

HOUSE BILL NO. 4
INTRODUCED BY WALLIN

IN THE HOUSE

JUNE 19, 1989 INTRODUCED AND REFERRED TO COMMITTEE
 ON TAXATION.

 FIRST READING.

JUNE 26, 1989 COMMITTEE RECOMMEND BILL
 DO PASS. REPORT ADOPTED.

JUNE 27, 1989 PRINTING REPORT.

JUNE 28, 1989 SECOND READING, DO PASS AS AMENDED.

JUNE 29, 1989 ENGROSSING REPORT.

 THIRD READING, PASSED.
 AYES, 88; NOES, 6.

 TRANSMITTED TO SENATE.

IN THE SENATE

JUNE 29, 1989 INTRODUCED AND REFERRED TO COMMITTEE
 ON TAXATION.

 FIRST READING.

JULY 6, 1989 COMMITTEE RECOMMEND BILL BE
 CONCURRED IN. REPORT ADOPTED.

JULY 7, 1989 SECOND READING, CONCURRED IN.

 THIRD READING, CONCURRED IN.
 AYES, 27; NOES, 22.

 RETURNED TO HOUSE.

IN THE HOUSE

JULY 12, 1989 RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 4
2 INTRODUCED BY WALLIN

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING ASSESSMENT OF
5 A MOTOR VEHICLE FOR TAX PURPOSES TO INCLUDE A PERTINENT
6 ADDITION OR DEDUCTION FOR A DIESEL ENGINE; AND AMENDING
7 SECTION 61-3-503, MCA."

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

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

11 "61-3-503. (Temporary) Assessment. (1) Except as
12 provided in 61-3-520 and subsection (2) of this section, the
13 following apply to the taxation of motor vehicles:

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

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

1 other classes of personal property and irrespective of
2 whether the levy and tax may be a lien upon real property
3 within the state. A motor vehicle is not subject to
4 assessment, levy, and taxation more than once 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 a vehicle that was never listed in any
14 edition of the preceding guides, the retail value of the
15 vehicle as determined by the county assessor, and thereafter
16 depreciated 10% per year until a value of \$500 is reached,
17 not including additions or deductions for options and
18 mileage but including additions or deductions, whether or
19 not one of the preceding guides is used, for diesel engines;
20 and a lien for taxes and fees due on the vehicle shall occur
21 on the anniversary date of the registration and shall
22 continue until the fees and taxes have been paid. If the
23 value shown in any of the appraisal guides listed in this
24 section is less than \$500, the department shall value the
25 vehicle at \$500.

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

- 3 (1) \$250; or
4 (ii) the average trade-in or wholesale value as of
5 January 1 of the year of assessment of the vehicle as
6 contained in the most recent volume of the applicable
7 National Edition of the N.A.D.A. Motorcycle/Moped/ATV
8 Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal
9 Guide, not including additions or deductions for options and
10 mileage.

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

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

20 (ii) if the vehicle is 1 year or older in age and it is
21 not listed in any of the appraisal guides listed in this
22 section, the department of revenue shall determine the
23 depreciation percentage to approximate the average wholesale
24 or trade-in values in the current N.A.D.A. guides referred
25 to in this subsection. For purposes of this subsection (1),

1 the age of the vehicle is determined by subtracting the
2 manufacturer's model year of the vehicle from the calendar
3 year of assessment.

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

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

13 (2) The provisions of subsections (1)(a) through
14 (1)(g) do not apply to motor homes, travel trailers,
15 campers, or mobile homes as defined in 15-1-101(1).
16 (Terminates December 31, 1993--sec. 11, Ch. 525, L. 1989.)

17 61-3-503. (Effective January 1, 1994) Assessment. (1)
18 Except as provided in subsection (2), the following apply to
19 the taxation of motor vehicles:

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-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB4, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring assessment of a motor vehicle for tax purposes to include a pertinent addition or deduction for a diesel engine.

ASSUMPTIONS:

1. The 2% motor vehicle tax will generate total receipts of \$36,000,000 in FY90 and \$38,000,000 in FY91. (HJR13)
2. District court collections (state general fund) are to be 7% of the total and are estimated to be \$2,520,000 in FY90 and \$2,660,000 in FY91. (HJR13)
3. Distribution of other revenues: University System - 2.1804%, School Foundation Program - 16.3527% and other taxing jurisdictions - 81.4669% (Office of Budget and Program Planning).
4. As of December 1988 there were 17,963 light trucks and passenger vehicles with diesel engines. (Registrar of Motor Vehicles)
5. The scrappage rate for motor vehicles is estimated to be 6.4% in 1989, 6.7% in 1990 and 6.7% in 1991. Vehicles with diesel engines will decline by these rates over the biennium. (Wharton Econometrics)
6. The average market value of light vehicles using the NADA book is estimated to be \$2426 for calendar year 1988. This is assumed to remain constant over the biennium. (Registrar of Motor Vehicles)
7. The average deduction for diesel engines is estimated to be 24% of market value. (Registrar of Motor Vehicles)

FISCAL IMPACT:

Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Light Motor Vehicle (Tax/fee)	\$36,000,000	\$ 35,817,300	\$ (182,700)	\$38,000,000	\$ 37,829,600	\$(170,400)

Fund Information:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
District Court (General Fund)	\$ 2,520,000	\$ 2,507,211	\$ (12,789)	\$ 2,660,000	\$ 2,648,072	\$ (11,928)
University Levy School	730,000	726,295	(3,705)	771,000	767,545	(3,455)
Equalization	\$ 5,475,000	\$ 5,447,215	\$ (27,785)	\$ 5,779,000	\$ 5,753,086	\$ (25,914)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal will reduce revenue to county and local jurisdictions by \$138,421 in FY90 and \$129,103 in FY91.

W. David Darby 6/22/89
 W. DAVID DARBY, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Norm Wallin 6/23/89
 NORM WALLIN, PRIMARY SPONSOR DATE

Fiscal Note for HB4, as introduced

HB 4

APPROVED BY COMMITTEE
ON TAXATION

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1 mileage but including additions or deductions, whether or
2 not one of the preceding guides is used, for diesel engines;
3 and a lien for taxes and fees due on the vehicle shall occur
4 on the anniversary date of the registration and shall
5 continue until the fees and taxes have been paid. If the
6 value shown in any of the appraisal guides listed in this
7 section is less than \$500, the department shall value the
8 vehicle at \$500.

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

11 (i) \$250; or

12 (ii) the average trade-in or wholesale value as of
13 January 1 of the year of assessment of the vehicle as
14 contained in the most recent volume of the applicable
15 National Edition of the N.A.D.A. Motorcycle/Moped/ATV
16 Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal
17 Guide, not including additions or deductions for options and
18 mileage.

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

25 (i) if the new car sales tax has been previously paid

1 and the vehicle is less than 1 year in age, the depreciation
2 percentage shall be 20%; or

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3 (ii) if the vehicle is 1 year or older in age and it is
4 not listed in any of the appraisal guides listed in this
5 section, the department of revenue shall determine the
6 depreciation percentage to approximate the average wholesale
7 or trade-in values in the current N.A.D.A. guides referred
8 to in this subsection. For purposes of this subsection (1),
9 the age of the vehicle is determined by subtracting the
10 manufacturer's model year of the vehicle from the calendar
11 year of assessment.

12 (f) When a minimum value of \$500 is reached, the value
13 shall remain at that minimum so long as the vehicle is
14 registered.

15 (g) If a previously registered vehicle is no longer
16 listed in the applicable N.A.D.A. guide, the department or
17 its agent shall depreciate the value of the vehicle at the
18 rate of 10% a year until a minimum amount of \$500 is
19 attained, and the value shall remain at that amount so long
20 as the vehicle is registered.

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

24 NEW SECTION. SECTION 2. EFFECTIVE DATE. [THIS ACT]
25 IS EFFECTIVE JANUARY 1, 1990.

HOUSE BILL NO. 4
INTRODUCED BY WALLIN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING ASSESSMENT OF
A MOTOR VEHICLE FOR TAX PURPOSES TO INCLUDE A PERTINENT
ADDITION OR DEDUCTION FOR A DIESEL ENGINE; AND AMENDING
SECTION 61-3-503, MCA; AND PROVIDING A DELAYED EFFECTIVE
DATE."

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

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

*61-3-503. (Temporary) Assessment. (1) Except as
provided in 61-3-520 and subsection (2) of this section, the
following apply to the taxation of motor vehicles:

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

(b) Except as provided in subsection (1)(c), motor
vehicles are assessed for taxes on January 1 in each year

irrespective of the time fixed by law for the assessment of
other classes of personal property and irrespective of
whether the levy and tax may be a lien upon real property
within the state. A motor vehicle is not subject to
assessment, levy, and taxation more than once in each year.

(c) Vehicles subject to the provisions of 61-3-313
through 61-3-316 shall be assessed as of the first day of
the registration period, using the average trade-in or
wholesale value as of January 1 of the year of assessment of
the vehicle as contained in the most recent volume of the
Mountain States Edition of the National Automobile Dealers
Association (N.A.D.A.) Official Used Car Guide, the National
Edition of N.A.D.A. Appraisal Guides Official Older Used Car
Guide, or, for a vehicle that was never listed in any
edition of the preceding guides, the retail value of the
vehicle as determined by the county assessor, and thereafter
depreciated 10% per year until a value of \$500 is reached,
not including additions or deductions for options and
mileage but including additions or deductions, whether or
not one of the preceding guides is used, for diesel engines;
and a lien for taxes and fees due on the vehicle shall occur
on the anniversary date of the registration and shall
continue until the fees and taxes have been paid. If the
value shown in any of the appraisal guides listed in this
section is less than \$500, the department shall value the

1 vehicle at \$500.

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

4 (i) \$250; or

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

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

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

21 (ii) if the vehicle is 1 year or older in age and it is
22 not listed in any of the appraisal guides listed in this
23 section, the department of revenue shall determine the
24 depreciation percentage to approximate the average wholesale
25 or trade-in values in the current N.A.D.A. guides referred

1 to in this subsection. For purposes of this subsection (1),
2 the age of the vehicle is determined by subtracting the
3 manufacturer's model year of the vehicle from the calendar
4 year of assessment.

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

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

14 (2) The provisions of subsections (1)(a) through
15 (1)(g) do not apply to motor homes, travel trailers,
16 campers, or mobile homes as defined in 15-1-101(1).
17 (Terminates December 31, 1993--sec. 11, Ch. 525, L. 1989.)

18 61-3-503. (Effective January 1, 1994) Assessment. (1)
19 Except as provided in subsection (2), the following apply to
20 the taxation of motor vehicles:

21 (a) Except as provided in subsections (1)(c) through
22 (1)(e), a person who files an application for registration
23 or reregistration of a motor vehicle shall before filing
24 such application with the county treasurer submit the
25 application to the county assessor. The county assessor

1 shall enter on the application in a space to be provided for
2 that purpose the market value and taxable value of the
3 vehicle as of January 1 of the year for which the
4 application for registration is made.

5 (b) Except as provided in subsection (1)(c), motor
6 vehicles are assessed for taxes on January 1 in each year
7 irrespective of the time fixed by law for the assessment of
8 other classes of personal property and irrespective of
9 whether the levy and tax may be a lien upon real property
10 within the state. In no event may any motor vehicle be
11 subject to assessment, levy, and taxation more than once in
12 each year.

13 (c) Vehicles subject to the provisions of 61-3-313
14 through 61-3-316 shall be assessed as of the first day of
15 the registration period, using the average trade-in or
16 wholesale value as of January 1 of the year of assessment of
17 the vehicle as contained in the most recent volume of the
18 Mountain States Edition of the National Automobile Dealers
19 Association (N.A.D.A.) Official Used Car Guide, the National
20 Edition of N.A.D.A. Appraisal Guides Official Older Used Car
21 Guide, or, for a vehicle that was never listed in any
22 edition of the preceding guides, the retail value of the
23 vehicle as determined by the county assessor, and thereafter
24 depreciated 10% per year until a value of \$500 is reached,
25 not including additions or deductions for options and

1 mileage but including additions or deductions, whether or
2 not one of the preceding guides is used, for diesel engines;
3 and a lien for taxes and fees due on the vehicle shall occur
4 on the anniversary date of the registration and shall
5 continue until the fees and taxes have been paid. If the
6 value shown in any of the appraisal guides listed in this
7 section is less than \$500, the department shall value the
8 vehicle at \$500.

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

11 (i) \$250; or

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13 January 1 of the year of assessment of the vehicle as
14 contained in the most recent volume of the applicable
15 National Edition of the N.A.D.A. Motorcycle/Moped/ATV
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17 Guide, not including additions or deductions for options and
18 mileage.

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

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1 and the vehicle is less than 1 year in age, the depreciation
2 percentage shall be 20%; or

3 (ii) if the vehicle is 1 year or older in age and it is
4 not listed in any of the appraisal guides listed in this
5 section, the department of revenue shall determine the
6 depreciation percentage to approximate the average wholesale
7 or trade-in values in the current N.A.D.A. guides referred
8 to in this subsection. For purposes of this subsection (1),
9 the age of the vehicle is determined by subtracting the
10 manufacturer's model year of the vehicle from the calendar
11 year of assessment.

12 (f) When a minimum value of \$500 is reached, the value
13 shall remain at that minimum so long as the vehicle is
14 registered.

15 (g) If a previously registered vehicle is no longer
16 listed in the applicable N.A.D.A. guide, the department or
17 its agent shall depreciate the value of the vehicle at the
18 rate of 10% a year until a minimum amount of \$500 is
19 attained, and the value shall remain at that amount so long
20 as the vehicle is registered.

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

24 NEW SECTION. SECTION 2. EFFECTIVE DATE. [THIS ACT]
25 IS EFFECTIVE JANUARY 1, 1990.

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