

HOUSE BILL 643

Introduced by Wallin, et al.

2/10	Introduced
2/11	Referred to Taxation
2/13	Fiscal Note Requested
2/18	Fiscal Note Received
2/20	Fiscal Note Printed
3/02	Hearing
3/07	Committee Report--Bill Not Passed
3/08	Adverse Committee Report Adopted

1 House BILL NO. 643
2 INTRODUCED BY Walter J. Hunter
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A MOTOR
5 VEHICLE TAX ABATEMENT ACCOUNT; STATUTORILY APPROPRIATING A
6 PORTION OF THE OIL AND GAS SEVERANCE TAX TO THE ACCOUNT;
7 REQUIRING THE FUNDS IN THE ABATEMENT ACCOUNT TO BE DISBURSED
8 TO THE COUNTIES FOR ABATEMENT OF THE MOTOR VEHICLE TAX AND
9 MOTOR HOME FEE IN LIEU OF TAX; AMENDING SECTIONS 15-36-112,
10 61-3-504, 61-3-509, AND 61-3-522, MCA; AND PROVIDING AN
11 IMMEDIATE EFFECTIVE DATE AND APPLICABILITY DATES."
12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
14 NEW SECTION. **Section 1.** Motor vehicle tax abatement
15 account created -- source of funds. (1) There is a motor
16 vehicle tax abatement account within the earmarked revenue
17 fund.
18 (2) Funds in this account must be used to pay local
19 government units for the purpose of abating the tax on motor
20 vehicles set forth in 61-3-504(2) and the fee in lieu of tax
21 on motor homes set forth in 61-3-522.
22 (3) All funds appropriated to the account and 33 1/3%
23 of the oil severance tax collected under the provisions of
24 15-36-101 must be deposited in the account.
25 NEW SECTION. **Section 2.** Disposition and use of funds

1 in motor vehicle tax abatement account. (1) The state
2 treasurer shall make quarterly disbursements of money from
3 the motor vehicle tax abatement account to the county motor
4 vehicle suspense fund in each county. The disbursements must
5 equal the amounts claimed by the treasurer of each county
6 pursuant to subsection (2).
7 (2) The county treasurer shall submit a quarterly claim
8 to the state treasurer for payment of the difference
9 between:
10 (a) the revenue that would have been collected for the
11 quarter from the tax on motor vehicles under 61-3-504(2) and
12 from the fee in lieu of tax on motor homes under 61-3-522,
13 without the abatement provisions; and
14 (b) the revenue actually collected from the taxes and
15 fees on the property specified in subsection (2)(a).
16 (3) The funds disbursed to the county motor vehicle
17 suspense fund in each county must be used as provided in
18 61-3-509.
19 **Section 3.** Section 15-36-112, MCA, is amended to read:
20 "15-36-112. Disposition of oil and gas severance taxes.
21 (1) Each year the department of revenue shall determine the
22 amount of tax collected under this chapter from within each
23 county.
24 (2) The severance taxes collected under this chapter
25 are allocated as follows:

1 (a) the amount, if any, by which the tax collected from
2 within a county for any fiscal year exceeds the total amount
3 collected from within that county for the previous fiscal
4 year, by reason of increased production and not because of
5 increase in or elimination of federal price ceilings on oil
6 and gas, is statutorily appropriated, as provided in
7 17-7-502, for allocation to the general fund of the county
8 for distribution as provided in subsection (3);

9 (b) 33 1/3% of the amount not allocated to the county
10 under subsection (2)(a) is statutorily appropriated, as
11 provided in 17-7-502, for allocation to the motor vehicle
12 tax abatement account in the earmarked revenue fund for
13 distribution as provided in [section 2];

14 ~~(b)(c)~~ any amount not allocated to the county under
15 subsection subsections (2)(a) and (2)(b) is allocated to the
16 state general fund.

17 (3) (a) The county treasurer shall distribute the money
18 received under subsection (2)(a) of this section to the
19 county and to all the incorporated cities and towns within
20 the county in the following manner. The county receives the
21 available money multiplied by the ratio of the rural
22 population to the county population. Each incorporated
23 municipality receives the available money multiplied by the
24 ratio of the population of the incorporated municipality to
25 the county population. The rural population is that

1 population of the county living outside the boundaries of an
2 incorporated municipality. Population shall be based on the
3 most recent figures as determined by the department of
4 commerce.

5 (b) The money distributed under this subsection may be
6 used for any purpose as determined by the governing body of
7 the county, city, or town."

8 **Section 4.** Section 61-3-504, MCA, is amended to read:

9 **"61-3-504. Computation of tax.** (1) The amount of taxes
10 on a motor vehicle, other than an automobile, truck having a
11 rated capacity of three-quarters of a ton or less,
12 motorcycle, quadricycle, motor home, travel trailer, camper,
13 or mobile home, is computed and determined by the county
14 treasurer on the basis of the levy of the year preceding the
15 current year of application for registration or
16 reregistration.

17 (2) The amount of tax on an automobile or truck having
18 a rated capacity of three-quarters of a ton or less, except
19 for vehicles owned by disabled veterans qualifying for
20 special license plates under 61-3-451, and on a motorcycle
21 or quadricycle is ~~2%~~ a percentage of the value determined
22 under 61-3-503. The department of revenue shall certify the
23 tax rate to the counties on or before July 1 of the fiscal
24 year in which the tax is due.

25 (3) The department of revenue shall compute the tax

rate for the current fiscal year by:

(a) determining the statewide valuation for the preceding fiscal year of all motor vehicles that are subject to the tax in subsection (2);

(b) determining the statewide valuation for the preceding fiscal year of all motor homes that are subject to the fee in lieu of tax in 61-3-522;

(c) determining the statewide revenue for the preceding fiscal year if the motor vehicles subject to the tax in subsection (2) had been taxed at 2% of value;

(d) determining the statewide revenue for the preceding fiscal year if the motor homes subject to the fee in lieu of tax in 61-3-522 had been taxed without abatement;

(e) determining the total deposits made to the motor vehicle tax abatement account during the preceding fiscal year;

(f) based on the amounts in subsections (3)(a) through (3)(e), determining the pro rata share of the motor vehicle tax abatement account available for abatement of taxes on motor vehicles subject to the tax in subsection (2) and the appropriate tax rate needed to generate the difference between that pro rata share and the revenue amount targeted in subsection (3)(c).

(4) If the tax rate computed under subsection (3) produces a motor vehicle tax below \$10, the tax must remain

at a minimum of \$10.

~~(3)~~(5) For all taxable motor vehicles, the amount of tax is entered on the application form in a space provided therefor."

Section 5. Section 61-3-509, MCA, is amended to read:

"61-3-509. Disposition of taxes. (1) Except as provided in subsection (2), the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax on motor homes, travel trailers, and campers collected under 61-3-504, 61-3-521, and 61-3-537 to a motor vehicle suspense fund, and at some time between March 1 and March 10 of each year and every 60 days thereafter, the county treasurer shall distribute the money in the motor vehicle suspense fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.

(2) The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax collected on an automobile or truck having a rated capacity of three-quarters of a ton or less as if the tax were based on 2% of value. The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at the time the county treasurer distributes the motor vehicle

1 suspense fund. The state treasurer shall credit amounts
2 received under this subsection to the general fund to be
3 used for purposes of state funding of the district court
4 expenses as provided in 3-5-901. Any amount forwarded to
5 the state treasurer under this subsection that is not used
6 for district court expenses must be refunded to the counties
7 in the proportion that the amount collected from each county
8 bears to the total amount collected."

9 **Section 6.** Section 61-3-522, MCA, is amended to read:

10 "61-3-522. Schedule of fees for motor homes. (1) The
11 owner of a motor home shall pay a fee based on the age of
12 the motor home according to the following schedule, less a
13 percentage reduction in tax abatement allowed for the fiscal
14 year in which the tax is due determined by dividing the
15 current tax rate for motor vehicles, as determined under
16 61-3-504(3), by 2%:

17	less than 2 years old	\$250
18	2 years old and less than 3 years old	230
19	3 years old and less than 4 years old	195
20	4 years old and less than 5 years old	150
21	5 years old and less than 6 years old	125
22	6 years old and less than 7 years old	100
23	7 years old and less than 8 years old	75
24	8 years old and older	65

25 (2) The age of a motor home is determined by

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

3 (3) If the motor vehicle tax abatement reduces the fee
4 below \$65, the fee must remain at a minimum of \$65."

5 **NEW SECTION. Section 7.** Codification instruction.
6 [Sections 1 and 2] are intended to be codified as an
7 integral part of Title 61, chapter 3, part 5, and the
8 provisions of Title 61, chapter 3, part 5, apply to
9 [sections 1 and 2].

10 **NEW SECTION. Section 8.** Extension of authority. Any
11 existing authority to make rules on the subject of the
12 provisions of [this act] is extended to the provisions of
13 [this act].

14 **NEW SECTION. Section 9.** Effective date --
15 applicability. [This act] is effective on passage and
16 approval and applies to oil and gas severance taxes
17 collected on or after July 1, 1989, and to motor vehicles
18 registered on or after July 1, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB643, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act creating a motor vehicle tax abatement account; statutorily appropriating a portion of the oil and gas severance tax to the account; requiring the funds in the abatement account to be disbursed to the counties for abatement of the motor vehicle tax and motor home fee in lieu of tax; and providing an immediate effective date and applicability dates.

ASSUMPTIONS:

1. The Oil Severance Tax revenue is estimated to be \$14,439,000 in FY90 and \$13,836,000 in FY91. Under current law all proceeds from the tax are deposited in the General Fund.(REAC)
2. The Natural Gas Severance Tax revenue is estimated to be \$1,004,000 in FY90 and \$1,040,000 in FY91. The General Fund portion of the tax is estimated to be \$999,000 in FY90 and \$1,035,000 in FY91. The balance of the tax is returned to counties experiencing growth in gas production.(REAC)
3. The receipts from the 2% tax on motor vehicles are estimated to be \$37,138,000 in FY90 and \$40,376,000 in FY91. The revenue allocated to local government from this tax is estimated to be \$34,538,000 in FY90 and \$37,550,000 in FY91.(REAC)
4. Under the proposal 33 1/3 % of the oil and gas severance taxes would be deposited in the abatement account; thus, the tax rate on motor vehicles is estimated to be 1.7% in FY91.
5. There are no increased state level administrative expenditures.
6. Analysis is based upon motor vehicle data only. There are no data available for motor homes.

FISCAL IMPACT:

	<u>FY90</u>			<u>FY91</u>		
	Current	Proposed		Current	Proposed	
<u>Revenue Impact:</u>	<u>Law</u>	<u>Law</u>	<u>Difference</u>	<u>Law</u>	<u>Law</u>	<u>Difference</u>
Oil Severance	\$14,439,000	\$14,439,000	\$ -0-	\$13,836,000	\$13,836,000	\$ -0-
Gas Severance	1,004,000	1,004,000	-0-	1,040,000	1,040,000	-0-
Vehicle Tax Receipts	37,138,000	37,138,000	-0-	40,376,000	34,319,600	(6,056,400)
Total	\$52,581,000	\$52,581,000	\$ -0-	\$55,252,000	\$49,195,600	(\$6,056,400)
<u>Fund Information:</u>						
General Fund	\$15,438,000	\$10,292,000	(\$5,146,000)	\$14,871,000	\$ 9,914,000	(\$4,957,000)
Motor Vehicle Abatement	-0-	5,146,000	5,146,000	-0-	4,957,000	4,957,000
Other Funds	37,143,000	37,143,000	-0-	40,381,000	34,324,600	(\$6,056,400)
Total	\$52,581,000	\$52,581,000	\$ -0-	\$55,252,000	\$49,195,600	(\$6,056,400)

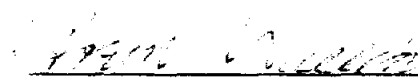
Expenditure Impact:Fund Information:

Motor Vehicle Abatement Account

\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$ 6,056,400	\$ 6,056,400
----	-----	----	-----	----	-----	----	-----	--------------	--------------


DATE 2/18/89

RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING


DATE 2/18/89

NORM WALLIN, PRIMARY SPONSOR

Fiscal Note for HB643, as introduced

HB 643

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The balance in the motor vehicle tax abatement account will decline if the severance taxes do not increase at least at the same rate that motor vehicle valuation is increasing. If the rate of change between FY90 and FY91 for both the severance taxes and motor vehicle valuation is repeated, by FY99 the account would be depleted.