetrailer ~~may--be--determined--to--be--permanently~~
4 ~~located--only--when--it--is--attached--to--a--foundation--which~~
5 ~~cannot--feasibly--be--relocated--and--only--when--the--wheels--are~~
6 ~~removed~~ used as a residence is an improvement, whether or
7 not it is affixed to the land.

8 (h) The term "leasehold improvements" means
9 improvements to mobile homes and mobile homes located on
10 land owned by another person. This property is assessed
11 under the appropriate classification and the taxes are due
12 and payable in two payments as provided in ~~15-24-202~~
13 15-16-102. Delinquent taxes on such leasehold improvements
14 are a lien only on such leasehold improvements.

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

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

24 (k) The term "personal property" includes everything
25 that is the subject of ownership but that is not included

1 within the meaning of the terms "real estate" and
2 "improvements".

3 (l) The term "poultry" includes all chickens, turkeys,
4 geese, ducks, and other birds raised in domestication to
5 produce food or feathers.

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

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

14 (i) the possession of, claim to, ownership of, or
15 right to the possession of land or improvements;

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

21 (o) The term "taxable value" means the percentage of
22 market or assessed value as provided for in ~~15-6-131 through~~
23 ~~15-6-140~~ chapter 6, part 1, of this title.

24 (2) The phrase "municipal corporation" or
25 "municipality" or "taxing unit" shall be deemed to include a

1 county, city, incorporated town, township, school district,
2 irrigation district, drainage district, or any person,
3 persons, or organized body authorized by law to establish
4 tax levies for the purpose of raising public revenue.

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

8 Section 98. Section 15-1-701, MCA, is amended to read:

9 "15-1-701. Warrant for distraint. (1) A warrant for
10 distraint is an order, under the official seal of the
11 department of revenue, directed to a sheriff of any county
12 of Montana or to any agent authorized by law to collect a
13 tax. The order commands the recipient to levy upon and sell
14 the real ~~and--personal~~ property or improvements of a
15 delinquent taxpayer.

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

23 (3) A warrant may be issued for the amount of unpaid
24 tax plus penalty, if any, and accumulated interest. The lien
25 is for the amount indicated on the warrant plus accrued

1 interest from the date of the warrant."

2 Section 99. Section 15-6-101, MCA, is amended to read:

3 "15-6-101. Property subject to taxation --
4 classification. (1) All real property and improvements in
5 this state ~~is~~ are subject to taxation, except as provided
6 otherwise.

7 (2) For the purpose of taxation, the taxable property
8 in the state shall be classified in accordance with this
9 part."

10 Section 100. Section 15-6-135, MCA, is amended to
11 read:

12 "15-6-135. Class five property -- description --
13 taxable percentage. (1) Class five property includes:

14 (a) all real property and improvements used and owned
15 by cooperative rural electrical and cooperative rural
16 telephone associations organized under the laws of Montana,
17 except property owned by cooperative organizations described
18 in subsection (1)(c) of 15-6-137;

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

21 (c) new industrial property as defined in this
22 section;

23 (d) any ~~personal~~ or real property or improvements used
24 primarily in the production of gaschol during construction
25 and for the first 3 years of its operation.

1 (2) (a) "Air and water pollution equipment control
2 improvements" means ~~facilities, machinery, or equipment~~ used
3 to reduce or control water or atmospheric pollution or
4 contamination by removing, reducing, altering, disposing, or
5 storing pollutants, contaminants, wastes, or heat. The
6 department of health and environmental sciences shall
7 determine if such utilization is being made.

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

17 (3) "New industrial property" means any new industrial
18 plant, including ~~land, buildings, machinery, and fixtures~~
19 and improvements, used by new industries during the first 3
20 years of their operation. The property may not have been
21 assessed within the state of Montana prior to July 1, 1961.

22 (4) (a) "New industry" means any person, corporation,
23 firm, partnership, association, or other group that
24 establishes a new plant in Montana for the operation of a
25 new industrial endeavor, as distinguished from a mere

1 expansion, reorganization, or merger of an existing
2 industry.

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

4 (i) manufacture, mill, mine, produce, process, or
5 fabricate materials;

6 (ii) do similar work, employing capital and labor, in
7 which materials unserviceable in their natural state are
8 extracted, processed, or made fit for use or are
9 substantially altered or treated so as to create commercial
10 products or materials; or

11 (iii) engage in the mechanical or chemical
12 transformation of materials or substances into new products
13 in the manner defined as manufacturing in the 1972 Standard
14 Industrial Classification Manual prepared by the United
15 States office of management and budget.

16 (5) New industrial property does not include:

17 (a) property used by retail or wholesale merchants,
18 commercial services of any type, agriculture, trades, or
19 professions;

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

22 (c) property used or employed in any industrial plant
23 that has been in operation in this state for 3 years or
24 longer.

25 (6) Class five property is taxed at 3% of its market

1 value."

2 Section 101. Section 15-6-137, MCA, is amended to
3 read:

4 "15-6-137. Class seven property -- description --
5 taxable percentage. (1) Class seven property includes:

6 (a) all real property and improvements used and owned
7 by persons, firms, corporations, or other organizations that
8 are engaged in the business of furnishing telephone
9 communications exclusively to rural areas or to rural areas
10 and cities and towns of 800 persons or less;

11 (b) all real property and improvements owned by
12 cooperative rural electrical and cooperative rural telephone
13 associations that serve less than 95% of the electricity
14 consumers or telephone users within the incorporated limits
15 of a city or town; and

16 (c) electric transformers and meters; electric light
17 and power substation machinery; natural gas measuring and
18 regulating station equipment, meters, and compressor station
19 machinery owned by noncentrally assessed public utilities;
20 ~~and tools--used--in--the--repair--and--maintenance--of--this~~
21 ~~property;--and~~

22 ~~(d)--tools;--implements;--and--machinery--used--to--repair~~
23 ~~and--maintain--machinery--not--used--for--manufacturing--and--mining~~
24 ~~purposes.~~

25 (2) To qualify for this classification, the average

1 circuit miles for each station on the telephone
2 communication system described in subsection (1)(b) must be
3 more than 1 mile.

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

6 Section 102. Section 15-6-141, MCA, is amended to
7 read:

8 "15-6-141. Class eleven property -- description --
9 taxable percentage. (1) Class eleven property includes real
10 property and improvements as follows:

11 (a) centrally assessed electric power companies'
12 allocations, including, if congress passes legislation that
13 allows the state to tax property owned by an agency created
14 by congress to transmit or distribute electrical energy,
15 allocations of properties constructed, owned, or operated by
16 a public agency created by the congress to transmit or
17 distribute electric energy produced at privately owned
18 generating facilities (not including rural electric
19 cooperatives);

20 (b) allocations for centrally assessed natural gas
21 companies having a major distribution system in this state;
22 and

23 (c) centrally assessed companies' allocations except:

24 (i) electric power and natural gas companies'
25 property;

1 (ii) property owned by cooperative rural electric and
2 cooperative rural telephone associations and classified in
3 class five;

4 (iii) property owned by organizations providing
5 telephone communications to rural areas and classified in
6 class seven;

7 (iv) railroad transportation property included in class
8 fifteen; and

9 (v) airline transportation property included in class
10 seventeen.

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

13 Section 103. Section 15-6-145, MCA, is amended to
14 read:

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

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

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

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

5 (b) B is the total statewide market value of all
6 taxable commercial property, except class fifteen property,
7 as commercial property is described in 15-1-101(1)(d),
8 including class 1 and class 2 property.

9 (4) (a) For the taxable year beginning January 1,
10 1986, and for every taxable year thereafter, the department
11 shall conduct a sales assessment ratio study of all
12 commercial and industrial real property and improvements.
13 The study must be based on:

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

16 (ii) a statistically valid sample of sales using data
17 from realty transfer certificates filed during the same
18 taxable year or from the immediately preceding taxable year,
19 but only if a sufficient number of certificates is
20 unavailable from the current taxable year to provide a
21 statistically valid sample.

22 (b) The department shall determine the value-weighted
23 mean sales assessment ratio "M" for all such property and
24 reduce the taxable value of property described in subsection
25 (4) only, by multiplying the total statewide taxable value

1 of property described in subsection (4) by "M" prior to
2 calculating "A" in subsection (3).

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

6 (5) For the purpose of complying with the Railroad
7 Revitalization and Regulatory Reform Act of 1976, as it read
8 on January 1, 1986, the rate "R" referred to in this section
9 is the equalized average tax rate generally applicable to
10 commercial and industrial property, except class fifteen
11 property, as commercial property is defined in
12 15-1-101(1)(d)."

13 Section 104. Section 15-6-147, MCA, is amended to
14 read:

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

20 (2) For the taxable years 1986 through 1990 class
21 seventeen property is taxed at 12%, and for each taxable
22 year thereafter, class seventeen property is taxed at the
23 lesser of 12% or the taxable percentage rate for class
24 fifteen property without adjustment.

25 (3) For the purpose of complying with the Tax Equity

1 and Fiscal Responsibility Act of 1982, as it read on January
 2 1, 1986, the taxable percentage rate "R" referred to in this
 3 section subsection (2) is the equalized average tax rate
 4 generally applicable to commercial and industrial property,
 5 except class seventeen property, as commercial property is
 6 defined in 15-1-101(1)(d)."

7 Section 105. Section 15-6-201, MCA, is amended to
 8 read:

9 "15-6-201. Exempt categories. (1) The following
 10 categories of property are exempt from taxation:

11 (a) the property of:

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

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

23 (iii) municipal corporations; and

24 (iv) public libraries;

25 (b) buildings, with land they occupy and furnishings

1 therein, owned by a church and used for actual religious
 2 worship or for residences of the clergy, together with
 3 adjacent land reasonably necessary for convenient use of
 4 such buildings;

5 (c) property used exclusively for agricultural and
 6 horticultural societies, for educational purposes, and for
 7 hospitals;

8 (d) property that meets the following conditions:

9 (i) is owned and held by any association or
 10 corporation organized under Title 35, chapter 2, 3, 20, or
 11 21;

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

16 (iii) is not maintained and operated for private or
 17 corporate profit;

18 (e) institutions of purely public charity;

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

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

23 (h) all household goods and furniture, including but
 24 not limited to clocks, musical instruments, sewing machines,
 25 and wearing apparel of members of the family, used by the

1 owner for personal and domestic purposes or for furnishing
2 or equipping the family residence;

3 (i) a truck canopy cover or topper weighing less than
4 300 pounds and having no accommodations attached. Such
5 property is also exempt from the fee in lieu of tax.

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

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

10 (l) motorcycles and quadricycles;

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

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

20 (o) property owned and used by a corporation or
21 association organized and operated exclusively for the care
22 of the developmentally disabled, mentally ill, or
23 vocationally handicapped as defined in 18-5-101, which is
24 not operated for gain or profit; and

25 (p) all farm buildings with a market value of less

1 than \$500 and all agricultural implements and machinery with
2 a market value of less than \$100;

3 (q) personal property, as defined in 15-1-101(1)(k),
4 that is not assessed under 15-23-501 through 15-23-508,
5 15-23-521 through 15-23-523, 15-23-601 through 15-23-613,
6 15-23-615, 15-23-616, 15-23-701 through 15-23-704, or
7 15-23-801 through 15-23-807; and

8 (r) the first \$16,500 or less of the market value of
9 any single-family residence, exclusive of land and
10 appurtenant improvements.

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

15 (b) The terms "public art galleries" and "public
16 observatories" include only those art galleries and
17 observatories, whether of public or private ownership, that
18 are open to the public without charge at all reasonable
19 hours and are used for the purpose of education only.

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

25 (a) \$20,000 in the case of a single-family residential

1 dwelling;

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

4 (4) The exemptions provided in this section do not
5 impair or repeal any tax or fee authorized to be levied or
6 imposed in lieu of a property tax. (Subsection (1)(p)
7 applicable to taxable years beginning after December 31,
8 1985--sec. 4, Ch. 463, L. 1985.)"

9 Section 106. Section 15-6-203, MCA, is amended to
10 read:

11 "15-6-203. Veterans' clubhouse exemption --
12 incompetent veterans' trusts. (1) When a clubhouse or
13 building erected by or belonging to any society or
14 organization of honorably discharged United States military
15 personnel is used exclusively for educational, fraternal,
16 benevolent, or purely public charitable purposes rather than
17 for gain or profit, ~~together-with-the-library-and-furniture~~
18 ~~necessarily-used-in-any--such--building;~~ such property is
19 exempt from taxation.

20 (2) All ~~property, real or personal,~~ in the possession
21 of legal guardians of incompetent veterans of U.S. military
22 service or minor dependents of such veterans, where such
23 property is funds or derived from funds received from the
24 United States as pension, compensation, insurance, adjusted
25 compensation, or gratuity, shall be exempt from all taxation

1 as property of the United States while held by the guardian,
2 but not after title passes to the veteran or minor in his or
3 her own right on account of removal of legal disability."

4 Section 107. Section 15-7-102, MCA, is amended to
5 read:

6 "15-7-102. Notice of classification and appraisal to
7 owners -- appeals. (1) It shall be the duty of the
8 department of revenue to cause to be mailed to each owner
9 and purchaser under contract for deed a notice of the
10 classification of the land owned or being purchased by him
11 and the appraisal of the improvements thereon only if one or
12 more of the following changes pertaining to the land or
13 improvements have been made since the last notice:

14 (a) change in ownership;

15 (b) change in classification;

16 (c) change in valuation; or

17 (d) addition or subtraction of ~~personal--property~~
18 ~~affixed-to-the-land~~ improvements.

19 (2) The notice of classification and appraisal
20 provided by the department under subsection (1) must be on
21 a standardized form adopted by the department containing
22 sufficient information in a comprehensible manner designed
23 to fully inform the taxpayer as to the classification and
24 appraisal of his property and of changes over the prior tax
25 year.

1 (3) If the owner of any land and improvements is
 2 dissatisfied with the appraisal or classification of his
 3 land or improvements, he may submit his objection in writing
 4 to the department's agent. The department shall give
 5 reasonable notice to such taxpayer of the time and place of
 6 hearing and hear any testimony or other evidence which the
 7 taxpayer may desire to produce at such time and afford the
 8 opportunity to other interested persons to produce evidence
 9 at such hearing. Thereafter, the department shall determine
 10 the true and correct appraisal and classification of such
 11 land or improvements and forthwith notify the taxpayer of
 12 its determination. In the notification, the department must
 13 state its reasons for revising the classification or
 14 appraisal. When so determined, the land shall be classified
 15 and improvements appraised in the manner ordered by the
 16 department.

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

21 (a) the taxpayer has submitted his objection in
 22 writing; and

23 (b) the department or its agent has stated its reason
 24 in writing for making the adjustment.

25 (5) A taxpayer's written objection to a classification

1 or appraisal and the department's notification to the
 2 taxpayer of its determination and the reason for that
 3 determination are public records. Each county appraiser
 4 shall make such records available for inspection during
 5 regular office hours.

6 (6) If any property owner shall feel aggrieved at the
 7 classification and/or the appraisal so made by the
 8 department, he shall have the right to appeal to the county
 9 tax appeal board and then to the state tax appeal board,
 10 whose findings shall be final subject to the right of review
 11 in the proper court or courts."

12 Section 108. Section 15-8-104, MCA, is amended to
 13 read:

14 "15-8-104. Department audit of taxable value -- costs
 15 of audit paid by department. (1) When in the judgment of the
 16 director of revenue it is necessary, audits may be made for
 17 the purpose of determining the taxable value of net proceeds
 18 of mines and oil and gas wells and all other types of
 19 property subject to ad valorem taxation.

20 ~~(2) The department of revenue shall conduct audits of~~
 21 ~~the assessment of all commercial personal property to assure~~
 22 ~~that the value of the property in those classes reflects~~
 23 ~~market value. Because the assessed value of commercial~~
 24 ~~personal property is defined as market value under~~
 25 ~~15-8-111(2), the audits conducted by the department shall be~~

1 ~~primarily directed toward ensuring that all taxable personal~~
2 ~~property is reported to the department.~~

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

6 Section 109. Section 15-8-111, MCA, is amended to
7 read:

8 "15-8-111. Assessment -- market value standard --
9 exceptions. (1) All taxable property must be assessed at
10 100% of its market value except as otherwise provided in
11 ~~subsection {5} of this section and in 15-7-111 through~~
12 ~~15-7-114.~~

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

17 ~~{b} Except as provided in subsection {3}, the market~~
18 ~~value of all motor trucks, agricultural tools, implements,~~
19 ~~and machinery; and vehicles of all kinds, including but not~~
20 ~~limited to aircraft and boats and all watercraft, is the~~
21 ~~average wholesale value shown in national appraisal guides~~
22 ~~and manuals or the value of the vehicle before~~
23 ~~reconditioning and profit margin. The department of revenue~~
24 ~~shall prepare valuation schedules showing the average~~
25 ~~wholesale value when no national appraisal guide exists.~~

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

6 ~~{a} the wholesale value for agricultural implements~~
7 ~~and machinery is the loan value as shown in the Official~~
8 ~~Guide, Tractor and Farm Equipment, published by the National~~
9 ~~Farm and Power Equipment Dealers Association, St. Louis,~~
10 ~~Missouri; and~~

11 ~~{b} for agricultural implements and machinery not~~
12 ~~listed in the official guide, the department shall prepare a~~
13 ~~supplemental manual where the values reflect the same~~
14 ~~depreciation as those found in the official guide.~~

15 (4) For purposes of taxation, assessed value is the
16 same as appraised value.

17 (5) The taxable value for all property in classes four
18 through eleven and fifteen through nineteen is the
19 percentage of market or assessed value established for each
20 class of property in ~~15-6-134 through 15-6-141 and 15-6-145~~
21 ~~through 15-6-149~~ chapter 6, part 1, of this title.

22 (6) The assessed value of properties in 15-6-131
23 through 15-6-133 is as follows:

24 (a) Properties in 15-6-131, under class one, are
25 assessed at 100% of the annual net proceeds after deducting

1 the expenses specified and allowed by 15-23-503.

2 (b) Properties in 15-6-132, under class two, are
3 assessed at 100% of the annual gross proceeds.

4 (c) Properties in 15-6-133, under class three, are
5 assessed at 100% of the productive capacity of the lands
6 when valued for agricultural purposes. All lands that meet
7 the qualifications of 15-7-202 are valued as agricultural
8 lands for tax purposes.

9 (d) Properties in 15-6-143, under class thirteen, are
10 assessed at 100% of the combined appraised value of the
11 standing timber and grazing productivity of the land when
12 valued as timberland.

13 (7) Land and the improvements thereon are separately
14 assessed when any of the following conditions occur:

15 (a) ownership of the improvements is different from
16 ownership of the land;

17 (b) the taxpayer makes a written request; or

18 (c) the land is outside an incorporated city or town.

19 ~~(8) The taxable value of all property in 15-6-131 and~~
20 ~~classes two, three, and thirteen is the percentage of~~
21 ~~assessed value established in 15-6-131(2), 15-6-132,~~
22 ~~15-6-133, and 15-6-143 for each class of property.~~
23 (Subsections (3)(a) and (3)(b) [now deleted] applicable to
24 tax years beginning after December 31, 1985--sec. 4, Ch.
25 463, L. 1985. Subsection (6)(d) and references in (8) [now

1 deleted] to class thirteen and 15-6-143 terminate January 1,
2 1991--sec. 10, Ch. 681, L. 1985.)"

3 Section 110. Section 15-8-201, MCA, is amended to
4 read:

5 "15-8-201. General assessment day. (1) The department
6 of revenue or its agent must, between January 1 and the
7 second Monday of July in each year, ascertain the names of
8 all taxable inhabitants and assess all property subject to
9 taxation in each county. The department or its agent must
10 assess property to the person by whom it was owned or
11 claimed or in whose possession or control it was at midnight
12 of January 1 next preceding if the property becomes subject
13 to taxation. It must also ascertain and assess all mobile
14 homes arriving in the county after midnight of January 1
15 next preceding. No mistake in the name of the owner or
16 supposed owner of real property, however, renders the
17 assessment invalid.

18 (2) The procedure provided by this section may not
19 apply to:

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

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

25 (c) motor homes and travel trailers subject to a

1 fee in lieu of property tax;
 2 ~~(d)(c)~~ motorcycles and quadricycles;
 3 ~~(e)(d)~~ livestock;
 4 ~~(f)(e)~~ property defined in 61-1-104 as "special mobile
 5 equipment"--that--is--subject--to--assessment--for--personal
 6 property--taxes--on--the--date--that--application--is--made--for--a
 7 special--mobile--equipment--plate; and
 8 ~~(g)(f)~~ mobile homes held-by-a-distributor-or-dealer-of
 9 mobile-homes-as-a-part-of-his-stock-in-trade.

10 (3) Credits must be assessed as provided in
 11 15-1-101~~(i)~~~~(d)~~~~(1)~~~~(f)~~."

12 Section 111. Section 15-8-205, MCA, is amended to
 13 read:

14 "15-8-205. Initial assessment of ~~class-twelve-property~~
 15 improvements -- when. The county assessor shall assess all
 16 ~~class-twelve-property~~ improvements immediately upon arrival
 17 in the county if the taxes have not been previously paid for
 18 that year in another county in Montana."

19 Section 112. Section 15-8-301, MCA, is amended to
 20 read:

21 "15-8-301. Statement -- what to contain. (1) The
 22 department of revenue or its agent must require from each
 23 person a statement under oath setting forth specifically all
 24 the real ~~and-personal~~ property and improvements owned by
 25 such person or in his possession or under his control at

1 midnight on January 1. Such statement must be in writing,
 2 showing separately:

3 (a) all such property belonging to, claimed by, or in
 4 the possession or under the control or management of such
 5 person;

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

9 (c) all such property belonging to, claimed by, or in
 10 the possession or under the control or management of any
 11 corporation of which such person is president, secretary,
 12 cashier, or managing agent;

13 (d) the county in which such property is situated or
 14 in which it is liable to taxation and (if liable to taxation
 15 in the county in which the statement is made) also the city,
 16 town, school district, road district, or other revenue
 17 districts in which it is situated;

18 (e) an exact description of all lands in parcels or
 19 subdivisions not exceeding 640 acres each and the sections
 20 and fractional sections of all tracts of land containing
 21 more than 640 acres which have been sectionized by the
 22 United States government; all improvements ~~and-personal~~
 23 ~~property,---including---all---vessels,---steamers,---and---other~~
 24 ~~watercraft~~; all taxable state, county, city, or other
 25 municipal or public bonds and the taxable bonds of any

1 person, firm, or corporation and deposits of money, gold
 2 dust, or other valuables and the names of the persons with
 3 whom such deposits are made and the places in which they may
 4 be found; all mortgages, deeds of trust, contracts, and
 5 other obligations by which a debt is secured and the taxable
 6 property in the county affected thereby;

7 (f) all solvent credits, secured or unsecured, due or
 8 owing to such person or any firm of which he is a member or
 9 due or owing to any corporation of which he is president,
 10 secretary, cashier, or managing agent;

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

15 (2) Whenever one member of a firm or one of the proper
 16 officers of a corporation has made a statement showing the
 17 property of the firm or corporation, another member of the
 18 firm or another officer need not include such property in
 19 the statement made by him but this statement must show the
 20 name of the person or officer who made the statement in
 21 which such property is included.

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

25 Section 113. Section 15-8-701, MCA, is amended to

1 read:

2 "15-8-701. Assessment book -- definition -- listing
 3 property in. (1) Unless the context clearly indicates
 4 otherwise, the term "assessment book" means the record kept
 5 in each county by the agent of the department of revenue and
 6 which contains the information described in subsection (3).
 7 The term includes, in a county wherein the assessment book
 8 is kept on a computer system, the information on the system
 9 analogous to the information described in subsection (3).

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

12 (3) The department must prepare an assessment book
 13 with appropriate headings, alphabetically arranged, in which
 14 must be listed all property within the state and in which
 15 must be specified, in separate columns under the appropriate
 16 head:

17 (a) the name of the person to whom the property is
 18 assessed;

19 (b) land, by township, range, section or fractional
 20 section, and when such land is not a United States land
 21 division or subdivision, by metes and bounds or other
 22 description sufficient to identify it, giving an estimate of
 23 the number of acres, not exceeding in each and every tract
 24 640 acres, locality, and the improvements thereon;

25 (c) city and town lots, naming the city or town and

1 the number of the lot and block, according to the system of
2 numbering in such city or town, and the value of same with
3 improvements thereon;

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

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

10 (f) the assessed value of city and town lots with
11 improvements thereon, except that a lot and improvements
12 thereon shall be separately listed when required under
13 15-8-111;

14 (g) the assessed value of improvements on real estate
15 assessed to persons other than the owners of the real
16 estate. Taxable improvements owned by a person, located upon
17 land exempt from taxation, shall, as to the manner of
18 assessment, be assessed as other real estate upon the
19 assessment roll. No value, however, may be assessed against
20 the exempt land; nor under any circumstances may the land be
21 charged with or become responsible for the assessment made
22 against any taxable improvements located thereon.

23 ~~{h}--the--assessed--value--of--all--taxable--personal~~
24 ~~property;~~

25 ~~{+}{h}~~ the school, road, and other revenue districts

1 in which each piece of property assessed is situated;

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

3 Section 114. Section 15-8-706, MCA, is amended to
4 read:

5 . "15-8-706. Statement by agent to the department. (1)
6 On the second Monday in July in each year, the agent of the
7 department of revenue in each county must transmit to the
8 department a statement showing:

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

10 ~~{b}--the--average--and--total--value--of--each--kind;~~

11 ~~{c}{a}~~ the number of livestock, ~~number--of--bushels--of~~
12 ~~grain,--number--of--pounds--or--tons--of--any--article--sold--by--the~~
13 ~~pound--or--ton; and~~

14 ~~{d}{b}~~ when practicable, the separate value of each
15 class of land, specifying the classes and the number of
16 acres in each.

17. (2) An agent of the department who purposely or
18 negligently fails to perform his duty under this section or
19 a deputy or member of the agent's staff delegated such duty
20 who purposely or negligently fails to perform such duty is
21 guilty of official misconduct under 45-7-401."

22 Section 115. Section 15-10-105, MCA, is amended to
23 read:

24 "15-10-105. Tax levy for the university system. There
25 is levied upon the taxable value of all ~~real--and--personal~~

1 taxable property in the state of Montana, subject to
 2 taxation, 6 mills or so much thereof as is necessary to
 3 raise the amount appropriated by the legislature from the
 4 state special revenue fund for the support, maintenance, and
 5 improvement of the Montana university system and other
 6 public educational institutions subject to board of regents'
 7 supervision, as provided in referendum measure No. 75 passed
 8 by vote of the people at the general election held November
 9 7, 1978; and the funds raised therefrom shall be deposited
 10 in the state special revenue fund."

11 Section 116. Section 15-10-302, MCA, is amended to
 12 read:

13 "15-10-302. County clerk -- duplicate statement. The
 14 county clerk and recorder shall, on or before the second
 15 Monday in August of each year, prepare from the assessment
 16 book of such year, as corrected by the department of revenue
 17 or its agent, duplicate statements showing in separate
 18 columns:

- 19 (1) the total value of all property;
- 20 (2) the value of real estate, including mining claims,
 21 stated separately;
- 22 (3) the value of the improvements thereon; and
- 23 ~~(4) the value of taxable personal property;~~
- 24 ~~(5)~~(4) the number of acres of land and the number of
 25 mining claims, stated separately."

1 Section 117. Section 15-16-117, MCA, is amended to
 2 read:

3 "~~15-16-117. Personal---property-----treasurer's~~
 4 Treasurer's duty to collect certain taxes ~~on.~~ (1) The county
 5 treasurer must demand payment of poor taxes, authorized by
 6 53-2-321, and road taxes, authorized by 7-14-2206 or
 7 7-14-2501 through 7-14-2504, of every person liable therefor
 8 whose name does not appear on the assessment lists, and on
 9 the neglect or refusal of such person to pay the same, he
 10 must collect by seizure and sale of any taxable property
 11 owned by such person.

12 (2) These taxes shall be added upon the assessment
 13 lists to other taxes of persons liable therefor paying taxes
 14 upon real ~~and personal~~ property or improvements and paid to
 15 the county treasurer at the time of payment of other taxes,
 16 and all ~~personal~~ property assessed against a person shall be
 17 liable for the payment of such taxes.

18 ~~(3) The procedure for the sale of such property by the~~
 19 ~~county treasurer for such taxes shall be regulated by~~
 20 ~~15-16-113 and chapter 177 part 9."~~

21 Section 118. Section 15-16-611, MCA, is amended to
 22 read:

23 "15-16-611. Reduction of property tax for property
 24 destroyed by natural disaster. (1) The department of revenue
 25 shall, upon showing by a taxpayer that some or all of the

1 improvements on his real property ~~of a trailer or mobile~~
 2 ~~home as described in 15-6-142~~ have been destroyed to such an
 3 extent that such improvements have been rendered unsuitable
 4 for their previous use by natural disaster, adjust the
 5 taxable value on the property, accounting for the
 6 destruction.

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

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

12 (a) multiply the amount of tax levied and assessed on
 13 the original taxable value of the property for the year by
 14 the ratio that the number of days in the year that the
 15 property existed before destruction bears to 365; and

16 (b) multiply the amount of tax levied and assessed on
 17 the adjusted taxable value of the property for the remainder
 18 of the year by the ratio that the number of days remaining
 19 in the year after the destruction of the property bears to
 20 365.

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

24 (5) For the purposes of this section, "natural
 25 disaster" includes but is not limited to fire, flood,

1 earthquake, or wind."

2 Section 119. Section 15-18-103, MCA, is amended to
 3 read:

4 "15-18-103. Piecemeal redemption of land sold for
 5 taxes. ~~(1)~~ Whenever any person shall desire to redeem from a
 6 tax sale and pay all subsequent taxes upon any lot, piece,
 7 or parcel of real estate which said person shall own or hold
 8 a mortgage or other lien against or when such person shall
 9 be the owner of or have some interest in such property, it
 10 shall be the duty of the county treasurer of the county in
 11 which such real estate is situated to permit such redemption
 12 and payment. In case the real estate shall have been
 13 assessed and sold, together with other real estate, or in
 14 case the tax assessed against any other property shall be a
 15 lien thereon, then it shall be the duty of said county
 16 treasurer to compute and apportion the tax that should have
 17 properly been assessed against the real estate sought to be
 18 redeemed and upon which the taxes are sought to be paid the
 19 same as if said property had been separately assessed.

20 ~~(2) Any personal property tax which is a lien upon~~
 21 ~~said real estate shall be likewise computed and apportioned~~
 22 ~~on the same percentage basis as the tax assessed against the~~
 23 ~~real estate is apportioned."~~

24 Section 120. Section 15-18-205, MCA, is amended to
 25 read:

1 "15-18-205. Form of tax deed -- prima facie evidence.

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

5 This indenture, made by and between (insert name
6 of treasurer), county treasurer of the county of
7 (insert name of county), in the state of Montana, the party
8 of the first part, and (insert name of grantee), the
9 party of the second part, witnesseth:

10 Whereas, there was assessed for the year (insert
11 year) in the name of (insert name) that certain tract
12 of land hereinafter described, and the taxes for said year
13 levied against said property amounted to the sum of
14 (insert amount) dollars; and

15 Whereas, said taxes were not paid and said property was
16 sold for the payment of said taxes to (insert name of
17 grantee) on the (insert day) of (insert month),
18 A.D. (insert year) for the sum of (insert amount)
19 dollars and certificates of sale were duly issued and filed
20 as required by law; and

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

24 Now, therefore, I, (insert name of treasurer),
25 county treasurer of the county of (insert name of

1 county), in the state of Montana, for and in consideration
2 of the sum of (insert amount) dollars paid do grant to
3 (insert name of grantee) all the property situated in
4 (insert name of county) County, state of Montana,
5 described as follows: (here insert description of the
6 land sold for taxes and sought to be conveyed).

7 Witness my hand this (insert day) day of
8 (insert month), A.D. (insert year).

9
10 County treasurer of
11 County
12 State of Montana

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

- 16 (a) the property was assessed as required by law;
- 17 (b) the property was equalized as required by law;
- 18 (c) the taxes were levied in accordance with law;
- 19 (d) the taxes were not paid;
- 20 (e) notice of tax sale was given and published and
21 property sold at the proper time and place as prescribed by
22 law;
- 23 (f) the property was not redeemed, and the proper
24 notice of application for deed has been served or posted as
25 required by law;

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

3 ~~{h}--where--the--real--estate--was--sold--to--pay--taxes--on~~
4 ~~personal-property;--the--real--estate--belonged--to--the--person~~
5 ~~liable-to-pay-the-tax."~~

6 Section 121. Section 15-18-305, MCA, is amended to
7 read:

8 "15-18-305. Defense to action -- redemption of
9 parcels. Any defendant may appear in the action within the
10 time provided by law for appearances in civil actions, may
11 set up any defense to the action he may have, and may
12 therein question the legality, validity, or the sufficiency
13 of any act had in connection with the assessment or sale of
14 the land. Any defendant to the action may make redemption of
15 the lands from the tax sale by paying the total amount of
16 delinquent taxes and penalties which plaintiff has paid,
17 with interest thereon at 8% a year from date of payment,
18 together with costs of the action. Upon such payment, a
19 certificate of redemption must be issued by the county
20 treasurer to the defendant so paying, and thereupon the
21 action must be dismissed. Whenever a defendant desires to
22 redeem from a tax sale and pay all subsequent taxes upon any
23 lot, piece, or parcel of real estate which such defendant
24 owns or holds a mortgage or other lien against or has any
25 interest in, the county treasurer of the county in which

1 such real estate is situated shall permit such redemption
2 and payment. In case the real estate has been assessed
3 against any other property and is a lien thereon, then the
4 county treasurer shall compute and apportion the tax that
5 should have properly been assessed against the real estate
6 sought to be redeemed and upon which the taxes are sought to
7 be paid, the same as if the property had been separately
8 assessed. Any ~~personal-property~~ tax on improvements which is
9 a lien upon such real estate must be likewise computed and
10 apportioned on the same percentage basis as the tax assessed
11 against the real estate is apportioned."

12 Section 122. Section 15-23-202, MCA, is amended to
13 read:

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

1 (2) In determining the taxable value of railroad
 2 property, the department shall multiply the assessed value
 3 pursuant to subsection (1) by the ratio of the operating
 4 real estate and improvements owned or leased by the railroad
 5 in Montana to the value of all operating property owned or
 6 leased by the railroad in Montana and determine the
 7 percentage rate "R" provided for in 15-6-145 in order to
 8 achieve compliance with the requirements of the federal
 9 Railroad Revitalization and Regulatory Reform Act of 1976,
 10 as amended.

11 (3) If any railroad allows any portion of its railway
 12 to be used for any purpose other than the operation of a
 13 railroad, the portion of its railway so used must be
 14 assessed in the same manner provided for the assessment of
 15 other real estate."

16 Section 123. Section 15-23-303, MCA, is amended to
 17 read:

18 "15-23-303. Assessment of property -- apportionment to
 19 counties. (1) The department must assess all the properties
 20 described in 15-23-301, but franchises granted by the United
 21 States must not be assessed. The value of such properties
 22 for assessment purposes shall be determined upon such
 23 factors as the department considers proper.

24 (2) The assessed valuation of the public utility shall
 25 be determined by multiplying the value of all its properties

1 described in 15-23-301 by the ratio of the value of all real
 2 estate and improvements in Montana to the total value of all
 3 property in Montana."

4 Section 124. Section 15-23-403, MCA, is amended to
 5 read:

6 "15-23-403. Determination of value -- notice. (1) The
 7 department of revenue shall determine the full and true
 8 valuation of all property of all airlines operating in this
 9 state or used by every scheduled airline company in air
 10 commerce. This valuation may be ascertained by:

11 (a) determining the full and true valuation of all
 12 property owned and operated by every scheduled airline
 13 company; and

14 (b) allocating to the state of Montana from this total
 15 valuation a valuation which represents this state's proper
 16 share of the valuation of the property, through the
 17 application of ratios which are indicated in subsections
 18 (8), (9), (10), and (11) of 15-23-402 against the total
 19 valuation; and

20 (c) multiplying the allocated value by the ratio of
 21 the value of all real estate and improvements owned and
 22 operated by the airline company in Montana to the total
 23 value of all property owned and operated by the airline
 24 company in Montana.

25 (2) After making such assessment, the department shall

1 give written notice thereof to the person or persons to whom
2 the assessment is made."

3 Section 125. Section 15-23-501, MCA, is amended to
4 read:

5 "15-23-501. Taxation of mines. All mines and mining
6 claims, both placer and rock in place, containing or bearing
7 gold, silver, copper, lead, coal, or other valuable mineral
8 deposits, after purchase thereof from the United States,
9 shall be taxed as all other land is taxed. All machinery
10 used---in---mining---and---all real property and surface
11 improvements upon or appurtenant to mines and mining claims
12 which have a value separate and independent of such mines or
13 mining claims and the annual net proceeds of all mines and
14 mining claims shall be taxed as ~~other personal property~~."

15 Section 126. Section 15-23-503, MCA, is amended to
16 read:

17 "15-23-503. Net proceeds -- how computed. (1) The
18 department of revenue shall calculate from the returns the
19 gross product yielded from such mine and its gross value for
20 the year covered by the statement and shall calculate and
21 compute the net proceeds of the mine yielded to the person
22 engaged in mining. Net proceeds shall be determined by
23 subtracting from the value of the gross product thereof the
24 following:

25 (a) all royalty paid or apportioned in cash or in kind

1 by the person so engaged in mining;

2 (b) all moneys expended for necessary labor,
3 machinery, and supplies needed and used in the mining
4 operations and developments;

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

8 (d) all moneys expended for costs of repairs and
9 replacements of the milling and reduction works used in
10 connection with the mine;

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

14 (f) all moneys actually expended for transporting the
15 ores and mineral products or deposits from the mines to the
16 mill or reduction works or to the place of sale and for
17 extracting the metals and minerals therefrom and for
18 marketing the product and the conversion of the same into
19 money;

20 (g) all moneys expended for insurance and welfare and
21 retirement costs reported in the statement required in
22 15-23-502;

23 (h) all moneys expended for necessary labor,
24 equipment, and supplies for testing minerals extracted to
25 satisfy federal or state health and safety laws or

1 regulations, for plant security in Montana, for assaying and
 2 sampling the extracted minerals, for the cost of reclamation
 3 at the site of the mine, and for engineering and geological
 4 services conducted in Montana for existing mining operations
 5 but not including any such services beyond the stage of
 6 reduction and beneficiation of the minerals.

7 (2) In computing the deductions allowable for repairs,
 8 improvements, and betterments to the mine, the department
 9 shall allow 10% of such cost each year for a period of 10
 10 years.

11 (3) No moneys invested in mines or improvements may be
 12 allowed as a deduction unless all ~~machinery--equipment--and~~
 13 ~~buildings~~ improvements represented by such moneys are
 14 returned to the county in which such mine is located for
 15 assessment purposes at the level of assessment of all other
 16 property in such county.

17 (4) No moneys invested in the mines and improvements
 18 during any year except the year for which such statement is
 19 made and except as provided in this section may be included
 20 in such expenditures, and such expenditures may not include
 21 the salaries or any portion thereof of any person or officer
 22 not actually engaged in the working of the mine or
 23 superintending the management thereof."

24 Section 127. Section 15-23-504, MCA, is amended to
 25 read:

1 "15-23-504. Lien of tax and penalty. The tax and
 2 penalty so assessed on net proceeds are a lien upon all of
 3 the right, title, and interest of such operator in or to
 4 such mine or mining claim and upon all of the right, title,
 5 and interest in or to the machinery, buildings, tools, and
 6 equipment, and improvements used in operating the mine or
 7 mining claim. The tax and penalty on such net proceeds may
 8 be collected and the payment enforced by the seizure and
 9 sale of the ~~personal~~ property upon which the tax and penalty
 10 are a lien ~~in-the-same-manner-as-other-personal-property--is~~
 11 ~~seized--and--sold-for-delinquent-taxes-or-by-the-sale-of-the~~
 12 ~~mine-and-improvements~~, as provided for the sale of real
 13 property for delinquent taxes, or by the institution of a
 14 civil action for its collection in any court of competent
 15 jurisdiction. Resort to ~~any--one~~ either of the methods of
 16 enforcing collection shall not bar the right to resort to
 17 ~~either--or--both-of~~ the other ~~methods~~ method, but ~~any-two-or~~
 18 ~~all-of-the-methods~~ either may be used until the full amount
 19 of such tax and penalty is collected."

20 Section 128. Section 15-23-508, MCA, is amended to
 21 read:

22 "15-23-508. Lien of tax -- enforcement of payment. (1)
 23 The taxes on such net proceeds must be levied as the levy of
 24 other taxes is provided for, and every such tax is a lien
 25 upon the mine or mining claim from which the ore or mineral

1 products or deposits are mined or extracted and is a prior
 2 lien upon all personal property and improvements used in the
 3 process of extracting such ore or mineral products or
 4 deposits, provided such ~~personal or real~~ property is owned
 5 by or under lease by the person who extracted said ore,
 6 mineral products, or deposits.

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

20 Section 129. Section 15-23-522, MCA, is amended to
 21 read:

22 "15-23-522. Surface ground and improvements not
 23 exempt. Nothing in this part must be construed so as to
 24 exempt from taxation the surface ground, improvements,
 25 buildings, erections, or structures, ~~or-machinery~~ placed

1 upon any mine or mining claim or used in connection
 2 therewith or supplies used either in mills, reduction works,
 3 or mines."

4 Section 130. Section 15-23-608, MCA, is amended to
 5 read:

6 "15-23-608. Lien of tax and penalty -- enforcement of
 7 payment. (1) The taxes and/or penalties on such net proceeds
 8 must be levied as the levy of other taxes is provided for.
 9 Every such tax and/or penalty is a lien upon the mine from
 10 which the natural gas, petroleum, or crude or mineral oil is
 11 mined or extracted and is a prior lien upon all personal
 12 property and improvements used in the process of extracting
 13 such natural gas, petroleum, or crude or mineral oil;
 14 provided, however, that such ~~personal or--real~~ property is
 15 owned by or under lease by the person who extracted said
 16 natural gas, petroleum, or other crude or mineral oil.

17 (2) The tax and/or penalty on such net proceeds may be
 18 collected and the payment thereof enforced by the seizure
 19 and sale of the ~~personal~~ property upon which the tax and/or
 20 penalty is a lien ~~in--the--same--manner--as--other--personal~~
 21 ~~property--is--seized-and-sold-for-delinquent-taxes~~ or by the
 22 sale of the mine and improvements, as provided for the sale
 23 of real property for delinquent taxes, or by the institution
 24 of a civil action for its collection in any court of
 25 competent jurisdiction; ~~provided, however, that-a.~~ A resort

1 to any-one either of the methods of enforcing collection, as
 2 herein provided for, shall not bar the right to resort to
 3 ~~either-or-both-of~~ the other methods ~~but-that-any-two-or--all~~
 4 ~~of--the--methods--herein--provided-for-may-be-used-until-the~~
 5 ~~full-amount-of-such-tax-and/or-penalty-is-collected~~ method."

6 Section 131. Section 15-23-611, MCA, is amended to
 7 read:

8 "15-23-611. Surface ground and improvements not
 9 exempt. Nothing in this part ~~must~~ may be construed so as to
 10 exempt from taxation the surface ground, improvements,
 11 buildings, erections, or structures, ~~or~~ ~~machinery~~ placed
 12 upon any mine ~~or-supplies-used-in-connection-therewith."~~

13 Section 132. Section 15-23-704, MCA, is amended to
 14 read:

15 "15-23-704. Lien of tax -- enforcement of payment. The
 16 tax on gross proceeds from coal shall be levied as taxes on
 17 other forms of taxable property, and this tax and the
 18 severance tax on coal production are each a lien upon the
 19 coal mine and a prior lien upon all ~~personal-property-and~~
 20 ~~improvements~~ used to produce the coal. These taxes may be
 21 collected by the seizure and sale of the ~~personal~~ property
 22 on which the tax is a lien ~~as-provided-under--15-16-113--and~~
 23 ~~chapter---17--part--97~~ or by suit under 15-16-501 and
 24 15-16-502."

25 Section 133. Section 15-23-806, MCA, is amended to

1 read:

2 "15-23-806. Lien of tax. The tax or penalty on gross
 3 proceeds is a lien upon the mine from which the metal is
 4 extracted and is a prior lien upon all owned or leased
 5 ~~personal~~ property ~~and-improvements~~ used in extracting the
 6 ore or metal. The tax shall be collected in the manner
 7 provided in chapters 16, 17, and 18 of this title."

8 Section 134. Section 15-24-601, MCA, is amended to
 9 read:

10 "15-24-601. Assessment and taxation of insurance
 11 companies. Every insurance company organized under the laws
 12 of the state shall be assessed and taxed upon its real
 13 ~~estate-and-personal~~ property and improvements at the same
 14 rate and in the same manner as other property is assessed
 15 and taxed in this state."

16 Section 135. Section 15-24-701, MCA, is amended to
 17 read:

18 "15-24-701. Production credit associations --
 19 assessment and payment. Every production credit association
 20 organized under the provisions of section 1131d of Title 12,
 21 United States Codes Annotated, shall be assessed for and pay
 22 taxes upon all real ~~and-personal~~ property and improvements
 23 owned by such association."

24 Section 136. Section 15-24-801, MCA, is amended to
 25 read:

1 "15-24-801. Savings and loan associations -- taxation.
 2 Every savings and loan association subject to regulation
 3 under Title 32, chapter 2, shall be assessed for and pay
 4 taxes upon all real ~~and-personal~~ property and improvements
 5 owned by the association. The secretary of an association
 6 shall furnish to the department of revenue or its agent in
 7 the county in which the principal office of the association
 8 is located, within 5 days after demand, a condensed
 9 statement verified by his oath of the resources and
 10 liabilities of the association as disclosed by its books at
 11 noon on January 1 in each year. If the secretary fails to
 12 make the statement hereby required, the department or its
 13 agent shall immediately obtain the information from any
 14 other available source, and for this purpose it shall have
 15 access to the books of the association. The department or
 16 its agent shall thereupon make an assessment of the real
 17 ~~estate-and-personal~~ property and improvements owned by the
 18 association, which assessment shall be as fair and equitable
 19 as it may be able to make from the best information
 20 available, or the assessor may, for the purpose of the
 21 assessment, adopt the figures disclosed by any prior report
 22 made by the association to any state or federal officer
 23 under a state or federal law. A person required by this
 24 section to make the statement provided for in this section
 25 who fails to furnish it is guilty of a misdemeanor."

1 Section 137. Section 15-24-1101, MCA, is amended to
 2 read:

3 "15-24-1101. Federal property held under contract by
 4 private person subject to taxation. Real ~~and/or-personal~~
 5 property and improvements of the United States or any
 6 department or agency thereof held under contract of sale,
 7 lease, or other interest or estate therein by any person for
 8 his exclusive use shall be subject to assessment for ad
 9 valorem property taxation as provided in this part; provided
 10 that this part shall not apply to real property and
 11 improvements held and in immediate use and occupation by
 12 this state or any county, municipal corporation, or
 13 political subdivision therein."

14 Section 138. Section 15-24-1102, MCA, is amended to
 15 read:

16 "15-24-1102. Federal property held under contract of
 17 sale. When the property is held under a contract of sale or
 18 other agreement whereby upon payment the legal title is or
 19 may be acquired by the person, the real property or
 20 improvements shall be assessed and taxed as defined in
 21 ~~15-6-131-through-15-6-140~~ provided in chapter 6, part 1, of
 22 this title and 15-8-111 without deduction on account of the
 23 whole or any part of the purchase price or other sum due on
 24 the property remaining unpaid. The lien for the tax may not
 25 attach to, impair, or be enforced against any interest of

1 the United States in the real property or improvements."

2 Section 139. Section 15-24-1103, MCA, is amended to
3 read:

4 "15-24-1103. Federal property held under lease. When
5 the property is held under lease, other interest, or estate
6 therein less than the fee, except under contract of sale,
7 the property shall be assessed and taxed as for the value,
8 ~~as defined in 15-6-131 through 15-6-140~~ provided in chapter
9 6, part 1, of this title, of such leasehold, interest, or
10 estate in the property and the lien for the tax shall attach
11 to and be enforced against only the leasehold, interest, or
12 estate in the property. When the United States authorizes
13 the taxation of the property for the full assessed value of
14 the fee thereof, the property shall be assessed for full
15 assessed value as defined in 15-8-111."

16 Section 140. Section 15-24-1104, MCA, is amended to
17 read:

18 "15-24-1104. Collection of taxes on interests in
19 United States lands. In addition to all other remedies
20 available for the collection of taxes, all taxes levied in
21 any year against property held as under the provisions of
22 this part shall be a debt due and owing from the person so
23 holding such property as of the date of delinquency for
24 taxes on property for such tax year. If any such tax be not
25 paid within 1 year from such date, the county within which

1 such property is located may institute for itself, the state
2 of Montana, and all other municipal corporations sharing in
3 such taxes an action for the collection of said taxes,
4 together with interest, costs, and other lawful charges
5 thereon. At the time of commencement of such action, the
6 county shall have the benefit of all laws of this state
7 pertaining to provisional remedies against the properties
8 ~~either real or personal,~~ of said the person."

9 Section 141. Section 15-24-1203, MCA, is amended to
10 read:

11 "15-24-1203. Privilege tax on gainful use of
12 tax-exempt property -- exceptions. After March 17, 1969,
13 there is imposed and shall be collected a tax upon the
14 possession or other beneficial use enjoyed by any private
15 individual, association, or corporation of any ~~property,~~
16 ~~real or--personal,~~ property or improvements which for any
17 reason ~~is~~ are exempt from taxation. No tax may be imposed
18 upon the possession or other beneficial use of buildings
19 owned by public entities and located upon public airports.
20 However, privately owned buildings located on such airport
21 property are subject to tax. No tax shall be imposed upon
22 the possession or other beneficial use of public lands
23 occupied under the terms of mineral, timber, or grazing
24 leases or permits issued by the United States or the state
25 of Montana or upon any easement unless the lease, permit, or

1 easement entitles the lessee or permittee to exclusive
2 possession of the premises to which the lease, permit, or
3 easement relates. The tax shall be imposed upon the
4 possession or other beneficial use of an electric
5 transmission line and associated facilities, except that
6 lines and facilities of a design capacity of less than 500
7 kilovolts shall not be subject to the tax."

8 Section 142. Section 19-11-503, MCA, is amended to
9 read:

10 "19-11-503. Special tax levy for fund required. (1)
11 The purpose of this section is to provide a means by which
12 each disability and pension fund may be maintained at a
13 level equal to ~~3%~~ 4% of the taxable valuation of all taxable
14 property within the limits of the city or town.

15 (2) Whenever the fund contains less than ~~3%~~ 4% of the
16 taxable valuation of all taxable property within the limits
17 of the city or town, the governing body of the city or town
18 shall, at the time of the levy of the annual tax, levy a
19 special tax as provided in 19-11-504. The special tax shall
20 be collected as other taxes are collected and, when so
21 collected, shall be paid into the disability and pension
22 fund.

23 (3) If a special tax for the disability and pension
24 fund is levied by a third-class city or town using the
25 all-purpose mill levy, the special tax levy must be made in

1 addition to the all-purpose levy."

2 Section 143. Section 19-11-504, MCA, is amended to
3 read:

4 "19-11-504. Amount of special tax levy. Whenever the
5 fund contains an amount which is less than ~~3%~~ 4% of the
6 taxable valuation of all taxable property in the city or
7 town, the city council shall levy an annual special tax of
8 not less than 1 mill and not more than 4 mills on each
9 dollar of taxable valuation of all taxable property within
10 the city or town."

11 Section 144. Section 20-9-406, MCA, is amended to
12 read:

13 "20-9-406. Limitations on amount of bond issue. (1)
14 The maximum amount for which each school district may become
15 indebted by the issuance of bonds, including all
16 indebtedness represented by outstanding bonds of previous
17 issues and registered warrants, is ~~45%~~ 64% of the taxable
18 value of the property subject to taxation as ascertained by
19 the last completed assessment for state, county, and school
20 taxes previous to the incurring of such indebtedness. The
21 ~~45%~~ 64% maximum, however, may not pertain to indebtedness
22 imposed by special improvement district obligations or
23 assessments against the school district. All bonds issued in
24 excess of such amount shall be null and void, except as
25 provided in this section.

1 (2) When the total indebtedness of a school district
 2 has reached the 45% 64% limitation prescribed in this
 3 section, the school district may pay all reasonable and
 4 necessary expenses of the school district on a cash basis in
 5 accordance with the financial administration provisions of
 6 this chapter.

7 (3) Whenever bonds are issued for the purpose of
 8 refunding bonds, any moneys to the credit of the debt
 9 service fund for the payment of the bonds to be refunded are
 10 applied towards the payment of such bonds and the refunding
 11 bond issue is decreased accordingly."

12 Section 145. Section 20-9-502, MCA, is amended to
 13 read:

14 "20-9-502. Purpose and authorization of a building
 15 reserve fund by an election. (1) The trustees of any
 16 district, with the approval of the qualified electors of the
 17 district, may establish a building reserve for the purpose
 18 of raising money for the future construction, equipping, or
 19 enlarging of school buildings or for the purpose of
 20 purchasing land needed for school purposes in the district.
 21 In order to submit to the qualified electors of the district
 22 a building reserve proposition for the establishment of or
 23 addition to a building reserve, the trustees shall pass a
 24 resolution that specifies:

25 (a) the purpose or purposes for which the new or

1 addition to the building reserve will be used;

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

5 (c) the total amount of money that will be raised
 6 during the duration of time specified in subsection (1)(b);
 7 and

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

10 (2) The total amount of building reserve when added to
 11 the outstanding indebtedness of the district shall not be
 12 more than 45% 64% of the taxable value of the taxable
 13 property of the district. Such limitation shall be
 14 determined in the manner provided in 20-9-406. A building
 15 reserve tax authorization shall not be for more than 20
 16 years.

17 (3) The election shall be conducted in accordance with
 18 the school election laws of this title, and the electors
 19 qualified to vote in the election shall be qualified under
 20 the provisions of 20-20-301. The ballot for a building
 21 reserve proposition shall be substantially in the following
 22 form:

23 OFFICIAL BALLOT

24 SCHOOL DISTRICT BUILDING RESERVE ELECTION

25 INSTRUCTIONS TO VOTERS: Make an X or similar mark in

1 the vacant square before the words "BUILDING RESERVE--YES"
 2 if you wish to vote for the establishment of a building
 3 reserve (addition to the building reserve); if you are
 4 opposed to the establishment of a building reserve (addition
 5 to the building reserve) make an X or similar mark in the
 6 square before the words "BUILDING RESERVE--NO".

7 Shall the trustees be authorized to impose an
 8 additional levy each year for years to establish a
 9 building reserve (add to the building reserve) of this
 10 school district to raise a total amount of dollars
 11 (\$....), for the purpose(s) (here state the purpose or
 12 purposes for which the building reserve will be used)?

13 BUILDING RESERVE--YES.

14 BUILDING RESERVE--NO.

15 (4) The building reserve proposition shall be approved
 16 if a majority of those electors voting at the election
 17 approve the establishment of or addition to such building
 18 reserve. The annual budgeting and taxation authority of the
 19 trustees for a building reserve shall be computed by
 20 dividing the total authorized amount by the specified number
 21 of years. The authority of the trustees to budget and
 22 impose the taxation for the annual amount to be raised for
 23 the building reserve shall lapse when, at a later time, a
 24 bond issue is approved by the qualified electors of the
 25 district for the same purpose or purposes for which the

1 building reserve fund of the district was established.
 2 Whenever a subsequent bond issue is made for the same
 3 purpose or purposes of a building reserve, the money in the
 4 building reserve shall be used for such purpose or purposes
 5 before any money realized by the bond issue is used."

6 Section 146. Section 25-13-404, MCA, is amended to
 7 read:

8 "25-13-404. Return of the execution. (1) Except as
 9 provided in subsection (2), execution may be made
 10 returnable, at any time not less than 10 days or more than
 11 60 days after its receipt by the sheriff, to the clerk of
 12 the court in which the judgment was rendered.

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

18 Section 147. Section 33-7-407, MCA, is amended to
 19 read:

20 "33-7-407. Taxes. Every society organized or licensed
 21 under this chapter is hereby declared to be a charitable and
 22 benevolent institution, and all of its funds shall be exempt
 23 from all and every state, county, district, municipal, and
 24 school tax other than taxes on gross receipts taxable under
 25 the sales tax or use tax and taxes on real estate property

1 and office-equipment improvements."

2 Section 148. Section 61-3-501, MCA, is amended to
3 read:

4 "61-3-501. When vehicle taxes and fees are due. (1)
5 Property All taxes, including new car taxes, ~~ight~~ vehicle
6 license fees, and fees in lieu of tax on a motorcycle,
7 quadricycle, motor home, or travel trailer, must be paid on
8 the date of registration or reregistration of the vehicle.

9 (2) If the anniversary date for reregistration of a
10 vehicle passes while the vehicle is owned and held for sale
11 by a licensed new or used car dealer, property taxes, ~~ight~~
12 vehicle license fees, or the fee in lieu of property taxes
13 ~~abate~~ abates on such vehicle properly reported with the
14 department of revenue until the vehicle is sold and
15 thereafter the purchaser shall pay the pro rata balance of
16 the taxes or the fee in lieu of tax due and owing on the
17 vehicle.

18 (3) In the event a vehicle's registration period is
19 changed under 61-3-315, all taxes and other fees due thereon
20 shall be prorated and paid from the last day of the old
21 period until the first day of the new period in which the
22 vehicle shall be registered. Thereafter taxes and other fees
23 must be paid from the first day of the new period for a
24 minimum period of 1 year. When the change is to a later
25 registration period, taxes and fees shall be prorated and

1 paid based on the same tax year as the original registration
2 period. Thereafter, during the appropriate anniversary
3 registration period, each vehicle shall again register or
4 reregister and shall pay all taxes and fees due thereon for
5 a 12-month period."

6 Section 149. Section 61-3-531, MCA, is amended to
7 read:

8 "61-3-531. ~~ight-vehicle~~ Vehicle fee -- definitions.
9 As used in 61-3-531 through 61-3-536 and [sections 67
10 through 69], the following definitions apply:

11 (1) "Heavy vehicle" means an automobile or a truck
12 having a rated capacity of more than three-quarters of a
13 ton.

14 ~~{1}~~(2) "Light vehicle" means an automobile or a truck
15 having a rated capacity of three-quarters of a ton or less.

16 ~~{2}~~(3) "Vehicle age" means the difference between the
17 calendar year of the first day of the registration period
18 and the manufacturer's designated model year."

19 Section 150. Section 61-3-701, MCA, is amended to
20 read:

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

1 and/or user is engaged in gainful occupation or business
 2 enterprise in the state, including highway work, the owner
 3 of the vehicle shall make application to a county treasurer
 4 for registration upon an application form furnished by the
 5 department. Upon satisfactory evidence of ownership
 6 submitted to the county treasurer and the payment of
 7 ~~property taxes, if appropriate, as required by 15-8-201,~~
 8 ~~15-8-202, or 15-24-301~~ the heavy vehicle, truck tractor, and
 9 semitrailer highway use fee as provided in [section 67] or
 10 the payment of the light vehicle license fee as provided by
 11 61-3-532 or the fee in lieu of tax as provided by 61-3-541,
 12 the treasurer shall accept the application for registration
 13 and shall collect the regular license fee required for the
 14 vehicle.

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

24 (3) The registration receipt shall not constitute
 25 evidence of ownership but shall be used only for

1 registration purposes. No Montana certificate of ownership
 2 shall be issued for this type of registration.

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

7 Section 151. Section 61-12-206, MCA, is amended to
 8 read:

9 "61-12-206. Offenses for which arrest authorized. (1)
 10 Employees appointed under 61-12-201 may make arrests for
 11 violations of the following statutory provisions only:

12 (a) part 1, chapter 10, of this title;

13 (b) part 3, chapter 4, of this title;

14 ~~(c) sections 15-24-201 through 15-24-205;~~

15 ~~(d)~~ (c) sections 15-70-302 through 15-70-307;

16 ~~(e)~~ (d) sections 15-70-311 through 15-70-314;

17 ~~(f)~~ (e) section 61-3-502(1);

18 ~~(g)~~ (f) sections 61-10-201 through 61-10-215;

19 ~~(h)~~ (g) sections 61-10-222 through 61-10-224;

20 ~~(i)~~ (h) sections 61-10-231 through 61-10-233.

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

23 Section 152. Section 67-3-201, MCA, is amended to
 24 read:

25 "67-3-201. Aircraft registration and licensing. (1)

1 Except as provided in 67-3-102 and in subsection ~~(7)~~ (6) of
 2 this section, a person may not operate or cause or authorize
 3 to be operated a civil aircraft within this state unless the
 4 aircraft has an appropriate effective registration, license,
 5 certificate, or permit issued or approved by the United
 6 States government which has been registered with the
 7 department and the registration with the department is in
 8 force.

9 (2) Aircraft customarily kept in this state shall be
 10 registered with the department, which may charge a fee
 11 therefor of not more than \$10. The registration shall be
 12 renewed annually on or before March 1 each year.

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

15 (a) aircraft owned and operated by the federal
 16 government, the state, or any political subdivision thereof;

17 (b) aircraft owned and held by an aircraft dealer
 18 solely for the purpose of resale;

19 (c) aircraft operated by an airline company and
 20 regularly scheduled for the primary purpose of carrying
 21 persons or property for hire in interstate or international
 22 transportation; or

23 (d) dismantled or otherwise nonflyable aircraft.

24 (4) An aircraft shall be registered as property within
 25 a particular county of the state. This county shall be the

1 county of the owner's principal residence, if the owner is a
 2 natural person, or the owner's principal place of doing
 3 business in the state, if the owner is not a natural person.
 4 However, if the owner declares by affidavit that the
 5 aircraft is customarily kept at a landing facility in
 6 another county within the state, he may register the
 7 aircraft as property within such other county.

8 ~~(5) Except as provided in 15-6-2107, all aircraft shall~~
 9 ~~be subject to all state, county, and school district tax~~
 10 ~~levies and all other levies designated for aircraft or~~
 11 ~~airport-related uses. Such aircraft shall not be liable for~~
 12 ~~other city tax levies.~~

13 ~~(6)~~ (5) Aircraft not registered in the state but
 14 entering the state to engage in commercial operations shall
 15 be registered prior to commencing operation.

16 ~~(7)~~ (6) Owners of ultralight aircraft for which no
 17 appropriate effective license, certificate, or permit is
 18 issued by the United States government shall file with the
 19 department an appropriate registration recognized and
 20 approved by the United States government."

21 Section 153. Section 67-3-202, MCA, is amended to
 22 read:

23 "67-3-202. Penalty for registration violations. (1)
 24 When an aircraft required to be registered under the
 25 provisions of subsections (2) through ~~(7)~~ (6) of 67-3-201 is

1 not registered on or before March 1 of the current calendar
 2 year, a penalty fee of \$100 shall be added to the
 3 registration fee and collected. Registration of an aircraft
 4 in the name of the applicant for the year immediately
 5 preceding the year for which application for registration is
 6 made shall be prima facie evidence that the aircraft has
 7 been based in this state during the year for which
 8 application for registration is made.

9 ~~{2}--Except for aircraft exempt from property taxation
 10 as provided in 15-6-210, an application for registration
 11 shall be accompanied by a copy of the receipt for or
 12 statement of personal property tax paid, signed by the
 13 treasurer of the county where the aircraft is registered, or
 14 a statement of lien assignment against real property, signed
 15 by the county assessor where the aircraft is registered. A
 16 person who pays personal property tax on his aircraft to any
 17 jurisdiction other than the county where the aircraft is
 18 required to be registered is liable for the tax in that
 19 county without credit for such other taxes paid. In addition
 20 to this civil liability, a person who attempts to establish
 21 the situs of his aircraft in any jurisdiction other than the
 22 county where the aircraft is required to be registered with
 23 intent to avoid payment of taxes to that county commits the
 24 offense of false swearing as defined in 45-7-202.~~

25 ~~{3}(2)~~ A person who operates an aircraft required to

1 be registered in the state without having displayed upon
 2 such aircraft a certificate of registration issued by the
 3 department for that aircraft commits a misdemeanor."

4 Section 154. Section 81-6-101, MCA, is amended to
 5 read:

6 "81-6-101. Petition for county livestock protective
 7 committee -- members -- term. (1) The board of county
 8 commissioners must, upon receipt of a petition or petitions
 9 to do so, establish a county livestock protective committee
 10 of three members. The petition or petitions must be signed
 11 by at least 51% of the owners of cattle in the county and
 12 such petitioners owning shall own at least 55% of the cattle
 13 as shown by the most recent completed assessment records of
 14 the county assessor, ~~set up a county livestock protective~~
 15 ~~committee of three members~~ treasurer.

16 (2) Members appointed to serve on such committee shall
 17 be residents of the county engaged in the business of
 18 raising cattle. If there be in the county any organization
 19 of cattle growers, the county commissioners shall give
 20 preference to names submitted by any such group for
 21 appointment to such committee. The term for which said
 22 committee members shall be appointed shall be 2 years with
 23 two members of the first committee named to serve for 2
 24 years, one member to serve for 1 year. Members of such
 25 committee shall receive no remuneration or reimbursement for

1 expenses for serving on said committee.

2 (3) By "organization of cattle growers", as used in
3 this section, is meant any group or organization holding
4 regular meetings at least annually, having officers, and
5 composed predominantly of cattle growers resident in the
6 county, with its membership open to cattle growers willing
7 to abide by its governing rules or bylaws, and its general
8 purpose being the promotion of the interests of its members
9 in matters pertaining to the cattle or livestock industry.

10 (4) If owners of sheep in the county desire to come
11 under the provisions of this part in cooperation with owners
12 of cattle, they shall file a like petition to that set out
13 herein for owners of cattle, and in such case at least one
14 member of said livestock protective committee shall be a
15 sheep grower and where the word "cattle" appears in this
16 part, it shall be deemed to comprehend also the word
17 "sheep".

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

24 Section 155. Section 81-6-104, MCA, is amended to
25 read:

1 "81-6-104. Tax levy -- special fund. ~~Said~~ The county
2 livestock protective committee may recommend to the board of
3 county commissioners the levy of a tax in an amount not to
4 exceed 50 cents per head on all assessable cattle in the
5 county on January 1, and the board of county commissioners
6 shall thereupon be empowered to levy such tax, to be
7 collected as other taxes on personal property and when
8 collected to be deposited by the county treasurer in a
9 special fund to be known as the stockmen's special deputy
10 fund, together with any other funds made available from
11 county, state, federal, or private sources for the purposes
12 of this part."

13 Section 156. Section 81-6-204, MCA, is amended to
14 read:

15 "81-6-204. Tax levy -- deposit of proceeds. Said
16 district cattle protective committee may recommend to the
17 board of county commissioners the levy of a tax in an amount
18 not to exceed 50 cents per head on all assessable cattle in
19 the district on January 1, and the board of county
20 commissioners shall thereupon be empowered to levy such tax,
21 to be collected as other taxes on personal property and when
22 collected to be deposited in the county treasury of one of
23 the counties in the district, to be selected by the district
24 cattle protective committee, in a special fund to be known
25 as the stockmen's special deputy fund, together with any

1 other funds made available from county, state, federal, or
2 private sources for the purposes of this part."

3 Section 157. Section 81-6-209, MCA, is amended to
4 read:

5 "81-6-209. 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 in a
13 special fund to be known as the stockmen's special deputy
14 fund, together with any other funds made available from
15 county, state, federal, or private sources for the purposes
16 of this part."

17 Section 158. Section 81-7-103, MCA, is amended to
18 read:

19 "81-7-103. Administration of funds by the department.
20 The department shall administer and expend for predatory
21 animal extermination and control all money which is made
22 available to it, including the money ~~from the levy~~ allocated
23 for this purpose under 81-7-104 and all money which is made
24 available to the department by appropriations made by the
25 legislature for predatory animal control by the department.

1 The department shall expend the funds for predatory animal
2 control by all effective means responsive to the necessities
3 of control in various areas of the state, including
4 employment of hunters, trappers, and other personnel,
5 procurement of traps, poisons, equipment, and supplies, and
6 payment of bounties in the discretion of the department at
7 those times of the year it considers advisable."

8 Section 159. Section 81-7-104, MCA, is amended to
9 read:

10 "81-7-104. ~~Levy--for--predator~~ Predator control moneys
11 -- use of proceeds. (1) The department of ~~revenue--shall~~
12 ~~annually--levy--an--ad--valorem--tax--on--all--livestock--in--the~~
13 ~~state--of--Montana~~ livestock shall allocate a portion of the
14 fee levied under [sections 70 and 71] for the purpose of
15 protecting them livestock and poultry in the state against
16 destruction, depredation, and injury by wild animals,
17 whether the livestock is on lands in private ownership, in
18 the ownership of the state, or in the ownership of the
19 United States, including open ranges and all lands in or of
20 the public domain. This protection may be by any means of
21 effective predatory animal destruction, extermination, and
22 control, including systematic hunting and trapping and
23 payment of bounties. ~~The tax levy may not exceed in any one~~
24 ~~year 15 mills on the taxable value of all sheep and 10 mills~~
25 ~~on the taxable value of other livestock.~~

1 (2) The moneys received from the tax levies shall be
 2 ~~transmitted monthly with other taxes for state purposes by~~
 3 ~~the county treasurer of each county to the state treasury.~~
 4 ~~The state treasurer shall place the money in the state~~
 5 ~~special revenue fund with the other moneys as provided in~~
 6 ~~81-7-119. The moneys shall thereafter~~ be paid out only on
 7 claims duly and regularly presented to the department of
 8 livestock and approved by the department in accordance with
 9 the law applicable either to claims for bounties or for
 10 other expenditures necessary and proper for predatory animal
 11 control by means and methods other than payment of bounties,
 12 as determined by the department. ~~All the moneys~~ Money
 13 designated for predator control shall be available for the
 14 payment of bounty claims and for expenditures for planned,
 15 seasonal, or other campaigns directed or operated by the
 16 department in cooperation with other agencies for the
 17 systematic destruction, extermination, and control of
 18 predatory wild animals, as determined by the department and
 19 its advisory committee. No claims may be approved in excess
 20 of moneys available for such purposes, and no warrants may
 21 be registered against the moneys."

22 Section 160. Section 81-7-202, MCA, is amended to
 23 read:

24 "81-7-202. Signers of petition -- time for presenting
 25 -- limitation on bounties -- bounty inspectors. (1) The

1 petition provided for in 81-7-201 shall be signed by the
 2 owners, agent, or agents of not less than 51% of the
 3 livestock of such county ~~as ascertained from the assessment~~
 4 ~~books of such county~~ and shall recommend to the board of
 5 county commissioners the bounties to be paid on such
 6 predatory animals, which shall not exceed the following:

- 7 (a) on each wolf or mountain lion, \$100;
 8 (b) on each wolf pup or mountain lion kitten, \$20;
 9 (c) on one coyote, \$5;
 10 (d) on each coyote pup, \$2.50.

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

21 Section 161. Section 81-7-303, MCA, is amended to
 22 read:

23 "81-7-303. County commissioners permitted to require
 24 per capita license fee on sheep. (1) To defray the expense
 25 of such protection the board of county commissioners of any

1 county shall have the power to require all owners or persons
 2 in possession of any sheep coming 1 year old or over in the
 3 county on the regular assessment date of each year to pay a
 4 license fee in an amount to be determined by the board on a
 5 per head basis for sheep so owned or possessed by him in the
 6 county. All owners or persons in possession of any sheep
 7 coming 1 year old or over coming into the county after the
 8 regular assessment date ~~and subject to taxation under the~~
 9 ~~provisions of 15-24-301~~ shall also be subject to payment of
 10 the license fee herein prescribed.

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

24 (3) When collected, said fees shall be placed by the
 25 treasurer in the predatory animal control fund and the

1 moneys in said fund shall be expended on order of the board
 2 of county commissioners of the county for predatory animal
 3 control only."

4 Section 162. Section 81-7-305, MCA, is amended to
 5 read:

6 "81-7-305. Duty of county commissioners -- petition of
 7 sheep owners -- license fees. (1) In conducting a predatory
 8 animal control program, the board of county commissioners
 9 shall give preference to recommendations for such program
 10 and its incidents as made by organized associations of sheep
 11 growers in the county. Upon petition of the resident owners
 12 of at least 51% of the sheep in the county, ~~as shown by the~~
 13 ~~assessment rolls of the last preceding assessment,~~ which
 14 petition shall be filed with the board of county
 15 commissioners on or before the first Monday in December in
 16 any year, such board shall establish the predatory animal
 17 control program and cause said licenses to be secured and
 18 issued and the fees collected for the following year in such
 19 amount as will defray the cost of administering the program
 20 so established. The license fee determined and set by the
 21 board shall remain in full force and effect from year to
 22 year without change, unless there is filed with the board a
 23 petition subscribed by the resident owners of at least 51%
 24 of the sheep in the county, ~~as shown by the assessment rolls~~
 25 ~~of the last assessment preceding the filing of the petition,~~

1 for termination of the program and repeal of the license
2 fee, in which event the program shall by order of the board
3 of county commissioners be disestablished and the license
4 fee shall not be further levied.

5 (2) If the resident owners of at least 51% of the
6 sheep in the county either petition for an increase in the
7 license fee or petition for a decrease in the license fee
8 then in force, the board of county commissioners shall upon
9 receipt of any such petition fix a new license fee to
10 continue from year to year and the program shall thereupon
11 continue within the limits of the aggregate amount of the
12 license fee as collected from year to year."

13 Section 163. Section 81-8-804, MCA, is amended to
14 read:

15 "81-8-804. Assessments -- refunds. (1) There is
16 levied~~7-in-addition-to-the-tax-on--livestock--prescribed--in~~
17 ~~Title--157--chapter-247--part-97~~, a per head tax of 25 cents on
18 each head of cattle that is more than 9 months of age and is
19 owned or possessed within a county for the support and
20 maintenance of research into beef production as provided in
21 this part. The tax shall be paid to the county treasurer of
22 that county on or before March 1 of each year.

23 (2) The tax required in subsection (1) must be paid
24 for each head of cattle that is more than 9 months of age
25 and is brought into the county after March 1 ~~and-is-subject~~

1 ~~to-taxation-and-assessment-under-15-24-301.~~

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

4 (4) A person who has paid the tax required by this
5 section may obtain a refund of the tax upon submission of a
6 written request to the department. The application must be
7 made within 30 days after the payment of the tax and on
8 forms furnished by the department. The department shall,
9 upon receipt of a timely and otherwise properly submitted
10 refund request, refund the tax."

11 Section 164. Section 85-7-2001, MCA, is amended to
12 read:

13 "85-7-2001. Limitations on debt-incurring power. (1)
14 The board of commissioners or other officers of the district
15 may not incur any debt or liability, either by issuing bonds
16 or otherwise, except as provided in this chapter. No
17 irrigation district may become indebted, in any manner or
18 for any purpose in any one year, in an amount exceeding
19 ~~10-75%~~ 27% of the assessed valuation of the district, except
20 as provided in subsection (2).

21 (2) (a) For the purpose of organization; for any of
22 the immediate purposes of this chapter; to make or purchase
23 surveys, plans, and specifications; for stream gauging and
24 gathering data; or to make any repairs occasioned by any
25 calamity or other unforeseen contingency, the board of

1 commissioners may, in any one year, incur the indebtedness
2 of as many dollars as there are acres in the district and
3 may cause warrants of the district to issue therefor.

4 (b) For the purpose of organization, for any of the
5 immediate purposes of this chapter, or to meet the expenses
6 occasioned by any calamity or other unforeseen contingency,
7 the board of commissioners may, in any one year, incur (in
8 addition to the ~~18-75% 27%~~ limitation of subsection (1)) an
9 additional indebtedness not exceeding ~~12-5% 18%~~ of the
10 assessed valuation of the district and may cause warrants of
11 the district to issue therefor.

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

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

18 (3) Any debt or liability incurred in excess of the
19 limitations provided by the irrigation district laws is
20 void."

21 NEW SECTION. Section 165. Sales tax and use tax
22 account. (1) There is a sales tax and use tax account within
23 the state special revenue fund.

24 (2) All receipts collected from the sales tax and use
25 tax under the provisions of [sections 1 through 66] and all

1 money appropriated to the account must be deposited in the
2 account.

3 Section 166. 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 tax and use tax revenue; and
22 ~~(viii)~~(ix) any other revenue anticipated by the
23 trustees to be received during the ensuing school fiscal
24 year which may be used to finance the general fund.

25 (c) Subtract the total of the moneys available to

1 reduce the property tax required to finance the general fund
2 that has been determined in subsection (1)(b) from the total
3 requirement determined in subsection (1)(a).

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

10 Section 167. Section 20-9-331, MCA, is amended to
11 read:

12 "20-9-331. Basic county tax and other revenues for
13 county equalization of the elementary district foundation
14 program. (1) It shall be the duty of the county
15 commissioners of each county to levy an annual basic tax of
16 28 mills on the dollars of the taxable value of all taxable
17 property within the county for the purposes of local and
18 state foundation program support. The revenue to be
19 collected from this levy shall be apportioned to the support
20 of the foundation programs of the elementary school
21 districts in the county and to the state special revenue
22 fund, state equalization aid account, in the following
23 manner:

24 (a) In order to determine the amount of revenue raised
25 by this levy which is retained by the county, the sum of the

1 estimated revenues identified in subsection (2) below shall
 2 be subtracted from the sum of the county elementary
 3 transportation obligation and the total of the foundation
 4 programs of all elementary districts of the county.

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

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

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

24 (b) the portion of the federal flood control act funds
 25 distributed to a county and designated for expenditure for

1 the benefit of the county common schools under the
 2 provisions of 17-3-232;

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

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

10 (e) any federal or state money, including anticipated
 11 or reappropriated motor vehicle fees and reimbursement under
 12 the provisions of 61-3-532 and 61-3-536, distributed to the
 13 county as payment in lieu of the property taxation
 14 established by the county levy required by this section; and

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

17 (g) sales tax and use tax revenue."

18 Section 168. Section 20-9-333, MCA, is amended to
 19 read:

20 "20-9-333. Basic special levy and other revenues for
 21 county equalization of high school district foundation
 22 program. (1) It shall be the duty of the county
 23 commissioners of each county to levy an annual basic special
 24 tax for high schools of 17 mills on the dollar of the
 25 taxable value of all taxable property within the county for

1 the purposes of local and state foundation program support.
2 The revenue to be collected from this levy shall be
3 apportioned to the support of the foundation programs of
4 high school districts in the county and to the state special
5 revenue fund, state equalization aid account, in the
6 following manner:

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

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

22 (2) The proceeds realized from the county's portion of
23 the levy prescribed in this section and the revenues from
24 the following sources shall be used for the equalization of
25 the high school district foundation programs of the county

1 as prescribed in 20-9-334, and a separate accounting shall
2 be kept of these proceeds by the county treasurer in
3 accordance with 20-9-212(1):

4 (a) any money remaining at the end of the immediately
5 preceding school fiscal year in the county treasurer's
6 accounts for the various sources of revenue established in
7 this section;

8 (b) any federal or state moneys, including anticipated
9 or reappropriated motor vehicle fees and reimbursement under
10 the provisions of 61-3-532 and 61-3-536, distributed to the
11 county as a payment in lieu of the property taxation
12 established by the county levy required by this section; and

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

15 (d) sales tax and use tax revenue."

16 Section 169. Section 20-9-352, MCA, is amended to
17 read:

18 "20-9-352. Permissive amount and permissive levy. (1)
19 Whenever the trustees of any district shall deem it
20 necessary to adopt a general fund budget in excess of the
21 foundation program amount but not in excess of the maximum
22 general fund budget amount for such district as established
23 by the schedules in 20-9-316 through 20-9-321, the trustees
24 shall adopt a resolution stating the reasons and purposes
25 for exceeding the foundation program amount. Such excess

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

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

10 (a) For each elementary school district, the county
 11 commissioners shall annually set a levy not exceeding 6
 12 mills on all the taxable property in the district for the
 13 purpose of funding the permissive amount of the district.
 14 The permissive levy in mills shall be obtained by
 15 multiplying the ratio of the permissive amount to the
 16 maximum permissive amount by 6 or by using the number of
 17 mills which would fund the permissive amount, whichever is
 18 less. If the amount of revenue raised by this levy, plus
 19 anticipated or reappropriated motor vehicle fees, and
 20 reimbursement under the provisions of 61-3-532 and 61-3-536,
 21 is and sales tax and use tax revenue are not sufficient to
 22 fund the permissive amount in full, the amount of the
 23 deficiency shall be paid to the district from the state
 24 special revenue fund according to the provisions of
 25 subsections (3) and (4) of this section.

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

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

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

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

22 Section 170. Section 20-9-501, MCA, is amended to
23 read:

24 "20-9-501. Retirement fund. (1) The trustees of any
25 district employing personnel who are members of the

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

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

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

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

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

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

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

17 (iii) sales tax and use tax revenue; and

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

1 retirement fund warrants issued by the district under the
 2 final retirement fund budget.

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

7 (4) The county superintendent shall total the net
 8 retirement fund levy requirements separately for all
 9 elementary school districts, all high school districts, and
 10 all community college districts of the county, including any
 11 prorated joint district or special education cooperative
 12 agreement levy requirements, and shall report each such levy
 13 requirement to the county commissioners on the second Monday
 14 of August as the respective county levy requirements for
 15 elementary district, high school district, and community
 16 college district retirement funds. The county commissioners
 17 shall fix and set such county levy in accordance with
 18 20-9-142.

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

1 fund levy requirement for each county as provided in
2 20-9-151.

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

14 Section 171. Section 20-10-144, MCA, is amended to
15 read:

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

23 (1) The "schedule amount" of the preliminary budget
24 expenditures that is derived from the rate schedules in
25 20-10-141 and 20-10-142 shall be determined by adding the

1 following amounts:

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

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

15 (c) any estimated costs for supervised home study or
16 supervised correspondence study for the ensuing school
17 fiscal year; plus

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

25 (2) The schedule amount determined in subsection (1)

1 or the total preliminary transportation fund budget,
 2 whichever is smaller, shall be divided by 3 and the
 3 resulting one-third amount shall be used to determine the
 4 available state and county revenue to be budgeted on the
 5 following basis:

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

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

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

1 special education pupils;

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

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

17 (3) The total of the moneys available for the
 18 reduction of property tax on the district for the
 19 transportation fund shall be determined by totaling:

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

24 (b) anticipated payments from other districts for
 25 providing school bus transportation services for such

1 district; plus
 2 (c) anticipated payments from a parent or guardian for
 3 providing school bus transportation services for his child;
 4 plus
 5 (d) anticipated interest to be earned by the
 6 investment of transportation fund cash in accordance with
 7 the provisions of 20-9-213(4); plus
 8 (e) anticipated motor vehicle fees and reimbursement
 9 under the provisions of 61-3-532 and 61-3-536; plus
 10 (f) net proceeds taxes for new production, as defined
 11 in 15-23-601; plus
 12 (g) sales tax and use tax revenue; plus
 13 ~~fg~~(h) any other revenue anticipated by the trustees
 14 to be earned during the ensuing school fiscal year which may
 15 be used to finance the transportation fund; plus
 16 ~~th~~(i) any cash available for reappropriation as
 17 determined by subtracting the amount of the end-of-the-year
 18 cash balance earmarked as the transportation fund cash
 19 reserve for the ensuing school fiscal year by the trustees
 20 from the end-of-the-year cash balance in the transportation
 21 fund. Such cash reserve shall not be more than 20% of the
 22 final transportation fund budget for the ensuing school
 23 fiscal year and shall be for the purpose of paying
 24 transportation fund warrants issued by the district under
 25 the final transportation fund budget.

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

1 NEW SECTION. Section 172. Repealer. Sections
2 15-6-136, 15-6-138 through 15-6-140, 15-6-142, 15-6-146,
3 15-6-207, 15-6-210, 15-8-202, 15-8-204, 15-8-401, 15-8-404,
4 15-8-405, 15-8-408, 15-16-111 through 15-16-115, 15-16-401,
5 15-16-402, 15-16-404, 15-16-503, 15-16-701 through
6 15-16-703, 15-17-901 through 15-17-903, 15-24-101 through
7 15-24-105, 15-24-201 through 15-24-208, 15-24-301 through
8 15-24-304, 15-24-602, 15-24-901 through 15-24-906, 15-24-908
9 through 15-24-911, 15-24-921 through 15-24-926, 15-24-931,
10 15-24-941 through 15-24-943, 15-24-1001, 61-3-707, and
11 81-7-118, MCA, are repealed.

12 NEW SECTION. Section 173. Codification instructions.
13 (1) Sections 1 through 66 and 165 are intended to be
14 codified as an integral part of Title 15, and the provisions
15 of Title 15 apply to sections 1 through 66 and 165.

16 (2) Sections 67 through 69 are intended to be codified
17 as an integral part of Title 61, chapter 3, and the
18 provisions of Title 61, chapter 3, apply to sections 67
19 through 69.

20 (3) Sections 70 through 74 are intended to be codified
21 as an integral part of Title 81, chapter 3, and the
22 provisions of Title 81, chapter 3, apply to sections 70
23 through 74.

24 NEW SECTION. Section 174. Extension of authority. Any
25 existing authority of the department of revenue, the

1 department of livestock, the board of livestock, the
2 department of highways, the department of commerce, or the
3 board of aeronautics to make rules on the subject of the
4 provisions of this act is extended to the provisions of this
5 act.

6 NEW SECTION. Section 175. Severability. If a part of
7 this act is invalid, all valid parts that are severable from
8 the invalid part remain in effect. If a part of this act is
9 invalid in one or more of its applications, the part remains
10 in effect in all valid applications that are severable from
11 the invalid applications.

12 NEW SECTION. Section 176. Saving clause. This act
13 does not affect rights and duties that matured, penalties
14 that were incurred, or proceedings that were begun before
15 the effective date of this act.

16 NEW SECTION. Section 177. Effective dates. (1) This
17 act, except sections 178, 179, and this section, is
18 effective on approval by the electorate.

19 (2) Sections 178, 179, and this section are effective
20 on passage.

21 NEW SECTION. Section 178. Applicability. (1) Sections
22 1 through 66 apply on and after June 1, 1989.

23 (2) Sections 67 through 69 apply on and after January
24 1, 1989.

25 (3) Sections 70 through 74 apply on and after January

1 1, 1989.

2 (4) Sections 75 through 165 apply to taxable years,
3 fiscal years, and school fiscal years beginning after
4 December 31, 1988. However, all taxes, levies, fees,
5 assessments, and the like levied in 1988 for fiscal year
6 1989 must be paid and are collectible as provided by law.

7 (5) Sections 166 through 176 apply on approval by the
8 electorate.

9 (6) Sections 177, 179, and this section apply on
10 passage.

11 NEW SECTION. Section 179. Submission to electorate.
12 The question of whether this act will become effective shall
13 be submitted to the electors of Montana at the general
14 election to be held November 8, 1988, by printing on the
15 ballot the full title of this act and the following:

16 FOR establishing a 3% sales tax and use tax and
17 eliminating property taxes on personal property and
18 the first \$16,500 of the market value of homes.

19 AGAINST establishing a 3% sales tax and use tax and
20 eliminating property taxes on personal property and
21 the first \$16,500 of the market value of homes.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB395, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for a 3 percent sales and use tax; providing for the elimination of the ad valorem tax on personal property; providing for the reduction on the ad valorem tax on residences; providing for a highway use fee for heavy vehicles, truck tractors, and semitrailers; providing for a fee as a replacement to fund the Board of Livestock; providing for the allocation of the proceeds of the sales and use tax; providing that the proposed act be submitted to the electors of the State of Montana at the November 8, 1988 general election; and providing effective dates and applicability dates.

ASSUMPTIONS:

1. It is assumed that this proposal passes in the November 1988 general election.
2. FY87 estimates of the revenue from the proposed sales tax and property tax changes are used to illustrate the effects of the proposal. FY89 estimates of the revenue raised by the university and school equalization levies are assumed to apply to FY90.
3. The database prepared by Bureau of Business and Economic Research for the Revenue Oversight Committee is used to estimate the revenue from the proposed sales tax. The retail sales estimates were adjusted to reflect the Revenue Estimating Advisory Council's forecast of personal income.
4. The proposed sales and use tax would generate \$51,690,000 per percent if it were in effect in FY87.
5. The proposal would reduce taxes paid on personal property by \$102.2 million, if in effect for FY87 (net of fees). Residential property taxes would be reduced by \$50 million in FY87 if the bill were in effect.
6. It is assumed that HB883, which provides for the disposition of the sales tax revenues, is approved.
7. 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.

Category of Expenditure	Cost Incurred In:		
	FY88	FY89	FY90
Sales Tax Administration	\$ 201,765	\$1,529,057	\$3,431,006
Personal Property Tax Admin.	0	(894,545)	(1,847,970)
Net Additional Costs	\$ 201,765	\$ 634,512	\$1,583,036

The estimated administrative costs of a sales tax in FY88 are start-up costs that must be incurred to be prepared to administer the tax in the proposed timeframe. FY89 and FY90 costs are contingent on approval of the proposal by the electorate. (FY88 and FY89 costs will require an appropriation in HB002.)

David L. Hunter DATE 3/18/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Les Hirsch DATE 3/7/87
 LES HIRSCH, PRIMARY SPONSOR

Fiscal Note for SB395, as introduced.

SB 395

Fiscal Note Request, SB395, as introduced.

Form BD-15

Page 2

8. The per capita tax on livestock will generate the same amount of revenue as the current livestock levy in FY90.
9. The highway use fee for heavy vehicles, truck tractors, and semi-trailers will generate \$2.7 million a year. It applies after January 1, 1989, and will generate \$1.35 million in FY89. The revenue is deposited in the special revenue fund of the Department of Highways.

Revenue Summary per Assumptions:

	<u>FY90</u>
Sales and Use Tax	\$155,070,000
Highway Use Fee	2,700,000
<u>Property Tax</u>	(152,200,000)
Net Revenue	\$ 5,570,000

FISCAL IMPACT:

Revenue Impact:

	<u>FY89</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Highway Use Fee	\$ 0	\$ 1,350,000	\$ 1,350,000

Expenditure Impact: (General Fund)

	<u>FY88</u>	<u>FY89</u>
Administration of Sales and Use Tax	\$201,765	\$1,529,057
<u>Personal Property Tax Admin.</u>	0	(894,545)
Net Expenditures	\$201,765	\$634,512

Fund Information:

	<u>FY89</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Department of Highways Special Revenue Fund	\$ 0	\$ 1,350,000	\$ 1,350,000

513395

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Revenue Impact:

	FY90		
	Current	Proposed	Difference
Sales and Use Tax	\$ 0	\$155,070,000	\$155,070,000
University Levy	12,147,966	8,342,966	(3,805,000)
County Equalization (45 mill levy)	91,109,745	62,772,245	(28,337,500)
Highway Use Fee	0	2,700,000	2,700,000
Total	\$103,257,711	\$228,885,211	\$125,627,500

Effect On Expenditures: (General Fund)

Administration of Sales and Use Tax	\$ 0	\$ 3,431,006	\$ 3,431,006
Personal Property Tax Administration	0	(1,847,970)	(1,847,970)
Net Expenditures	\$ 0	\$ 1,583,036	\$ 1,583,036

Fund Distribution*:

University Levy	\$ 12,147,966	\$ 12,147,966	\$ 0
County Equalization (45 mill levy)	91,109,745	91,109,745	0
Department of Highways			
Special Revenue Fund	0	2,700,000	2,700,000
Total	\$103,257,711	\$105,957,711	\$ 2,700,000

* Sales tax revenue is returned to these funds through the allocation of sales tax revenue to local governments to replace the loss in property tax revenue.

EFFECT ON COUNTY REVENUE OR EXPENDITURES:

If approved by the voters, the proposed property tax changes will reduce revenues to local governments by an estimated \$119.9 million beginning in FY90. Local governments will be reimbursed for these losses from the sales tax receipts. Thus, the proposal will have no effect on local government revenues.