

1 *House* BILL NO. *457*  
 2 INTRODUCED BY *Whalen ROK* *Imbler Rice Wyant*  
 3 *Campbell* *Boyd* *Mark Thomas* *Swift Hand* *Imperial*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION  
 5 OF OLDER MOTOR VEHICLES; AMENDING SECTION 61-3-503, MCA; AND  
 6 PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE." *Stable*  
 7 *Savory*

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

9 **Section 1.** Section 61-3-503, MCA, is amended to read:

10 "61-3-503. Assessment. (1) Except as provided in  
 11 subsection (2), the following apply to the taxation of motor  
 12 vehicles:

13 (a) Except as provided in subsections (1)(c) through  
 14 (1)(e), a person who files an application for registration  
 15 or reregistration of a motor vehicle shall before filing  
 16 such application with the county treasurer submit the  
 17 application to the county assessor. The county assessor  
 18 shall enter on the application in a space to be provided for  
 19 that purpose the market value and taxable value of the  
 20 vehicle as of January 1 of the year for which the  
 21 application for registration is made.

22 (b) Except as provided in subsection (1)(c), motor  
 23 vehicles are assessed for taxes on January 1 in each year  
 24 irrespective of the time fixed by law for the assessment of  
 25 other classes of personal property and irrespective of

1 whether the levy and tax may be a lien upon real property  
 2 within the state. ~~in no event may any~~ A motor vehicle ~~be is~~  
 3 ~~not~~ subject to assessment, levy, and taxation more than once  
 4 in each year.

5 (c) Vehicles subject to the provisions of 61-3-313  
 6 through 61-3-316 shall be assessed as of the first day of  
 7 the registration period, using the average trade-in or  
 8 wholesale value as of January 1 of the year of assessment of  
 9 the vehicle as contained in the most recent volume of the  
 10 Mountain States Edition of the National Automobile Dealers  
 11 Association (N.A.D.A.) Official Used Car Guide, the National  
 12 Edition of N.A.D.A. Appraisal Guides Official Older Used Car  
 13 Guide, ~~or, for vehicles not listed in the preceding guides,~~  
 14 ~~the low value listed in the Value Guide to Cars of~~  
 15 ~~Particular Interest,~~ not including additions or deductions  
 16 for options and mileage; and a lien for taxes and fees due  
 17 thereon shall occur on the anniversary date of the  
 18 registration and shall continue until such the fees and  
 19 taxes have been paid. If the value shown in any of the  
 20 appraisal guides listed in this section is less than \$1,000,  
 21 ~~the department shall value the vehicle at \$1,000.~~ there is  
 22 imposed a minimum tax of \$20. For vehicles not listed in  
 23 the preceding guides, the vehicle is considered to have a  
 24 value of \$1,000 and is subject to a minimum tax of \$20,  
 25 except for vehicles registered as collectors' items under

1 the provisions of 61-3-411 and charged the applicable fee in  
2 that section.

3 (d) Motorcycles and quadricycles shall be assessed,  
4 using the greater of the following:

5 (i) \$250; or

6 (ii) the average trade-in or wholesale value as of  
7 January 1 of the year of assessment of the vehicle as  
8 contained in the most recent volume of the applicable  
9 National Edition of the N.A.D.A. Motorcycle/Moped/ATV  
10 Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal  
11 Guide, not including additions or deductions for options and  
12 mileage.

13 (e) If a vehicle assessed under subsection (1)(c) or  
14 (1)(d) is not originally listed in the applicable N.A.D.A.  
15 guide, the department of revenue or its agent shall  
16 depreciate the original f.o.b. factory list price, f.o.b.  
17 port-of-entry list price, or the manufacturer's suggested  
18 list price, using the following methods:

19 (i) if the new car sales tax has been previously paid  
20 and the vehicle is less than 1 year in age, the depreciation  
21 percentage shall be 20%; or

22 (ii) if the vehicle is 1 year or older in age and it is  
23 not listed in any of the appraisal guides listed in this  
24 section, the department of revenue shall determine the  
25 depreciation percentage to approximate the average wholesale

1 or trade-in values in the current N.A.D.A. guides referred  
2 to in this subsection. For purposes of this subsection (1),  
3 the age of the vehicle is determined by subtracting the  
4 manufacturer's model year of the vehicle from the calendar  
5 year of assessment.

6 (f) When a minimum value of \$500 \$1,000 is reached,  
7 the value shall remain at that minimum so long as the  
8 vehicle is registered.

9 ~~(g) if a previously registered vehicle is no longer~~  
10 ~~listed in the applicable N.A.D.A. guide, the department or~~  
11 ~~its agent shall depreciate the value of the vehicle at the~~  
12 ~~rate of 10% a year until a minimum amount of \$500 is~~  
13 ~~attained, and the value shall remain at that amount so long~~  
14 ~~as the vehicle is registered.~~

15 (2) The provisions of subsections (1)(a) through  
16 (1)(g)(f) do not apply to motor homes, travel trailers,  
17 campers, or mobile homes as defined in 15-1-101(1)."

18 NEW SECTION. Section 2. Extension of authority. Any  
19 existing authority to make rules on the subject of the  
20 provisions of [this act] is extended to the provisions of  
21 [this act].

22 NEW SECTION. Section 3. Effective date --  
23 applicability. [This act] is effective on passage and  
24 approval and applies to motor vehicles registered on or  
25 after July 1, 1989.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB457, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the taxation of older motor vehicles; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. Currently, there are 30,699 cars and light trucks valued using the Guide to Cars of Particular Interest, with an average market value of \$817. Under the proposal these cars are assumed to have a \$20 tax liability. Excluding cars valued in Cars of Particular interest, there are an additional 381,545 cars valued at less than \$1,000. These are assumed to have an average market value of \$500 under current law, and are assumed to have a \$20 tax liability under the proposal. (None of the above figures include collectibles.)
2. The 2% motor vehicle tax will generate \$37,138,000 in FY90 and \$40,376,000 in FY91. (REAC).
3. District court fees (State General Fund) are 7% of total vehicle tax receipts.
4. Distribution of local government revenues; University System - 2.1804%, School Foundation Program - 16.3527%, and other taxing jurisdictions - 81.4669%. (REAC).
5. This proposal is not expected to impact expenditures.

FISCAL IMPACT:Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Motor Vehicle Tax	\$37,138,000	\$41,065,808	\$3,927,808	\$40,376,000	\$44,303,808	\$3,927,808
<u>Fund Information:</u>						
University System	\$ 753,066	\$ 832,721	\$ 79,655	\$ 818,740	\$ 898,380	\$ 79,640
School Foundation						
Program	5,647,896	6,245,293	597,397	6,140,439	6,737,728	597,289
District Court Fund	2,600,000	2,874,606	274,606	2,826,000	3,101,267	275,267

EFFECT OF COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal is estimated to provide \$2,976,150 in FY90 and \$2,975,612 in FY91 in additional revenue to counties and local taxing jurisdictions.

*Ray Shackleford* 2/2/89  
 RAY/SHACKLEFORD, BUDGET DIRECTOR DATE  
 OFFICE OF BUDGET AND PROGRAM PLANNING

*Timothy J. Whalen* 2-3-89  
 TIMOTHY J. WHALEN, PRIMARY SPONSOR DATE  
 Fiscal Note for HB457, as introduced

**HB 457**