

SENATE BILL NO. 379

INTRODUCED BY ABRAMS, NOBLE, ELLISON, SEVERSON,
IVERSON, HANNAH, SPAETH, BECK, HARP, WALKER,
GAGE, SWYSGOOD, DEVLIN, GALT, JENKINS, FARRELL, TVEIT

IN THE SENATE

FEBRUARY 9, 1989

INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FIRST READING.

MARCH 2, 1989

COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

MARCH 3, 1989

PRINTING REPORT.

SECOND READING, DO PASS.

MARCH 4, 1989

ENGROSSING REPORT.

MARCH 6, 1989

THIRD READING, PASSED.
AYES, 47; NOES, 2.

TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 7, 1989

INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FIRST READING.

APRIL 7, 1989

COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 10, 1989

SECOND READING, CONCURRED IN.

APRIL 11, 1989

THIRD READING, CONCURRED IN.
AYES, 90; NOES, 5.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 13, 1989

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 15, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

SENATE BILL NO. 379

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE TAXATION OF 1-TON TRUCKS; INCLUDING THAT PORTION OF THE TAXABLE VALUE OF CARS AND TRUCKS HAVING A RATED CAPACITY OF MORE THAN THREE-QUARTERS OF A TON BUT LESS THAN OR EQUAL TO 1 TON IN THE TAXABLE VALUATION OF A COUNTY; AMENDING SECTIONS 7-1-2111, 15-6-139, AND 61-3-504, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

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

***7-1-2111. Classification of counties.** (1) For the purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the several counties of this state shall be classified according to that percentage of the true and full valuation of the property therein upon which the tax levy is made, except for vehicles subject to taxation under 61-3-504(2), as follows:

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

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

million;

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

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

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

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

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

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

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

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

(b)(c) the amount of interim production and new

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

(c) ~~(d)~~ the amount of value represented by new production exempted from tax as provided in 15-23-612."

Section 2. Section 15-6-139, MCA, is amended to read:

"15-6-139. Class nine property -- description -- taxable percentage. (1) Class nine property includes:

(a) buses and trucks having a rated capacity of more than ~~three-quarters--of--a~~ 1 ton but less than or equal to 1 1/2 tons;

(b) truck toppers weighing more than 300 pounds;

(c) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(d) x-ray and medical and dental equipment; and

(e) citizens' band radios and mobile telephones.

(2) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.

(3) Class nine property is taxed at 13% of its market value."

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

"61-3-504. Computation of tax. (1) The amount of taxes on a motor vehicle, other than an automobile, truck having a

rated capacity of ~~three-quarters--of--a~~ 1 ton or less, motorcycle, quadricycle, motor home, travel trailer, camper, or mobile home, is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration.

(2) The amount of tax on an automobile or truck having a rated capacity of ~~three-quarters--of--a~~ 1 ton or less, except for vehicles owned by disabled veterans qualifying for special license plates under 61-3-451, and on a motorcycle or quadricycle is 2% of the value determined under 61-3-503.

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

NEW SECTION. Section 4. Applicability. [This act] applies to taxable years beginning after December 31, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB379, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act changing the taxation of 1-ton trucks; including that portion of the taxable value of cars and trucks having a rated capacity of more than three-quarters of a ton but less than or equal to 1 ton in the taxable valuation of a county; and providing an applicability date.

ASSUMPTIONS:

1. The taxable value of the state will be \$1,899,969,000 in FY90 and \$1,869,831,000 in FY91 (REAC).
2. The market value of all trucks 3/4 ton to 1-1/2 tons was \$29,053,762 in tax year 1988 and is assumed constant in future years (county assessors report). It is assumed that 50% of this market value is from trucks 3/4 ton to 1 ton.
3. The proposal will reduce property tax revenues from trucks 1 ton or less from \$524,443 to \$290,538 in a full year.
4. The proposal will impact the last half of FY90.
5. Revenues from the 2% motor vehicle tax are allocated as follows: University Levy-2.1804%, School Foundation Program-16.3527%, and local government-81.4669%. (REAC)
6. Approximately 14,000 vehicles are in this category. Reminder notices will be mailed by the Department of Justice.(61-3-535)

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>
University Levy	\$11,400,000	\$11,397,502	(\$ 2,498)	\$11,219,000	\$11,214,004	(\$ 4,996)
School Equalization	85,499,000	84,480,264	(18,736)	84,142,000	84,104,529	(37,471)
Total	\$96,899,000	\$96,877,766	(\$21,234)	\$95,361,000	\$95,318,533	(\$42,467)
<u>Expenditure Impact:</u>						
Department of Justice						
Operating Costs	\$ -0-	\$ 2,000	\$ 2,000	\$ -0-	\$ 2,000	\$ 2,000
<u>Funding:</u>						
Motor Vehicle Acct.	\$ -0-	\$ 2,000	\$ 2,000	\$ -0-	\$ 2,000	\$ 2,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal is expected to reduce local government revenues by \$95,719 in FY90 and \$191,438 in FY91 and subsequent

Ray Shackleford
RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

DATE 2/16/89

Hubert J. Abrams
HUBERT J. ABRAMS, PRIMARY SPONSOR

DATE 2/16/89

Fiscal Note for SB379, as introduced

SB 379

APPROVED BY COMMITTEE
ON TAXATION

1 *Senate* BILL NO. *379*
 2 INTRODUCED BY *Graham Noble*
 3 *Senators* *James H. ...*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE TAXATION
 5 OF 1-TON TRUCKS; INCLUDING THAT PORTION OF THE TAXABLE VALUE
 6 OF CARS AND TRUCKS HAVING A RATED CAPACITY OF MORE THAN
 7 THREE-QUARTERS OF A TON BUT LESS THAN OR EQUAL TO 1 TON IN
 8 THE TAXABLE VALUATION OF A COUNTY; AMENDING SECTIONS
 9 7-1-2111, 15-6-139, AND 61-3-504, MCA; AND PROVIDING AN
 10 APPLICABILITY DATE."

11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 7-1-2111, MCA, is amended to read:

14 "7-1-2111. Classification of counties. (1) For the
 15 purpose of regulating the compensation and salaries of all
 16 county officers, not otherwise provided for, and for fixing
 17 the penalties of officers' bonds, the several counties of
 18 this state shall be classified according to that percentage
 19 of the true and full valuation of the property therein upon
 20 which the tax levy is made, except for vehicles subject to
 21 taxation under 61-3-504(2), 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 (b) that portion of the taxable value of the county on
 22 December 31, 1989, attributable to automobiles and trucks
 23 having a rated capacity of more than three-quarters of a ton
 24 but less than or equal to 1 ton;

25 ~~(b)~~(c) the amount of interim production and new

1 production taxes levied, as provided in 15-23-607, divided
2 by the appropriate tax rates described in 15-23-607(2)(a) or
3 (2)(b) and multiplied by 60%; and

4 ~~(c)~~(d) the amount of value represented by new
5 production exempted from tax as provided in 15-23-612."

6 **Section 2.** Section 15-6-139, MCA, is amended to read:

7 "15-6-139. Class nine property -- description --
8 taxable percentage. (1) Class nine property includes:

9 (a) buses and trucks having a rated capacity of more
10 than ~~three-quarters--of--a~~ 1 ton but less than or equal to
11 1 1/2 tons;

12 (b) truck toppers weighing more than 300 pounds;

13 (c) furniture, fixtures, and equipment, except that
14 specifically included in another class, used in commercial
15 establishments as defined in this section;

16 (d) x-ray and medical and dental equipment; and

17 (e) citizens' band radios and mobile telephones.

18 (2) "Commercial establishment" includes any hotel;
19 motel; office; petroleum marketing station; or service,
20 wholesale, retail, or food-handling business.

21 (3) Class nine property is taxed at 13% of its market
22 value."

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

24 "61-3-504. Computation of tax. (1) The amount of taxes
25 on a motor vehicle, other than an automobile, truck having a

1 rated capacity of ~~three-quarters--of--a~~ 1 ton or less,
2 motorcycle, quadricycle, motor home, travel trailer, camper,
3 or mobile home, is computed and determined by the county
4 treasurer on the basis of the levy of the year preceding the
5 current year of application for registration or
6 reregistration.

7 (2) The amount of tax on an automobile or truck having
8 a rated capacity of ~~three-quarters--of--a~~ 1 ton or less,
9 except for vehicles owned by disabled veterans qualifying
10 for special license plates under 61-3-451, and on a
11 motorcycle or quadricycle is 2% of the value determined
12 under 61-3-503.

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

16 **NEW SECTION. Section 4. Applicability.** [This act]
17 applies to taxable years beginning after December 31, 1989.

-End-

1 *Sen. Bill No. 379*
 2 INTRODUCED BY *Sen. Mike*
 3 *Sen. Mike*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE TAXATION
 5 OF 1-TON TRUCKS; INCLUDING THAT PORTION OF THE TAXABLE VALUE
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 18 this state shall be classified according to that percentage
 19 of the true and full valuation of the property therein upon
 20 which the tax levy is made, except for vehicles subject to
 21 taxation under 61-3-504(2), as follows:

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 23 valuation of \$50 million or over;

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

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NEW SECTION. **Section 4. Applicability.** [This act] applies to taxable years beginning after December 31, 1989.

-End-

STANDING COMMITTEE REPORT

April 7, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 379 (third reading copy -- blue) be concurred in as amended .

Signed: _____


Dan Harrington, Chairman

[REP. Giacometti WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Page 4, line 16.

Following: line 15

Insert: "NEW SECTION. Section 4. Coordination instruction. If [this act] and House Bill No. 35 are both passed and approved, the amendment in [section 2 of this act] to 15-6-139 is void."

Renumber: subsequent section

HOUSE

SB 379 RT

SENATE BILL NO. 379

INTRODUCED BY ABRAMS, NOBLE, ELLISON, SEVERSON,

IVERSON, HANNAH, SPAETH, BECK, HARP, WALKER,

GAGE, SWYSGOOD, DEVLIN, GALT, JENKINS, FARRELL, TVEIT

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE TAXATION OF 1-TON TRUCKS; INCLUDING THAT PORTION OF THE TAXABLE VALUE OF CARS AND TRUCKS HAVING A RATED CAPACITY OF MORE THAN THREE-QUARTERS OF A TON BUT LESS THAN OR EQUAL TO 1 TON IN THE TAXABLE VALUATION OF A COUNTY; AMENDING SECTIONS 7-1-2111, 15-6-139, AND 61-3-504, MCA; AND PROVIDING AN APPLICABILITY DATE."

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13 motorcycle or quadricycle is 2% of the value determined
14 under 61-3-503.

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

18 **NEW SECTION. SECTION 4. COORDINATION INSTRUCTION. IF**
19 **[THIS ACT] AND HOUSE BILL NO. 35 ARE BOTH PASSED AND**
20 **APPROVED, THE AMENDMENT IN [SECTION 2 OF THIS ACT] TO**
21 **15-6-139 IS VOID.**

22 **NEW SECTION. Section 5. Applicability.** [This act]
23 applies to taxable years beginning after December 31, 1989.

-End-