

SENATE BILL 14

Introduced by Keating

7/13	Fiscal Note Requested
7/13	Introduced
7/13	Referred to Taxation
7/14	First Reading
7/16	Hearing
7/17	Adverse Committee Report Adopted

1 **SENATE** BILL NO. 14  
 2 INTRODUCED BY Hettinger  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A 4 PERCENT  
 5 SALES TAX AND USE TAX ON THE RETAIL SALE OF GOODS; PROVIDING  
 6 FOR CERTAIN DEDUCTIONS AND EXEMPTIONS; DEPOSITING THE  
 7 PROCEEDS OF THE SALES TAX AND USE TAX, OTHER THAN THE TAX ON  
 8 NEW VEHICLES, TO THE CREDIT OF THE STATE SCHOOL EQUALIZATION  
 9 AID ACCOUNT; ELIMINATING THE TAXATION OF CERTAIN PERSONAL  
 10 PROPERTY; REVISING LOCAL GOVERNMENT DEBT LIMITS TO REFLECT  
 11 THE LOSS OF TAXABLE VALUE; LIMITING THE RATE OF TAXATION OF  
 12 REAL PROPERTY; ELIMINATING THE TAX FREEZE IMPOSED BY  
 13 INITIATIVE MEASURE NO. 105; ELIMINATING THE STATEWIDE  
 14 PROPERTY TAX LEVY FOR SCHOOL EQUALIZATION AID; ADJUSTING THE  
 15 COUNTY MILL LEVIES FOR SCHOOL EQUALIZATION AID TO REFLECT  
 16 SALES TAX AND USE TAX REVENUE; AMENDING SECTIONS 7-1-2111,  
 17 7-3-1321, 7-6-2203, 7-6-2211, 7-6-4111, 7-6-4121, 7-6-4254,  
 18 7-6-4409, 7-7-107, 7-7-108, 7-7-2101, 7-7-2203, 7-7-4201,  
 19 7-7-4202, 7-12-1151, 7-12-2196, 7-12-4124, 7-12-4345,  
 20 7-12-4436, 7-12-4511, 7-12-4621, 7-13-4103, 7-14-236,  
 21 7-14-2524, 7-14-2525, 7-14-4402, 7-14-4713, 7-14-4734,  
 22 7-15-4292, 7-16-2327, 7-16-4104, 7-22-2406, 7-31-106,  
 23 7-31-107, 7-34-2131, 10-1-606, 15-1-101, 15-6-134, 15-6-135,  
 24 15-6-137, 15-6-138, 15-6-141, 15-6-145, 15-6-201, 15-6-203,  
 25 15-6-215, 15-7-102, 15-8-104, 15-8-106, 15-8-111, 15-8-201,

1 15-8-301, 15-8-405, 15-8-407, 15-8-701, 15-8-706, 15-10-106,  
 2 15-10-302, 15-16-117, 15-16-202, 15-16-401, 15-16-601,  
 3 15-16-611, 15-17-121, 15-17-911, 15-18-213, 15-23-101,  
 4 15-23-201, 15-23-202, 15-23-501, 15-23-503, 15-23-504,  
 5 15-23-507, 15-23-508, 15-23-522, 15-23-608, 15-23-611,  
 6 15-23-704, 15-23-806, 15-24-101, 15-24-205, 15-24-304,  
 7 15-24-601, 15-24-701, 15-24-801, 15-24-922, 15-24-1101,  
 8 15-24-1104, 15-24-1203, 15-24-1402, 15-24-1601, 15-24-2302,  
 9 15-24-2401, 15-24-2403, 15-50-207, 17-5-1524, 17-7-502,  
 10 20-6-203, 20-6-205, 20-6-315, 20-6-317, 20-7-714, 20-9-141,  
 11 20-9-142, 20-9-331, 20-9-333, 20-9-343, 20-9-361, 20-9-406,  
 12 20-9-407, 20-9-501, 20-10-144, 20-15-313, 20-15-314,  
 13 20-15-403, 20-25-423, 23-2-508, 23-2-510, 23-2-512,  
 14 23-2-515, 23-2-516, 23-2-518, 23-2-519, 23-2-520, 23-2-612,  
 15 23-2-615.1, 23-2-616, 23-2-617, 23-2-618, 23-2-620,  
 16 23-2-642, 23-2-803, 23-2-804, 23-2-807, 23-2-810, 23-2-817,  
 17 33-2-705, 33-2-709, 33-4-409, 33-10-107, 39-71-2617,  
 18 61-3-303, 61-3-431, 61-3-502, 61-3-503, 61-3-509, 61-3-521,  
 19 61-3-535, 61-3-701, 61-4-112, 61-4-310, 61-4-501, 61-10-130,  
 20 61-10-214, 67-3-203, 67-3-204, 67-3-205, 67-3-206, 77-6-114,  
 21 81-6-104, 81-6-204, 81-6-209, 81-7-303, AND 90-5-110, MCA;  
 22 REPEALING SECTIONS 15-1-111, 15-6-136, 15-6-202, 15-6-204,  
 23 15-6-207, 15-8-202, 15-8-204, 15-8-205, 15-8-401, 15-8-404,  
 24 15-8-408, 15-10-401, 15-10-402, 15-10-406, 15-10-411,  
 25 15-10-412, 15-16-111, 15-16-112, 15-16-113, 15-16-114,



**SB 14**  
**INTRODUCED BILL**

1 15-16-115, 15-16-402, 15-16-404, 15-16-503, 15-16-613,  
 2 15-16-701, 15-16-702, 15-16-703, 15-24-210, 15-24-301,  
 3 15-24-302, 15-24-303, 15-24-305, 15-24-901, 15-24-902,  
 4 15-24-903, 15-24-904, 15-24-905, 15-24-906, 15-24-920,  
 5 15-24-926, 15-24-931, 20-9-360, 61-3-707, AND 87-4-420, MCA;  
 6 AND PROVIDING EFFECTIVE DATES AND A DELAYED APPLICABILITY  
 7 DATE."

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

10 NEW SECTION. Section 1. Definitions. For purposes of  
 11 [sections 1 through 48], unless the context requires  
 12 otherwise, the following definitions apply:

13 (1) "Buying", "selling", "buy", "sell", or "sale" means  
 14 the transfer of personal property for consideration.

15 (2) "Construction" means:

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

18 (i) road, highway, bridge, parking area, or related  
 19 project;

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

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

22 (iv) park, trail, athletic field, golf course, or  
 23 similar facility;

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

25 (vi) sewage or water treatment facility, power

1 generating plant, pump station, natural gas compressing  
 2 station, gas processing plant, coal gasification plant,  
 3 refinery, distillery, or similar facility;

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

5 (viii) transmission line;

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

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

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

9 (xii) microwave station or similar facility;

10 (b) the leveling or clearing of land;

11 (c) the excavating of earth;

12 (d) the drilling of wells of any type, including  
 13 seismograph shot holes or core drilling; or

14 (e) any similar work.

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

16 (4) "Engaging in business" means carrying on or causing  
 17 to be carried on any activity involving the transfer or  
 18 leasing of personal property with the purpose of direct or  
 19 indirect benefit.

20 (5) (a) "Gross receipts", in addition to the other  
 21 meanings provided in this subsection (5), means the total  
 22 amount of money or the value of other consideration received  
 23 from selling personal property in Montana or from leasing  
 24 personal property used in Montana. The term includes all  
 25 receipts from the sale of tangible personal property handled

1 on consignment but excludes cash discounts allowed and taken  
2 and any type of time-price differential.

3 (b) In an exchange in which the money or other  
4 consideration received does not represent the value of the  
5 personal property exchanged, gross receipts means the  
6 reasonable value of the personal property exchanged.

7 (c) (i) Except as provided in [section 32], when the  
8 sale of personal property is made under any type of charge  
9 or conditional or time-sales contract or the leasing of  
10 personal property is made under a leasing contract, the  
11 seller or lessor shall treat all receipts, excluding any  
12 type of time-price differential, under the contract as gross  
13 receipts at the time of the sale.

14 (ii) If the seller or lessor transfers an interest in  
15 any such contract to a third person, the seller or lessor  
16 shall pay the sales tax or use tax upon the full sale or  
17 leasing contract amount, excluding any type of time-price  
18 differential.

19 (d) Gross receipts includes all amounts paid by members  
20 of a cooperative association or similar organization for  
21 sales or leases of personal property by the organization.

22 (6) "Lease" or "leasing" means an arrangement in which,  
23 for consideration, personal property is used for or by a  
24 person other than the owner of the personal property.

25 (7) "Manufacturing" means combining or processing

1 components or materials, including the processing for ores  
2 in a mill, smelter, refinery, or reduction facility, to  
3 increase their value for sale in the ordinary course of  
4 business. The term does not include construction.

5 (8) "Permit" means a seller's permit as described in  
6 [section 24].

7 (9) "Person" means:

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

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

17 (10) "Personal property" has the meaning given in  
18 15-1-101.

19 (11) "Sales tax" or "use tax" means the applicable tax  
20 imposed by [section 2].

21 (12) "Use" or "using" includes use, consumption, or  
22 storage, other than storage for resale or for use solely  
23 outside this state, in the ordinary course of business.

24 NEW SECTION. **Section 2.** Imposition and rate of sales  
25 tax and use tax. (1) A sales tax of 4% is imposed on all

1 gross receipts, as defined in [section 1], for the privilege  
2 of engaging in business in this state.

3 (2) For the privilege of using personal property in  
4 this state, there is imposed on the person using the  
5 personal property a use tax equal to 4% of the value of the  
6 personal property that was:

7 (a) manufactured by the person using the personal  
8 property in this state;

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

12 (c) acquired as the result of a transaction that was  
13 not initially subject to the sales tax imposed by subsection  
14 (1) or the use tax imposed by subsection (2)(b) but which  
15 transaction, because of the buyer's subsequent use of the  
16 personal property, is subject to the sales tax or use tax.

17 (3) For purposes of this section, the value of personal  
18 property must be determined as of the time of acquisition,  
19 introduction into this state, or conversion to use,  
20 whichever is later.

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

25 (a) all receipts of a person engaging in business are

1 subject to the sales tax or use tax; and

2 (b) all personal property bought or sold by any person  
3 for delivery into this state is bought or sold for a taxable  
4 use in this state.

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

15 **NEW SECTION. Section 4. Separate statement of tax --**  
16 **no advertising to absorb or refund tax.** (1) If the sales tax  
17 or use tax is stated separately on the books of the seller  
18 or lessor and the total amount of tax stated separately on  
19 transactions within the reporting period is in excess of the  
20 amount of sales tax or use tax otherwise payable on those  
21 transactions, the excess amount of tax otherwise payable and  
22 stated on the transactions within the reporting period must  
23 be included in gross receipts.

24 (2) If the sales tax or use tax is not stated  
25 separately on transactions, the gross receipts for sales tax

1 and use tax purposes include the total amounts received,  
2 with no deduction for the sales tax or use tax.

3 (3) A person may not advertise, hold out, or state to  
4 the public or to any customer that the tax imposed by  
5 [sections 1 through 48] will be absorbed or refunded.

6 **NEW SECTION. Section 5. Liability of user for payment**  
7 **of use tax.** (1) A person in this state who uses personal  
8 property is liable to the state for payment of the use tax  
9 if the tax is payable on the value of the personal property  
10 but has not been paid.

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

14 **NEW SECTION. Section 6. Agents for collection of sales**  
15 **tax and use tax -- severability.** (1) (a) A person who  
16 performs or attempts to perform an activity within this  
17 state that attempts to exploit this state's markets, who  
18 sells personal property for use in this state, and who is  
19 not subject to the sales tax or use tax on receipts from  
20 these sales shall collect the sales tax or use tax from the  
21 buyer and pay the tax collected to the department.

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

25 (i) maintaining an office or other place of business

1 that solicits orders through employees or independent  
2 contractors;

3 (ii) canvassing;

4 (iii) demonstrating;

5 (iv) collecting money;

6 (v) warehousing or storing merchandise;

7 (vi) delivering or distributing products as a  
8 consequence of an advertising or other sales program  
9 directed at potential customers;

10 (vii) soliciting orders for tangible personal property  
11 by means of a telecommunication or television shopping  
12 system that uses toll-free numbers and that is intended to  
13 be broadcast by cable television or other means to consumers  
14 in this state;

15 (viii) soliciting orders, pursuant to a contract with a  
16 broadcaster or publisher located within this state, for  
17 tangible personal property by means of advertising  
18 disseminated primarily to consumers located in this state  
19 and only secondarily to bordering jurisdictions;

20 (ix) soliciting orders for tangible personal property by  
21 mail if the solicitations are substantial and recurring and  
22 if the person engaging in such activity benefits from any  
23 banking, financing, debt collection, telecommunication, or  
24 marketing activities occurring in this state or benefits  
25 from the location in this state of authorized installation,

1 servicing, or repair facilities; or

2 (x) soliciting orders, pursuant to a contract with a  
3 cable television operator located in this state, for  
4 tangible property by means of advertising transmitted or  
5 distributed over a cable television system in this state.

6 (2) To ensure the orderly and efficient collection of  
7 the tax imposed by [sections 1 through 48], if any  
8 application of this section is held invalid, the section's  
9 application to other situations or persons is not affected.

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

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

22 (3) A nontaxable transaction certificate must contain  
23 the information and be in the form prescribed by the  
24 department.

25 (4) Only a buyer or lessee who has registered with the

1 department and whose permit is not suspended or revoked may  
2 be allowed to execute a nontaxable transaction certificate.

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

11 NEW SECTION. Section 8. Exemption -- government  
12 agencies -- utilities. (1) All receipts of the United States  
13 or any agency or instrumentality of the United States or of  
14 this state or any political subdivision of this state are  
15 exempt from the sales tax and use tax.

16 (2) Receipts from the sale of gas, water, electricity,  
17 or telephone communication services are exempt from the  
18 sales tax and use tax.

19 NEW SECTION. Section 9. Exemption -- certain mobile  
20 homes. Receipts from the resale of a mobile home may be  
21 deducted from gross receipts if the sale is of a mobile home  
22 that was subject to the sales tax or use tax upon its  
23 initial sale or use in this state or was initially sold or  
24 used in this state prior to [the applicability date of this  
25 section]. The seller shall retain and furnish proof

1 satisfactory to the department of either of the following:

2 (1) that the sales tax or use tax was paid upon the  
3 initial sale or use in this state of the mobile home. In the  
4 absence of such proof, it is presumed that the tax was not  
5 paid.

6 (2) that a Montana certificate of title was issued for  
7 a mobile home prior to [the applicability date of this  
8 section]. The certificate is proof that the mobile home was  
9 initially sold or used in this state prior to [the  
10 applicability date of this section] and that the mobile home  
11 is exempt under this section.

12 NEW SECTION. Section 10. Exemption -- fuel. The  
13 receipts from the sale of gasoline, special fuel, or ethanol  
14 blended for fuel on which the Montana tax has been paid  
15 under Title 15, chapter 70, are exempt from the sales tax  
16 and use tax.

17 NEW SECTION. Section 11. Exemption -- isolated or  
18 occasional sale or lease of property. The receipts from the  
19 isolated or occasional sale or lease of property by a person  
20 who is not regularly engaged in or who does not claim to be  
21 engaged in the business of selling or leasing the same or a  
22 similar property are exempt from the sales tax and use tax.

23 NEW SECTION. Section 12. Exemption -- minerals --  
24 exception. (1) The receipts from the sale or use of a  
25 mineral, as defined in 15-38-103, are exempt from the sales

1 tax and use tax.

2 (2) Minerals refined, reduced, polished, cut, faceted,  
3 or otherwise processed for the purpose of being used as or  
4 integrated into jewelry, art, or sculpture or as a  
5 decorative embellishment or adornment, either in their own  
6 right or in combination with other property, are not  
7 included in the exemption provided in this section.

8 NEW SECTION. Section 13. Exemption -- property of  
9 certain governmental agencies. (1) The use of property by  
10 the United States or any agency or instrumentality of the  
11 United States or by this state or any political subdivision  
12 of this state is exempt from the use tax.

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

16 NEW SECTION. Section 14. Exemption -- personal  
17 effects. The use by an individual of personal or household  
18 effects brought into the state for the establishment by the  
19 individual of an initial residence in this state and the use  
20 of property brought into the state by a nonresident for the  
21 nonresident's own nonbusiness use while temporarily within  
22 this state are exempt from the use tax.

23 NEW SECTION. Section 15. Deduction -- sale of tangible  
24 personal property for resale. Receipts from the sale of  
25 tangible personal property may be deducted from gross



1 receipts if:

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

4 (2) the buyer resells or plans to resell the tangible  
5 personal property either by itself or in combination with  
6 other tangible personal property in the ordinary course of  
7 business and the property will subsequently be subject to  
8 the sales tax.

9 NEW SECTION. Section 16. Deduction -- sale to miner or  
10 manufacturer. Receipts from the sale of tangible personal  
11 property to a buyer engaged in the business of mining or  
12 manufacturing may be deducted from gross receipts if:

13 (1) the buyer delivers a nontaxable transaction  
14 certificate to the seller; and

15 (2) the buyer incorporates or will incorporate the  
16 tangible personal property as an ingredient or component  
17 part of the product in the business of mining or  
18 manufacturing.

19 NEW SECTION. Section 17. Deduction -- sale of tangible  
20 personal property for leasing. Receipts from the sale of  
21 tangible personal property, other than furniture or  
22 appliances, and from the rental or lease of property, other  
23 than coin-operated machines and mobile homes, that are  
24 deductible under [sections 1 through 48] may be deducted  
25 from gross receipts if:

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

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

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

11 NEW SECTION. Section 18. Deduction -- lease for  
12 subsequent lease. Receipts from the lease of tangible  
13 personal property, other than furniture or appliances, and  
14 from the rental or lease of property, other than  
15 coin-operated machines and mobile homes, that are deductible  
16 under [sections 1 through 48] may be deducted from gross  
17 receipts if:

18 (1) the lease is made to a lessee who delivers a  
19 nontaxable transaction certificate; and

20 (2) the lessee does not use the property in any manner  
21 other than for subsequent lease in the ordinary course of  
22 business.

23 NEW SECTION. Section 19. Deduction -- sale of tangible  
24 personal property to person engaged in construction  
25 business. (1) Receipts from the sale of tangible personal

1 property may be deducted from gross receipts if the sale is  
2 made to a buyer engaged in the construction business who  
3 delivers a nontaxable transaction certificate to the seller.

4 (2) The buyer delivering the nontaxable transaction  
5 certificate shall incorporate the tangible personal property  
6 as:

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

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

15 NEW SECTION. Section 20. Deduction -- sale or lease of  
16 real property and lease of mobile homes. (1) Except as  
17 provided in subsections (2) and (3), receipts from the sale  
18 or lease of real property or from the lease of a mobile home  
19 may be deducted from gross receipts.

20 (2) (a) The portion of the gross receipts from the sale  
21 of real property that is attributable to improvements, other  
22 than residential improvements, constructed on the real  
23 property by the seller in the ordinary course of the  
24 seller's construction business may not be deducted from  
25 gross receipts.

1 (b) The proportion of the gross receipts from the sale  
2 of real property that is attributable to residential  
3 improvements constructed on the real property by the seller  
4 in the ordinary course of the seller's construction business  
5 may be deducted from gross receipts in the proportion that  
6 the cost of the construction for everything other than  
7 materials bears to the gross receipts for the improvements.

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

13 (4) For the purposes of this section, "residential  
14 improvements" means improvements to real property that are  
15 constructed for human habitation in a structure containing  
16 fewer than three units. The term includes improvements made  
17 to existing residential improvements.

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

24 NEW SECTION. Section 22. Deduction -- sales to  
25 government agencies and Indian tribes. (1) Receipts from a

1 sale to the United States or any agency or instrumentality  
2 of the United States or to this state or any political  
3 subdivision of this state may be deducted from gross  
4 receipts.

5 (2) Receipts from a sale to the governing body of an  
6 Indian tribe for use on a federally recognized Indian  
7 reservation may be deducted from gross receipts.

8 NEW SECTION. **Section 23. Credit -- out-of-state taxes.**

9 (1) If a gross receipts, sales, use, or similar tax has been  
10 levied by another state or a political subdivision of  
11 another state on personal property bought outside this state  
12 but that will be used or consumed in this state and the tax  
13 was paid, the amount of tax paid may be credited against any  
14 use tax due this state on the same personal property.

15 (2) If the receipts from the sale of improvements to  
16 real property constructed by a person in the ordinary course  
17 of the person's construction business are subject to the  
18 sales tax or use tax, the amount of tax paid by the person  
19 under subsection (1) on materials that became an ingredient  
20 or component part of the construction project may be  
21 credited against the sales tax or use tax due on the sale.

22 NEW SECTION. **Section 24. Seller's permit.** Upon an  
23 applicant's compliance with [sections 1 through 48], the  
24 department shall issue to the applicant a separate, numbered  
25 seller's permit for each place of business within Montana. A

1 permit is valid until revoked or suspended but is not  
2 assignable. A permit is valid only for the person in whose  
3 name it is issued and for the transaction of business at the  
4 place designated. The permit must be conspicuously displayed  
5 at all times at the place for which it is issued.

6 NEW SECTION. **Section 25. Permit application --**  
7 **requirements -- place of business -- form.** (1) (a) A person  
8 desiring to engage in the business of making retail sales in  
9 Montana shall file with the department an application for a  
10 permit. If the person has more than one place of business,  
11 an application must be filed for each place of business.

12 (i) A vending machine operator who has more than one  
13 vending machine location is considered to have only one  
14 place of business for purposes of this section.

15 (ii) An applicant who has no regular place of business  
16 and who moves from place to place is considered to have only  
17 one place of business and shall attach the permit to the  
18 applicant's cart, stand, truck, or other merchandising  
19 device.

20 (b) Each person or class of persons obligated to file a  
21 return under [sections 1 through 48] is required to file an  
22 application for a permit.

23 (2) Each application for a permit must be on a form  
24 prescribed by the department and must set forth the name  
25 under which the applicant intends to transact business, the

1 location of the applicant's place or places of business, and  
 2 such other information as the department may require. The  
 3 application must be filed by the owner if the owner is a  
 4 natural person, by a member or partner if the owner is an  
 5 association or partnership, or by a person authorized to  
 6 sign the application if the owner is a corporation.

7 NEW SECTION. **Section 26.** Special activities -- permits  
 8 -- penalty. (1) The operator of a flea market, craft show,  
 9 antique show, coin show, stamp show, comic book show,  
 10 convention exhibit area, or similar selling event, as a  
 11 prerequisite to renting or leasing space on the premises  
 12 owned or controlled by the operator to a person desiring to  
 13 engage in or conduct business as a seller, shall obtain  
 14 evidence that the seller is the holder of a valid permit  
 15 issued pursuant to [section 24] or a written statement from  
 16 the seller that the seller is not offering for sale any item  
 17 that is taxable under [sections 1 through 48].

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

25 (3) An operator who fails or refuses to comply with the

1 provisions of this section is subject to a penalty, payable  
 2 to the department, of \$100 per day per seller at each  
 3 selling event at which the operator fails to obtain evidence  
 4 that a seller is the holder of a valid permit issued  
 5 pursuant to [section 24].

6 NEW SECTION. **Section 27.** Revocation or suspension of  
 7 permit -- hearing -- notice -- appeal. (1) Subject to the  
 8 provisions of subsection (2), the department may, for  
 9 reasonable cause, revoke or suspend any permit held by a  
 10 person who fails to comply with the provisions of [sections  
 11 1 through 48].

12 (2) (a) The department shall hold a hearing on the  
 13 proposed revocation or suspension after giving the person 30  
 14 days' notice in writing, specifying the time and place of  
 15 the hearing and the reason for the proposed revocation or  
 16 suspension.

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

20 (c) The notice must be served personally or by  
 21 certified mail.

22 (3) After revocation, the department may not issue a  
 23 new permit except upon an application accompanied by  
 24 reasonable evidence of the intention of the applicant to  
 25 comply with the provisions of [sections 1 through 48]. The

1 department may require security in addition to that  
2 authorized by [section 34] in an amount reasonably necessary  
3 to ensure compliance with [sections 1 through 48] as a  
4 condition for the issuance of a new permit to such an  
5 applicant.

6 (4) A person aggrieved by the department's final  
7 decision to revoke a permit as provided in subsection (1)  
8 may appeal the decision to the state tax appeal board within  
9 30 days following the date on which the department issued  
10 its final decision.

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

13 **NEW SECTION. Section 28.** Nontaxable transaction  
14 certificate -- form. (1) The department shall provide for a  
15 uniform nontaxable transaction certificate. In order to  
16 obtain a deduction under [sections 1 through 48], a  
17 purchaser shall use the certificate when purchasing goods  
18 for resale.

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

20 (a) the number of the permit issued to the purchaser as  
21 provided in [section 24];

22 (b) the general character of the property sold by the  
23 purchaser in the regular course of business;

24 (c) the property purchased for resale;

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

1 (e) a signature line for the purchaser.

2 **NEW SECTION. Section 29.** Improper use of subject of  
3 purchase obtained with nontaxable transaction certificate --  
4 penalty. (1) If a purchaser who uses a nontaxable  
5 transaction certificate uses the subject of the purchase for  
6 a purpose other than one allowed as a deduction under  
7 [sections 1 through 48], the use is considered a taxable  
8 sale by the purchaser as of the time of first use by the  
9 purchaser and the sale price the purchaser receives is  
10 considered the gross receipts from the sale. If the sole  
11 nonexempt use is rental while holding for sale, the  
12 purchaser shall include in the purchaser's gross receipts  
13 the amount of the rental charged. Upon subsequent sale of  
14 the property, the seller shall include the entire amount of  
15 gross receipts received from the resale, without deduction  
16 of amounts previously received as rentals.

17 (2) A person who uses a certificate for property that  
18 will be used for purposes other than the purpose claimed is  
19 subject to a penalty, payable to the department, of \$100 for  
20 each transaction in which an improper use of a nontaxable  
21 transaction certificate has occurred.

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

24 **NEW SECTION. Section 30.** Commingling nontaxable  
25 transaction certificate goods. If a purchaser uses a

1 nontaxable transaction certificate with respect to the  
 2 purchase of fungible goods and thereafter commingles these  
 3 goods with fungible goods not so purchased but of such  
 4 similarity that the identity of the goods in the commingled  
 5 mass cannot be determined, sales from the mass of commingled  
 6 goods are considered to be sales of the goods purchased with  
 7 the certificate until the quantity of commingled goods sold  
 8 equals the quantity of goods originally purchased under the  
 9 certificate.

10 NEW SECTION. **Section 31.** Liability for payment of tax  
 11 -- security for retailer without place of business --  
 12 penalty. (1) Liability for the payment of the sales tax and  
 13 use tax is not extinguished until the taxes have been paid  
 14 to the department.

15 (2) A retailer who does not maintain a place of  
 16 business in this state is liable for the sales tax or use  
 17 tax in accordance with [sections 1 through 48] and shall  
 18 furnish adequate security as required in [section 34] to  
 19 ensure collection and payment of the taxes. When so  
 20 authorized and except as otherwise provided in [sections 1  
 21 through 48], the retailer is liable for the taxes upon all  
 22 tangible personal property sold that is to be used within  
 23 this state in the same manner as a retailer who maintains a  
 24 place of business within this state. The permit provided for  
 25 in [section 24] may be canceled at any time if the

1 department considers the security inadequate or believes  
 2 that the taxes can be collected more effectively in another  
 3 manner.

4 (3) No agent, canvasser, or employee of a retailer  
 5 doing business in this state who is not authorized by permit  
 6 from the department may sell, solicit orders for, or deliver  
 7 any tangible personal property in Montana. If such an agent,  
 8 canvasser, or employee violates the provisions of [sections  
 9 1 through 48], the person is subject to a fine of not more  
 10 than \$100 for each separate transaction or event.

11 NEW SECTION. **Section 32.** Application for permission to  
 12 report on accrual basis. (1) A person who has a permit  
 13 issued pursuant to [section 24] may apply to the department  
 14 for permission to report and pay the sales tax or use tax on  
 15 an accrual basis.

16 (2) The application must be made on a form prescribed  
 17 by the department and contain information that the  
 18 department may require.

19 (3) A person may not report or pay the sales tax or use  
 20 tax on an accrual basis unless the person has received  
 21 written permission from the department.

22 NEW SECTION. **Section 33.** Returns -- payment --  
 23 authority of department. (1) Except as provided in  
 24 subsection (2), on or before the 25th day of each month in  
 25 which the tax imposed by [sections 1 through 48] is payable,

1 a return, on a form provided by the department, and payment  
 2 of the tax, less the vendor allowance provided for in  
 3 subsection (5), for the preceding month must be filed with  
 4 the department. Each return must contain a confession of  
 5 judgment for the amount of the tax shown due, to the extent  
 6 not timely paid. A person making retail sales at two or more  
 7 places of business may file a consolidated return, subject  
 8 to rules prescribed by the department.

9 (2) A person who has a tax liability that averages less  
 10 than \$100 per month and who has been granted the authority  
 11 to report and pay the tax imposed by [sections 1 through 48]  
 12 on a quarterly basis shall file a return with payment on or  
 13 before the 25th day of the month following the end of the  
 14 quarter.

15 (3) (a) For the purposes of the sales tax or use tax, a  
 16 return must be filed by:

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

18 (ii) a person:

19 (A) purchasing any items the storage, use, or other  
 20 consumption of which is subject to the sales tax or use tax;  
 21 and

22 (B) who has not paid the tax to a retailer required to  
 23 pay the tax.

24 (b) Each return must be signed by the person filing the  
 25 return or by the person's agent duly authorized in writing.

1 (4) (a) A person liable for the taxes imposed by  
 2 [sections 1 through 48] shall keep records, render  
 3 statements, make returns, and comply with the provisions of  
 4 [sections 1 through 48] and the rules prescribed by the  
 5 department. Each return or statement must include the  
 6 information required by the rules of the department.

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

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

17 (ii) compel the production of books, papers, records, or  
 18 memoranda by the person required to attend;

19 (iii) take testimony on matters material to the  
 20 determination; and

21 (iv) administer oaths or affirmations.

22 (5) A person filing a return under this section may  
 23 annually deduct from the amount of tax to be remitted to the  
 24 state and return as a vendor allowance 4% of the tax  
 25 determined to be payable to the state or \$1,200, whichever

1 is less. The annual deduction allowed under this subsection  
2 applies on a calendar year basis.

3 (6) Pursuant to rules established by the department,  
4 returns may be computer generated.

5 (7) The returns due for January, February, and March of  
6 1993 are due on or before April 25, 1993.

7 NEW SECTION. Section 34. Security -- limitations --  
8 sale of security deposit at auction -- bond. (1) The  
9 department may require a retailer to deposit with the  
10 department security in a form and amount the department  
11 determines appropriate. The deposit may not be more than  
12 twice the estimated average liability for the period for  
13 which the return is required to be filed or \$10,000,  
14 whichever is less. The amount of security may be increased  
15 or decreased by the department, subject to the limitations  
16 provided in this section.

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

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

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

1 (3) In lieu of security, the department may require a  
2 retailer to file a bond, issued by a surety company  
3 authorized to transact business in this state, to guarantee  
4 solvency and responsibility.

5 (4) In addition to the other requirements of this  
6 section, the department may require the corporate officers,  
7 directors, or shareholders of a corporation to provide a  
8 personal guaranty and assumption of liability for the  
9 payment of the tax due under [sections 1 through 48].

10 NEW SECTION. Section 35. Extensions. (1) The  
11 department may extend the time for filing a return and  
12 remittance of tax, deficiencies, and penalties for a period  
13 not to exceed 60 days from the date a return was due and may  
14 require both an estimated return at the time fixed for  
15 filing the regularly required return and the payment of tax  
16 on the basis of the estimated return.

17 (2) If an extension of time for payment has been  
18 granted under this section, interest at the rate provided in  
19 [section 40(2)] is payable from the date on which payment  
20 was first due without extension until the tax is paid.

21 NEW SECTION. Section 36. Examination of return --  
22 adjustments -- delivery of notices and demands. (1) The  
23 department may examine a return and make an investigation or  
24 examination of the records and accounts of a person making  
25 the return if the department considers it necessary to



1 determine the accuracy of the return.

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

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

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

18 (5) The notice and demand provided for in this section  
19 must contain a statement of the computation of the tax and  
20 must be:

21 (a) sent by mail to the taxpayer at the address given  
22 in the taxpayer's return, if any, or to the taxpayer's  
23 last-known address; or

24 (b) served personally upon the taxpayer.

25 NEW SECTION. **Section 37.** Penalties and interest for

1 violation. (1) (a) If a person, without purposely or  
2 knowingly violating any requirement imposed by [sections 1  
3 through 48], fails to file a return and pay the tax on or  
4 before the due date, there must be imposed a penalty of 5%  
5 of any balance of debt unpaid with respect to such a return  
6 as of the date due, but in no event may the penalty for  
7 failure to file a return by its due date be less than \$5.  
8 The department may abate the penalty if the person  
9 establishes that the failure to file on time was due to  
10 reasonable cause and was not due to neglect by the taxpayer.

11 (b) If a person, without purposely or knowingly  
12 violating any requirement imposed by [sections 1 through  
13 48], fails to pay a debt on or before its due date, there  
14 must be added to the debt a penalty of 10% of the debt, but  
15 not less than \$5, and interest must accrue on the debt at a  
16 rate of 12% per annum for the entire period it remains  
17 unpaid. The department may abate the penalty if the person  
18 establishes that the failure to pay was due to reasonable  
19 cause and was not due to neglect by the taxpayer.

20 (2) If a person purposely or knowingly violates any  
21 requirements imposed by [sections 1 through 48] by failing  
22 to timely file a return or pay a debt under the provisions  
23 of [section 33], there must be added to the debt an  
24 additional amount equal to 25% thereof, but not less than  
25 \$25, and interest at 1% for each month or fraction of a

1 month during which the debt remains unpaid.

2 NEW SECTION. Section 38. Warrant for distraint. If a  
3 tax imposed by [sections 1 through 48] or any portion of the  
4 tax is not paid when due, the department may issue a warrant  
5 for distraint, as provided in Title 15, chapter 1, part 7.

6 NEW SECTION. Section 39. Authority to collect  
7 delinquent taxes. (1) The department shall collect taxes  
8 that are delinquent as determined under [sections 1 through  
9 48].

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

15 (3) As provided in 15-1-211, the taxpayer has the right  
16 to a review on the tax liability prior to any offset by the  
17 department.

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

21 (5) The department shall provide the taxpayer with  
22 written notice of the right to request a review under  
23 15-1-211 on the matter of the offset action or the  
24 department's intent to file a claim on behalf of the  
25 taxpayer.

1 NEW SECTION. Section 40. Penalty for deficiency.

2 (1) (a) If the payment of a tax deficiency is not made  
3 within 60 days after it is due and payable and if the  
4 deficiency is due to negligence on the part of the taxpayer  
5 but without fraud, there must be added to the amount of the  
6 deficiency a penalty of 10% of the tax.

7 (b) Interest accrues on the unpaid tax at the rate of  
8 1% for each month or part thereof during which the tax  
9 remains unpaid. The interest must be computed from the date  
10 the return and tax were originally due.

11 (c) In no event may the penalty imposed under  
12 subsection (1)(a) exceed 25% of the total tax due.

13 (2) If the time for filing a return is extended, the  
14 taxpayer shall pay, in addition to the tax due, interest  
15 thereon at the rate of 1% for each month or part thereof  
16 from the date the return was originally required to be filed  
17 to the time of payment.

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

21 NEW SECTION. Section 41. Limitations. Except in the  
22 case of a person who, with intent to evade the tax,  
23 purposely or knowingly files a false or fraudulent return  
24 violating the provisions of [sections 1 through 48], the  
25 amount of tax due under any return must be determined by the

1 department within 5 years after the return was made. The  
 2 department is barred from revising a return or recomputing  
 3 the tax due thereon, and no proceeding in court for the  
 4 collection of the tax may be instituted unless notice of an  
 5 additional tax was provided within the period described in  
 6 this section.

7 NEW SECTION. Section 42. Refunds. A claim for a refund  
 8 for taxes collected under [sections 1 through 48] must be  
 9 made in accordance with the procedure and time limits  
 10 provided in 15-1-503.

11 NEW SECTION. Section 43. Administration -- rules. The  
 12 department shall:

13 (1) administer and enforce the provisions of [sections  
 14 1 through 48];

15 (2) cause to be prepared and distributed forms and  
 16 information as may be necessary to administer the provisions  
 17 of [sections 1 through 48]; and

18 (3) promulgate rules as may be appropriate to  
 19 administer and enforce the provisions of [sections 1 through  
 20 48].

21 NEW SECTION. Section 44. Revocation of corporate  
 22 license. (1) If a corporation authorized to do business in  
 23 this state and required to pay the taxes imposed under  
 24 [sections 1 through 48] fails to comply with any of the  
 25 provisions of [sections 1 through 48] or any rule of the

1 department, the department may, for reasonable cause,  
 2 certify to the secretary of state a copy of an order finding  
 3 that the corporation has failed to comply with specific  
 4 statutory provisions or rules.

5 (2) The secretary of state shall, upon receipt of the  
 6 certification, revoke the license authorizing the  
 7 corporation to do business in this state and may issue a new  
 8 license only when the corporation has obtained from the  
 9 department an order finding that the corporation has  
 10 complied with its obligations under [sections 1 through 48].

11 (3) An order authorized in this section may not be made  
 12 until the corporation is given an opportunity to be heard  
 13 and to show cause at a contested case hearing before the  
 14 department why such order should not be made. The  
 15 corporation must be given 30 days' notice of the time and  
 16 place of the hearing and the reason for the proposed order.

17 NEW SECTION. Section 45. Tax as debt. (1) The taxes  
 18 imposed by [sections 1 through 48] and related interest and  
 19 penalties become a personal debt of the person required to  
 20 file a return from the time the liability arises, regardless  
 21 of when the time for payment of such liability occurs.

22 (2) The debt of an executor or administrator of the  
 23 estate of a decedent or a fiduciary is limited to the  
 24 person's official or fiduciary capacity. However, if the  
 25 person has voluntarily distributed the assets held in that

1 capacity without reserving sufficient assets to pay the  
2 taxes, interest, and penalties, the person is personally  
3 liable for any deficiency.

4 (3) This section also applies to those corporate  
5 officers, directors, or shareholders required by the  
6 department to personally guarantee the payment of the taxes  
7 for their corporations.

8 NEW SECTION. Section 46. Information --  
9 confidentiality -- agreements with another state. (1) (a)  
10 Except as provided in subsections (1)(b) and (2), it is  
11 unlawful for an employee of the department or any other  
12 public official or public employee to divulge or otherwise  
13 make known any information disclosed in a report or return  
14 required to be filed under [sections 1 through 48] or any  
15 information concerning the affairs of the person making the  
16 return that is acquired from the person's records or from  
17 officers or employees in an examination or audit.

18 (b) Subsection (1)(a) does not apply to information  
19 obtained from the taxpayer making the report or return in  
20 connection with a proceeding involving taxes due under  
21 [sections 1 through 48] or to compliance with the provisions  
22 of subsection (2).

23 (c) Nothing in this section may be construed to  
24 prohibit the department from publishing statistics if they  
25 are classified in a way that does not disclose the identity

1 and content of any particular return or report. A person  
2 violating the provisions of this section is subject to the  
3 penalty provided in 15-30-303 for violating the  
4 confidentiality of individual income tax information.

5 (2) (a) The department may enter into an agreement with  
6 the taxing officials of another state for the interpretation  
7 and administration of the laws of their state that provide  
8 for the collection of sales taxes or use taxes in order to  
9 promote fair and equitable administration of such laws and  
10 to eliminate double taxation.

11 (b) The department, in order to implement the  
12 provisions of [sections 1 through 48], may furnish  
13 information on a reciprocal basis to the taxing officials of  
14 another state or to the taxing officials of a municipality  
15 of this state that has a local sales tax or use tax.

16 (3) In order to facilitate processing of returns and  
17 payments of taxes imposed by [sections 1 through 48], the  
18 department may contract with vendors and may disclose data  
19 to the vendors. The data disclosed must be administered by  
20 the vendor in a manner consistent with this section.

21 NEW SECTION. Section 47. Sales tax and use tax  
22 account. (1) There is within the state special revenue fund  
23 a sales tax and use tax account.

24 (2) All money collected under [sections 1 through 48]  
25 must be paid by the department into the sales tax and use

1 tax account.

2 (3) There must be retained in the sales tax and use tax  
3 account the amounts necessary under [sections 1 through 48]  
4 to repay overpayments, pay any erroneous receipts illegally  
5 assessed or collected or that are excessive in amount, and  
6 pay any other refunds otherwise required.

7 NEW SECTION. Section 48. Disposition of sales tax and  
8 use tax revenue. Except as provided in [section 47(3)],  
9 sales tax and use tax revenue is allocated to state  
10 equalization aid as provided in 20-9-343.

11 NEW SECTION. Section 49. Property tax limit --  
12 percentage of market value -- disbursement. (1) Property  
13 taxed under Title 15, chapter 6, is subject to a tax equal  
14 to the lesser of:

15 (a) the tax liability determined by the taxable value  
16 multiplied by the total mills levied in a tax year; or

17 (b) 3% of the market value of the property.

18 (2) Property tax paid based upon subsection (1)(b) must  
19 be disbursed to all affected taxing jurisdictions according  
20 to the ratio of mills levied by each taxing jurisdiction in  
21 proportion to the total mills levied against the property.

22 **Section 50.** Section 7-1-2111, MCA, is amended to read:

23 "7-1-2111. Classification of counties. (1) For the  
24 purpose of regulating the compensation and salaries of all  
25 county officers, not otherwise provided for, and for fixing

1 the penalties of officers' bonds, the counties of this state  
2 must be classified according to that percentage of the true  
3 and full valuation of the property in the counties upon  
4 which the tax levy is made, except for vehicles subject to  
5 taxation under 61-3-504(2), as follows:

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

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

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

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

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

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

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

24 (2) As used in this section, taxable valuation means  
25 the taxable value of taxable property in the county as of

1 the time of determination plus:

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

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

9 (c) the amount of interim production and new production  
10 taxes levied, as provided in 15-23-607, divided by the  
11 appropriate tax rates described in 15-23-607(2)(a) or (2)(b)  
12 and multiplied by 60%;

13 (d) the amount of value represented by new production  
14 exempted from tax as provided in 15-23-612 multiplied by  
15 60%, plus the value of any other production occurring after  
16 December 31, 1988, multiplied by 60%; and

17 (e) 6% of the taxable value of the county on January 1  
18 of each tax year; and

19 (f) based on a comparison of 1992 and 1993 taxable  
20 values, the amount of taxable value reduction in the county  
21 attributable to the elimination of certain personal property  
22 taxes and to the limit on real property taxes pursuant to  
23 [section 49]."

24 **Section 51.** Section 7-3-1321, MCA, is amended to read:

25 "7-3-1321. Authorization to incur indebtedness --

1 limitation. (1) The consolidated municipality may borrow  
2 money or issue bonds for any municipal purpose to the extent  
3 and in the manner provided by the constitution and laws of  
4 Montana for the borrowing of money or issuing of bonds by  
5 counties and cities and towns.

6 (2) The municipality may not become indebted in any  
7 manner or for any purpose to an amount, including existing  
8 indebtedness, in the aggregate exceeding ~~20%~~ 34% of the  
9 taxable value of the taxable property therein, as  
10 ascertained by the last assessment for state and county  
11 taxes prior to incurring such indebtedness. All warrants,  
12 bonds, or obligations in excess of such amount given by or  
13 on behalf of the municipality shall be void."

14 **Section 52.** Section 7-6-2203, MCA, is amended to read:

15 "7-6-2203. Annual financial statement. (1) Within 120  
16 days after the close of each fiscal year, the county clerk  
17 shall make out and present to the board of county  
18 commissioners and the department of commerce a complete  
19 statement of the financial condition of the county. The  
20 statement must show:

21 (a) a detailed description of all of the resources and  
22 liabilities of the county and the book value of them;

23 (b) the amount of money received, showing the source of  
24 that revenue;

25 (c) the amount of money disbursed, with the purpose of

1 disbursement;

2 (d) the operation of each of the cash and warrant  
3 accounts, showing the balance at the beginning of the year,  
4 the credits, the debits, and the balance at the end of the  
5 year;

6 (e) the assessed valuation of the real ~~and--personal~~  
7 property and improvements of the county;

8 (f) the rate of taxation and the amount of taxes  
9 delinquent for the preceding years; and

10 (g) such other items as the department of commerce may  
11 prescribe.

12 (2) The statement shall be made out on the form  
13 designated by the department."

14 **Section 53.** Section 7-6-2211, MCA, is amended to read:

15 **"7-6-2211. Authorization to conduct county business on**  
16 **a cash basis.** (1) In case the total indebtedness of a  
17 county, lawful when incurred, exceeds the limit ~~of 23%~~  
18 established in 7-7-2101 by reason of great diminution of  
19 taxable value, the county may conduct its business affairs  
20 on a cash basis and pay the reasonable and necessary current  
21 expenses of the county out of the cash in the county  
22 treasury derived from its current revenue and under such  
23 restrictions and regulations as may be imposed by the board  
24 of county commissioners of the county by a resolution duly  
25 adopted and included in the minutes of the board.

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

6 **Section 54.** Section 7-6-4111, MCA, is amended to read:

7 **"7-6-4111. Annual financial statement.** (1) Within 120  
8 days after the close of each fiscal year, the city or town  
9 clerk of each city and town must make out, in duplicate, a  
10 complete statement of the financial condition of the city or  
11 town for that fiscal year, showing:

12 (a) the indebtedness of the city or town, funded and  
13 floating; the amount of each class of indebtedness; and the  
14 amount of money in the treasury subject to the payment of  
15 each class of indebtedness;

16 (b) the amount of money received from taxes upon real  
17 ~~and--personal~~ property and improvements;

18 (c) the amount of money received from fines, penalties,  
19 and forfeitures;

20 (d) the amount of money received from licenses;

21 (e) the amount of money received from all other  
22 sources, each source and the amount received from it being  
23 shown separately;

24 (f) for each fund, the amount of money, if any, on hand  
25 at the beginning of the fiscal year, the amount received,

1 and the amount paid out during the fiscal year;

2 (g) a concise description of all property owned by the  
3 city or town, with an approximate estimate of the value of  
4 it;

5 (h) the rates of taxation and purposes for which taxes  
6 were levied during the fiscal year;

7 (i) other information which may be required by the  
8 department of commerce.

9 (2) The forms on which the statement shall be made  
10 shall be prescribed by the department."

11 **Section 55.** Section 7-6-4121, MCA, is amended to read:

12 "**7-6-4121. Authorization to conduct municipal business**  
13 **on a cash basis.** (1) In case the total indebtedness of a  
14 city or town has reached ~~17%~~ 21% of the total taxable value  
15 of the property of the city or town subject to taxation, as  
16 ascertained by the last assessment for state and county  
17 taxes, the city or town may conduct its affairs and business  
18 on a cash basis as provided by subsection (2).

19 (2) (a) Whenever a city or town is conducting its  
20 business affairs on a cash basis, the reasonable and  
21 necessary current expenses of the city or town may be paid  
22 out of the cash in the city or town treasury and derived  
23 from its current revenues, under such restrictions and  
24 regulations as the city or town council may by ordinance  
25 prescribe.

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

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

15 **Section 56.** Section 7-6-4254, MCA, is amended to read:

16 "**7-6-4254. Limitation on amount of emergency budgets**  
17 **and appropriations.** (1) The total of all emergency budgets  
18 and appropriations made therein in any one year and to be  
19 paid from any city fund may not exceed ~~30%~~ 47% of the total  
20 amount which could be produced for such city fund by a  
21 maximum levy authorized by law to be made for such fund, as  
22 shown by the last completed assessment roll of the county.

23 (2) The term "taxable property", as used herein, means  
24 the percentage of the value at which such property is  
25 assessed and which percentage is used for the purposes of



1 computing taxes and does not mean the assessed value of such  
2 property as the same appears on the assessment roll."

3 **Section 57.** Section 7-6-4409, MCA, is amended to read:

4 "7-6-4409. Determination of assessments. (1) The  
5 assessment made by the department of revenue or its agent  
6 for state and county purposes is the basis of taxation for  
7 cities and towns for the property situated therein.

8 (2) It is the duty of the department or its agent, in  
9 making the assessment book, to designate therein the real  
10 ~~and---personal~~ property and improvements,~~---stating---each~~  
11 ~~separately-and-distinctly~~, situated in cities and towns  
12 within each county in the state."

13 **Section 58.** Section 7-7-107, MCA, is amended to read:

14 "7-7-107. Limitation on amount of bonds for city-county  
15 consolidated units. (1) Except as provided in 7-7-108, no  
16 city-county consolidated local government may issue bonds  
17 for any purpose which, with all outstanding indebtedness,  
18 may exceed 39% 48% of the taxable value of the property  
19 therein subject to taxation as ascertained by the last  
20 assessment for state and county taxes.

21 (2) The issuing of bonds for the purpose of funding or  
22 refunding outstanding warrants or bonds is not the incurring  
23 of a new or additional indebtedness but is merely the  
24 changing of the evidence of outstanding indebtedness."

25 **Section 59.** Section 7-7-108, MCA, is amended to read:

1 "7-7-108. Authorization for additional indebtedness for  
2 water or sewer systems. (1) For the purpose of constructing  
3 a sewer system or procuring a water supply or constructing  
4 or acquiring a water system for a city-county consolidated  
5 government which shall own and control such water supply and  
6 water system and devote the revenues therefrom to the  
7 payment of the debt, a city-county consolidated government  
8 may incur an additional indebtedness by borrowing money or  
9 issuing bonds.

10 (2) The additional indebtedness which may be incurred  
11 by borrowing money or issuing bonds for the construction of  
12 a sewer system or for the procurement of a water supply or  
13 for both such purposes may not in the aggregate exceed 10%  
14 over and above the 39% 48% referred to in 7-7-107 of the  
15 taxable value of the property therein subject to taxation as  
16 ascertained by the last assessment for state and county  
17 taxes."

18 **Section 60.** Section 7-7-2101, MCA, is amended to read:

19 "7-7-2101. Limitation on amount of county indebtedness.

20 (1) No county may become indebted in any manner or for any  
21 purpose to an amount, including existing indebtedness, in  
22 the aggregate exceeding 23% 28% of the total of the taxable  
23 value of the property therein subject to taxation, plus the  
24 amount of interim production and 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%, plus the  
 2 amount of value represented by new production exempted from  
 3 tax as provided in 15-23-612 multiplied by 60%, plus the  
 4 value of any other production occurring after December 31,  
 5 1988, multiplied by 60%, as ascertained by the last  
 6 assessment for state and county taxes previous to the  
 7 incurring of the indebtedness.

8 (2) No county may incur indebtedness or liability for  
 9 any single purpose to an amount exceeding \$500,000 without  
 10 the approval of a majority of the electors thereof voting at  
 11 an election to be provided by law, except as provided in  
 12 7-21-3413 and 7-21-3414.

13 (3) Nothing in this section shall apply to the  
 14 acquisition of conservation easements as set forth in Title  
 15 76, chapter 6."

16 **Section 61.** Section 7-7-2203, MCA, is amended to read:

17 "7-7-2203. Limitation on amount of bonded indebtedness.

18 (1) Except as provided in subsections (2) through (4), no  
 19 county may issue general obligation bonds for any purpose  
 20 which, with all outstanding bonds and warrants except county  
 21 high school bonds and emergency bonds, will exceed ~~12-25%~~  
 22 14% of the total of the taxable value of the property  
 23 therein, plus the amount of interim production and new  
 24 production taxes levied divided by the appropriate tax rates  
 25 described in 15-23-607(2)(a) or (2)(b) and multiplied by

1 60%, plus the amount of value represented by new production  
 2 exempted from tax as provided in 15-23-612 multiplied by  
 3 60%, plus the value of any other production occurring after  
 4 December 31, 1988, multiplied by 60%, to be ascertained by  
 5 the last assessment for state and county taxes prior to the  
 6 proposed issuance of bonds.

7 (2) In addition to the bonds allowed by subsection (1),  
 8 a county may issue bonds which, with all outstanding bonds  
 9 and warrants, will not exceed ~~27-75%~~ 34% of the total of the  
 10 taxable value of the property in the county subject to  
 11 taxation, plus the amount of interim production and new  
 12 production taxes levied divided by the appropriate tax rates  
 13 described in 15-23-607(2)(a) or (2)(b) and multiplied by  
 14 60%, plus the amount of value represented by new production  
 15 exempted from tax as provided in 15-23-612 multiplied by  
 16 60%, when necessary to do so, plus the value of any other  
 17 production occurring after December 31, 1988, multiplied by  
 18 60% for the purpose of acquiring land for a site for county  
 19 high school buildings and for erecting or acquiring  
 20 buildings thereon and furnishing and equipping the same for  
 21 county high school purposes.

22 (3) In addition to the bonds allowed by subsections (1)  
 23 and (2), a county may issue bonds for the construction or  
 24 improvement of a jail which will not exceed ~~12-5%~~ 15% of the  
 25 taxable value of the property in the county subject to

1 taxation.

2 (4) The limitation in subsection (1) does not apply to  
3 refunding bonds issued for the purpose of paying or retiring  
4 county bonds lawfully issued prior to January 1, 1932, or to  
5 bonds issued for the repayment of tax protests lost by the  
6 county."

7 **Section 62.** Section 7-7-4201, MCA, is amended to read:

8 "7-7-4201. Limitation on amount of bonded indebtedness.

9 (1) Except as otherwise provided, no city or town may issue  
10 bonds or incur other indebtedness for any purpose in an  
11 amount which with all outstanding and unpaid indebtedness  
12 will exceed ~~20%~~ 34% of the taxable value of the property  
13 therein subject to taxation, to be ascertained by the last  
14 assessment for state and county taxes.

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

19 (3) The limitation in subsection (1) does not apply to  
20 bonds issued for the repayment of tax protests lost by the  
21 city or town."

22 **Section 63.** Section 7-7-4202, MCA, is amended to read:

23 "7-7-4202. Special provisions relating to water and  
24 sewer systems. (1) Notwithstanding the provisions of  
25 7-7-4201, for the purpose of constructing a sewer system,

1 procuring a water supply, or constructing or acquiring a  
2 water system for a city or town which owns and controls the  
3 water supply and water system and devotes the revenues  
4 therefrom to the payment of the debt, a city or town may  
5 incur an additional indebtedness by borrowing money or  
6 issuing bonds.

7 (2) The additional total indebtedness that may be  
8 incurred by borrowing money or issuing bonds for the  
9 construction of a sewer system, for the procurement of a  
10 water supply, or for both such purposes, including all  
11 indebtedness theretofore contracted which is unpaid or  
12 outstanding, may not in the aggregate exceed 55% over and  
13 above the ~~20%~~ 34%, referred to in 7-7-4201, of the taxable  
14 value of the property therein subject to taxation as  
15 ascertained by the last assessment for state and county  
16 taxes."

17 **Section 64.** Section 7-12-1151, MCA, is amended to read:

18 "7-12-1151. Water user entities exempt from special  
19 assessments. Rights-of-way, ditches, flumes, pipelines,  
20 dams, water rights, and reservoirs, ~~equipment, machinery,~~  
21 ~~motor-vehicles, and other personal property~~ owned by a  
22 nonprofit water company, water users' association,  
23 irrigation company, canal company, ditch company, reservoir  
24 company, or similar nonprofit water user entity are exempt  
25 from every special assessment imposed by any improvement or

1 maintenance district created under Title 7, chapter 12."

2 **Section 65.** Section 7-12-2196, MCA, is amended to read:

3 "7-12-2196. Water user entities exempt from special  
4 assessments. Rights-of-way, ditches, flumes, pipelines,  
5 dams, water rights, and reservoirs~~7--equipment7--machinery7~~  
6 ~~motor--vehicles7--and--other--personal--property~~ owned by a  
7 nonprofit water company, water users' association,  
8 irrigation company, canal company, ditch company, reservoir  
9 company, or similar nonprofit water user entity are exempt  
10 from every special assessment imposed by any improvement or  
11 maintenance district created under Title 7, chapter 12."

12 **Section 66.** Section 7-12-4124, MCA, is amended to read:

13 "7-12-4124. Water user entities exempt from special  
14 assessments. Rights-of-way, ditches, flumes, pipelines,  
15 dams, water rights, and reservoirs~~7--equipment7--machinery7~~  
16 ~~motor--vehicles7--and--other--personal--property~~ owned by a  
17 nonprofit water company, water users' association,  
18 irrigation company, canal company, ditch company, reservoir  
19 company, or similar nonprofit water user entity are exempt  
20 from every special assessment imposed by any improvement or  
21 maintenance district created under Title 7, chapter 12."

22 **Section 67.** Section 7-12-4345, MCA, is amended to read:

23 "7-12-4345. Water user entities exempt from special  
24 assessments. Rights-of-way, ditches, flumes, pipelines,  
25 dams, water rights, and reservoirs~~7--equipment7--machinery7~~

1 ~~motor--vehicles7--and--other--personal--property~~ owned by a  
2 nonprofit water company, water users' association,  
3 irrigation company, canal company, ditch company, reservoir  
4 company, or similar nonprofit water user entity are exempt  
5 from every special assessment imposed by any improvement or  
6 maintenance district created under Title 7, chapter 12."

7 **Section 68.** Section 7-12-4436, MCA, is amended to read:

8 "7-12-4436. Water user entities exempt from special  
9 assessments. Rights-of-way, ditches, flumes, pipelines,  
10 dams, water rights, and reservoirs~~7--equipment7--machinery7~~  
11 ~~motor--vehicles7--and--other--personal--property~~ owned by a  
12 nonprofit water company, water users' association,  
13 irrigation company, canal company, ditch company, reservoir  
14 company, or similar nonprofit water user entity are exempt  
15 from every special assessment imposed by any improvement or  
16 maintenance district created under Title 7, chapter 12."

17 **Section 69.** Section 7-12-4511, MCA, is amended to read:

18 "7-12-4511. Water user entities exempt from special  
19 assessments. Rights-of-way, ditches, flumes, pipelines,  
20 dams, water rights, and reservoirs~~7--equipment7--machinery7~~  
21 ~~motor--vehicles7--and--other--personal--property~~ owned by a  
22 nonprofit water company, water users' association,  
23 irrigation company, canal company, ditch company, reservoir  
24 company, or similar nonprofit water user entity are exempt  
25 from every special assessment imposed by any improvement or

1 maintenance district created under Title 7, chapter 12."

2 **Section 70.** Section 7-12-4621, MCA, is amended to read:

3 "7-12-4621. Water user entities exempt from special  
4 assessments. Rights-of-way, ditches, flumes, pipelines,  
5 dams, water rights, and reservoirs, ~~equipment, machinery,~~  
6 ~~motor-vehicles, and other personal property~~ owned by a  
7 nonprofit water company, water users' association,  
8 irrigation company, canal company, ditch company, reservoir  
9 company, or similar nonprofit water user entity are exempt  
10 from every special assessment imposed by any improvement or  
11 maintenance district created under Title 7, chapter 12."

12 **Section 71.** Section 7-13-4103, MCA, is amended to read:

13 "7-13-4103. Limitation on indebtedness for acquisition  
14 of natural gas system. The total amount of indebtedness  
15 authorized to be contracted in any form, including the  
16 then-existing indebtedness, must not at any time exceed ~~17%~~  
17 21% of the total taxable value of the property of the city  
18 or town subject to taxation as ascertained by the last  
19 assessment for state and county taxes."

20 **Section 72.** Section 7-14-236, MCA, is amended to read:

21 "7-14-236. Limitation on bonded indebtedness. The  
22 amount of bonds issued to provide funds for the district and  
23 outstanding at any time shall not exceed ~~28%~~ 34% of the  
24 taxable value of taxable property therein as ascertained by  
25 the last assessment for state and county taxes previous to

1 the issuance of such bonds."

2 **Section 73.** Section 7-14-2524, MCA, is amended to read:

3 "7-14-2524. Limitation on amount of bonds issued --  
4 excess void. (1) Except as otherwise provided hereafter and  
5 in 7-7-2203 and 7-7-2204, a county may not issue bonds  
6 which, with all outstanding bonds and warrants except county  
7 high school bonds and emergency bonds, will exceed ~~11-25%~~  
8 14% of the total of the taxable value of the property  
9 therein, plus the amount of interim production and new  
10 production taxes levied divided by the appropriate tax rates  
11 described in 15-23-607(2)(a) or (2)(b) and multiplied by  
12 60%, plus the amount of value represented by new production  
13 exempted from tax as provided in 15-23-612 multiplied by  
14 60%, plus the value of any other production occurring after  
15 December 31, 1988, multiplied by 60%. The taxable property  
16 and the amount of interim production and new production  
17 taxes levied must be ascertained by the last assessment for  
18 state and county taxes prior to the issuance of the bonds.

19 (2) A county may issue bonds which, with all  
20 outstanding bonds and warrants except county high school  
21 bonds, will exceed ~~11-25%~~ 14% but will not exceed ~~22-5%~~ 28%  
22 of the total of the taxable value of such property, plus the  
23 amount of interim production and new production taxes levied  
24 divided by the appropriate tax rates described in  
25 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the

1 amount of value represented by new production exempted from  
2 tax as provided in 15-23-612, plus the value of any other  
3 production occurring after December 31, 1988, multiplied by  
4 60% when necessary for the purpose of replacing, rebuilding,  
5 or repairing county buildings, bridges, or highways which  
6 have been destroyed or damaged by an act of God, disaster,  
7 catastrophe, or accident.

8 (3) The value of the bonds issued and all other  
9 outstanding indebtedness of the county, except county high  
10 school bonds, shall not exceed ~~22.5%~~ 28% of the total of the  
11 taxable value of the property within the county, plus the  
12 amount of interim production and new production taxes levied  
13 divided by the appropriate tax rates described in  
14 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the  
15 amount of value represented by new production exempted from  
16 tax as provided in 15-23-612, plus the value of any other  
17 production occurring after December 31, 1988, multiplied by  
18 60%, as ascertained by the last preceding general  
19 assessment."

20 **Section 74.** Section 7-14-2525, MCA, is amended to read:

21 "7-14-2525. Refunding agreements and refunding bonds  
22 authorized. (1) Whenever the total indebtedness of a county  
23 exceeds ~~22.5%~~ 28% of the total of the taxable value of the  
24 property therein, plus the amount of interim production and  
25 new production taxes levied divided by the appropriate tax

1 rates described in 15-23-607(2)(a) or (2)(b) and multiplied  
2 by 60%, plus the amount of value represented by new  
3 production exempted from tax as provided in 15-23-612  
4 multiplied by 60%, plus the value of any other production  
5 occurring after December 31, 1988, multiplied by 60%, and  
6 the board determines that the county is unable to pay the  
7 indebtedness in full, the board may:

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

12 (b) enter into such agreement;

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

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

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

19 **Section 75.** Section 7-14-4402, MCA, is amended to read:

20 "7-14-4402. Limit on indebtedness to provide bus  
21 service. The total amount of indebtedness authorized under  
22 7-14-4401(1) to be contracted in any form, including the  
23 then-existing indebtedness, may not at any time exceed ~~28%~~  
24 34% of the total taxable value of the property of the city  
25 or town subject to taxation as ascertained by the last

1 assessment for state and county taxes. No money may be  
 2 borrowed or bonds issued for the purposes specified in  
 3 7-14-4401(1) until the proposition has been submitted to the  
 4 vote of the taxpayers of the city or town and the majority  
 5 vote cast in its favor."

6 **Section 76.** Section 7-14-4713, MCA, is amended to read:

7 "7-14-4713. **Estimates of expenses -- tax levy.** (1) The  
 8 governing body shall:

9 (a) make annual statements and estimates of the  
 10 expenses of the district which shall be provided for by the  
 11 levy and collection of ad valorem taxes upon the taxable  
 12 value of all the ~~real-and-personal~~ taxable property in the  
 13 district;

14 (b) publish notice thereof; and

15 (c) have hearings on the statements and estimates and  
 16 adopt them as provided for incorporated cities and towns by  
 17 7-12-4104, 7-12-4106, 7-12-4110, 7-12-4112, 7-12-4113, and  
 18 7-12-4117.

19 (2) The governing body, on or before the second Monday  
 20 in August of each year, shall fix, levy, and assess the  
 21 amount to be raised by ad valorem taxes upon all of the  
 22 taxable property of the district. All statutes providing for  
 23 the levy and collection of state and county taxes, including  
 24 the collection of delinquent taxes and sale of property for  
 25 nonpayment of taxes, shall be applicable to the district

1 taxes provided for under this section."

2 **Section 77.** Section 7-14-4734, MCA, is amended to read:

3 "7-14-4734. **Expense estimate -- assessments and tax**  
 4 **levy.** (1) The governing body shall:

5 (a) make annual statements and estimates of the  
 6 expenses of the district which shall be provided for by the  
 7 levy and collection of ad valorem taxes upon the assessed  
 8 value of all the ~~real-and-personal~~ taxable property in the  
 9 district;

10 (b) publish notice thereof; and

11 (c) have hearings thereon and adopt an ordinance  
 12 thereon at the times and in the manner provided for  
 13 incorporated cities and towns by the applicable portions of  
 14 7-12-4175.

15 (2) The governing body, on or before the second Monday  
 16 in August of each year, shall fix, levy, and assess the  
 17 amount to be raised by ad valorem taxes upon all of the  
 18 taxable property of the district. All statutes providing for  
 19 the levy and collection of state and county taxes, including  
 20 the collection of delinquent taxes and sale of property for  
 21 nonpayment of taxes, are applicable to the district taxes  
 22 provided for under this section.

23 (3) No assessment for district purposes against the  
 24 property within such district may exceed 12 mills upon each  
 25 dollar of taxable valuation in any tax year."

1 **Section 78.** Section 7-15-4292, MCA, is amended to read:

2 "7-15-4292. Termination of tax increment financing --  
3 exception -- reduction in tax increment distribution. (1)  
4 The tax increment provision shall terminate upon the later  
5 of:

6 (a) the 15th year following its adoption or, if the tax  
7 increment provision was adopted prior to January 1, 1980,  
8 upon the 17th year following adoption; or

9 (b) the payment or provision for payment in full or  
10 discharge of all bonds for which the tax increment has been  
11 pledged and the interest thereon.

12 (2) Any amounts remaining in the special fund or any  
13 reserve fund after termination of the tax increment  
14 provision shall be distributed among the various taxing  
15 bodies in proportion to their property tax revenues from the  
16 district.

17 (3) After termination of the tax increment provision,  
18 all taxes shall be levied upon the actual taxable value of  
19 the taxable property in the urban renewal area or the  
20 industrial district and shall be paid into the funds of the  
21 respective taxing bodies.

22 (4) Bonds secured in whole or in part by a tax  
23 increment provision may not be issued after the 15th  
24 anniversary of tax increment provisions adopted after  
25 January 1, 1980, and the 17th anniversary of tax increment

1 provisions adopted prior to January 1, 1980. However, if  
2 bonds secured by a tax increment provision are outstanding  
3 on the applicable anniversary, additional bonds secured by  
4 the tax increment provision may be issued if the final  
5 maturity date of the bonds is not later than the final  
6 maturity date of any bonds then outstanding and secured by  
7 the tax increment provision.

8 (5) (a) If a municipality issues bonds secured in whole  
9 or in part by a tax increment provision after the 10th year  
10 following a tax increment provision adopted after January 1,  
11 1980, or after the 12th year following a tax increment  
12 provision adopted before January 1, 1980, it is not entitled  
13 to the full distribution provided in 20-9-360(2) as it read  
14 prior to [the effective date of this section].

15 (b) The state treasurer shall reduce the distribution  
16 to the municipality in each fiscal year after the fiscal  
17 year in which the bonds referred to in subsection (5)(a) are  
18 issued by an amount equal to the increased taxable value of  
19 the project property multiplied by the total number of mills  
20 levied and assessed for school district purposes against the  
21 property in the previous calendar year. The department of  
22 revenue shall certify to the state treasurer by September 1  
23 of each year the increased taxable value of the project  
24 property.

25 (c) If the municipality issues more than one bond



1 series after January 1, 1991, the distribution to the  
 2 municipality as provided in 20-9-360(2), as it read prior to  
 3 [the effective date of this section], is reduced, as  
 4 determined in subsection (5)(b), by the sum of the amounts  
 5 of each bond issue.

6 (6) For the purposes of subsection (5):

7 (a) "project property" is the value of property within  
 8 an urban renewal area affected by an urban renewal project  
 9 to be financed in whole or in part from the proceeds of the  
 10 bonds issued pursuant to subsection (5)(a), certified by the  
 11 municipality to the department of revenue at the time the  
 12 bonds are issued and identified by a tax identification  
 13 number. Property is affected by an urban renewal project if  
 14 the property:

15 (i) is to be acquired or improved as part of the urban  
 16 renewal project;

17 (ii) is located on property that is to be acquired or  
 18 improved as part of the urban renewal project;

19 (iii) is contiguous to or located on property contiguous  
 20 to, property referred to in subsection (6)(a)(i) or  
 21 (6)(a)(ii), including adjacent property separated by a road,  
 22 stream, street, or railroad; or

23 (iv) is included in an agreement between a person and  
 24 the municipality in connection with the urban renewal  
 25 project for the issuance of the bonds and if under the

1 agreement, the person undertakes to develop or redevelop the  
 2 property.

3 (b) "increased taxable value" means the difference  
 4 between the taxable value of the project property for the  
 5 current fiscal year and the taxable value of the project  
 6 property for the fiscal year in which the bonds were  
 7 issued."

8 **Section 79.** Section 7-16-2327, MCA, is amended to read:

9 **"7-16-2327. Indebtedness for park purposes.** (1) Subject  
 10 to the provisions of subsection (2), a county park board, in  
 11 addition to powers and duties now given under law, has the  
 12 power and duty to contract an indebtedness in behalf of a  
 13 county, upon the credit thereof, for the purposes of  
 14 7-16-2321(1) and (2).

15 (2) (a) The total amount of indebtedness authorized to  
 16 be contracted in any form, including the then-existing  
 17 indebtedness, must not at any time exceed ~~13%~~ 16% of the  
 18 total of the taxable value of the taxable property in the  
 19 county, plus the amount of interim production and new  
 20 production taxes levied divided by the appropriate tax rates  
 21 described in 15-23-607(2)(a) or (2)(b) and multiplied by  
 22 60%, plus the amount of value represented by new production  
 23 exempted from tax as provided in 15-23-612, plus the value  
 24 of any other production occurring after December 31, 1988,  
 25 multiplied by 60%, ascertained by the last assessment for

1 state and county taxes previous to the incurring of the  
2 indebtedness.

3 (b) No money may be borrowed on bonds issued for the  
4 purchase of lands and improving same for any such purpose  
5 until the proposition has been submitted to the vote of  
6 those qualified under the provisions of the state  
7 constitution to vote at such election in the county affected  
8 thereby and a majority vote is cast in favor thereof."

9 **Section 80.** Section 7-16-4104, MCA, is amended to read:

10 "7-16-4104. Authorization for municipal indebtedness  
11 for various cultural, social, and recreational purposes. (1)  
12 A city or town council or commission may contract an  
13 indebtedness on behalf of the city or town, upon the credit  
14 thereof, by borrowing money or issuing bonds:

15 (a) for the purpose of purchasing and improving lands  
16 for public parks and grounds;

17 (b) for procuring by purchase, construction, or  
18 otherwise swimming pools, athletic fields, skating rinks,  
19 playgrounds, museums, a golf course, a site and building for  
20 a civic center, a youth center, or combination thereof; and

21 (c) for furnishing and equipping the same.

22 (2) The total amount of indebtedness authorized to be  
23 contracted in any form, including the then-existing  
24 indebtedness, may not at any time exceed 16.5% 201 of the  
25 taxable value of the taxable property of the city or town as

1 ascertained by the last assessment for state and county  
2 taxes previous to the incurring of such indebtedness. No  
3 money may be borrowed on bonds issued for the purchase of  
4 lands and improving the same for any such purpose until the  
5 proposition has been submitted to the vote of the qualified  
6 electors of the city or town and a majority vote is cast in  
7 favor thereof."

8 **Section 81.** Section 7-22-2406, MCA, is amended to read:

9 "7-22-2406. Notice of hearing on petition to create  
10 district. (1) The commissioners shall cause notice of the  
11 hearing provided for in 7-22-2403 to be mailed as provided  
12 in 7-1-2122 to each nonresident owner and purchaser under  
13 contract for deed of taxable ~~real--and--personal~~ property  
14 within the proposed district.

15 (2) The commissioners shall cause notice to be posted  
16 in three public places within the district. Whenever the  
17 district is partly in one county and partly in another  
18 county, notice must be posted in each county but posting  
19 need not be in three places in each county.

20 (3) The commissioners shall also cause notice to be  
21 given of the time and place of the hearing and the methods  
22 of objection by publication as provided in 7-1-2121, in each  
23 county if the district is partly in one county and partly in  
24 another county."

25 **Section 82.** Section 7-31-106, MCA, is amended to read:

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

8       (a) to ascertain, within 30 days after submission of  
 9 the petition, the existing indebtedness of the county in the  
 10 aggregate; and

11       (b) to submit, within 60 days after ascertaining the  
 12 same, to the electors of such county the proposition to  
 13 approve or disapprove the contract and the issuance of bonds  
 14 necessary to carry out the same.

15       (2) The amount of the bonds authorized by this section  
 16 may not exceed ~~22.5%~~ 28% of the taxable value of the taxable  
 17 property therein, inclusive of the existing indebtedness  
 18 thereof, to be ascertained by the last assessment for state  
 19 and county taxes previous to the issuance of said bonds and  
 20 incurring of said indebtedness."

21       **Section 83.** Section 7-31-107, MCA, is amended to read:

22       **"7-31-107. Authorization for municipality to issue**  
 23 **bonds -- election required.** (1) If said petition is  
 24 presented to the council of any incorporated city or town,  
 25 the council, for the purpose of raising money to meet the

1       payments under the terms and conditions of said contract and  
 2 other necessary and proper expenses in and about the same  
 3 and for the approval or disapproval thereof:

4       (a) shall ascertain, within 30 days after submission of  
 5 the petition, the aggregate indebtedness of such city or  
 6 town; and

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

11       (2) The amount of the bonds authorized by this section  
 12 may not exceed ~~16.5%~~ 20% of the taxable value of the taxable  
 13 property therein, inclusive of the existing indebtedness  
 14 thereof, to be ascertained in the manner provided in this  
 15 part."

16       **Section 84.** Section 7-34-2131, MCA, is amended to read:

17       **"7-34-2131. Hospital district bonds and notes**  
 18 **authorized.** (1) (a) A hospital district may borrow money by  
 19 the issuance of its bonds to provide funds for payment of  
 20 part or all of the cost of acquisition, furnishing,  
 21 equipment, improvement, extension, and betterment of  
 22 hospital facilities and to provide an adequate working  
 23 capital for a new hospital.

24       (b) The amount of bonds issued for such purpose and  
 25 outstanding at any time may not exceed ~~22.5%~~ 28% of the

1 taxable value of the taxable property therein as ascertained  
2 by the last assessment for state and county taxes previous  
3 to the issuance of such bonds.

4 (c) Such bonds shall be authorized, sold, and issued  
5 and provisions made for their payment in the manner and  
6 subject to the conditions and limitations prescribed for  
7 bonds of school districts by Title 20, chapter 9, part 4.

8 (2) (a) A hospital district may borrow money by the  
9 issuance of notes to provide funds to finance the costs  
10 described in subsection (1) and to finance the working  
11 capital requirements of the district. The notes must be  
12 authorized and in a form and terms prescribed by a  
13 resolution adopted by the board of trustees. The notes must  
14 mature over a term not to exceed 15 years.

15 (b) The principal and interest on the notes must be  
16 paid from the taxes levied pursuant to 7-34-2133 and  
17 7-34-2134, exclusive of the taxes levied to pay bonds issued  
18 in accordance with subsection (1), and all other revenue of  
19 the district. The annual amount of principal and interest  
20 payable on notes in any fiscal year must be included in the  
21 district's budget for that year.

22 (c) The notes may be secured by a mortgage of or a  
23 security interest in all or part of the district's assets  
24 and by a pledge of the taxes and revenue of the district, or  
25 either of them.

1 (d) Notes may not be issued unless the projected annual  
2 revenue of the district, including the taxes levied pursuant  
3 to 7-34-2133 and 7-34-2134 but exclusive of the taxes levied  
4 to pay bonds, is at least equal to the sum of the cost of  
5 operating and maintaining the hospital district plus the  
6 maximum amount of principal and interest due in any future  
7 fiscal year on the notes proposed to be issued and all notes  
8 outstanding upon the issuance of the proposed notes.

9 (3) Nothing herein shall be construed to preclude the  
10 provisions of Title 50, chapter 6, part 1, allowing the  
11 state to apply for and accept federal funds."

12 **Section 85.** Section 10-1-606, MCA, is amended to read:

13 **"10-1-606. Suspension of property taxes for persons in**  
14 **military service.** (1) All taxes~~7-whether-on-real-or-personal~~  
15 ~~property~~, due on property owned by any citizen of the state  
16 of Montana in the active military or naval service of the  
17 United States shall be held in abeyance, no proceedings  
18 taken for the collection thereof, and no penalties or  
19 interests shall be added thereto until the expiration of the  
20 period of 1 year from and after the cessation of hostilities  
21 or discharge from military or naval service.

22 (2) To obtain the benefits of this section it shall be  
23 necessary for some person, on behalf of such person in the  
24 military or naval service, to file with the treasurer of the  
25 proper county an affidavit to the effect that the person

1 against whom such taxes are charged is in such active  
2 military or naval service, which affidavit must be filed at  
3 or before the time when such taxes would become delinquent,  
4 and upon the filing thereof the treasurer shall make a  
5 notation upon his records to the effect that the collection  
6 of such taxes is suspended on account of the military or  
7 naval service of such taxpayer. But nothing in this section  
8 shall be so construed as to prevent such county treasurer  
9 from receiving payment of any such taxes whenever offered."

10 **Section 86.** Section 15-1-101, MCA, is amended to read:

11 **\*15-1-101. (Temporary) Definitions.** (1) Except as  
12 otherwise specifically provided, when terms mentioned in  
13 this section are used in connection with taxation, they are  
14 defined in the following manner:

15 (a) The term "agricultural" refers to:

16 (i) the production of food, feed, and fiber  
17 commodities, livestock and poultry, bees, fruits and  
18 vegetables, and sod, ornamental, nursery, and horticultural  
19 crops that are raised, grown, or produced for commercial  
20 purposes; and

21 (ii) the raising of domestic animals and wildlife in  
22 domestication or a captive environment.

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

25 (c) The term "average wholesale value" means the value

1 to a dealer prior to reconditioning and profit margin shown  
2 in national appraisal guides and manuals or the valuation  
3 schedules of the department of revenue.

4 (d) (i) The term "commercial", when used to describe  
5 property, means any property used or owned by a business, a  
6 trade, or a corporation as defined in 35-2-114 or used for  
7 the production of income, except that property described in  
8 subsection (ii).

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

10 (A) agricultural lands;

11 (B) timberlands and, beginning January 1, 1994, forest  
12 lands;

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

16 (D) mobile homes used exclusively as a residence **except**  
17 **when--held--by--a--distributor--or--dealer--of--trailers--or--mobile**  
18 **homes--as--his--stock--in--trade; and**

19 (E) all property described in 15-6-135; **and**

20 ~~(F) all property described in 15-6-136.~~

21 (e) The term "comparable property" means property that  
22 has similar use, function, and utility; that is influenced  
23 by the same set of economic trends and physical,  
24 governmental, and social factors; and that has the potential  
25 of a similar highest and best use.

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

3 (g) The term "improvements" includes all buildings,  
4 structures, fences, and improvements situated upon, erected  
5 upon, or affixed to land. When the department of revenue or  
6 its agent determines that the permanency of location of a  
7 mobile home or housetrailer has been established, the mobile  
8 home or housetrailer is presumed to be an improvement to  
9 real property. A mobile home or housetrailer may be  
10 determined to be permanently located only when it is  
11 attached to a foundation which cannot feasibly be relocated  
12 and only when the wheels are removed.

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

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

22 (j) The term "mobile home" means forms of housing known  
23 as "trailers", "housetrailers", or "trailer coaches"  
24 exceeding 8 feet in width or 45 feet in length, designed to  
25 be moved from one place to another by an independent power

1 connected to them, or any "trailer", "housetrailer", or  
2 "trailer coach" up to 8 feet in width or 45 feet in length  
3 used as a principal residence.

4 (k) The term "personal property" includes everything  
5 that is the subject of ownership but that is not included  
6 within the meaning of the terms "real estate" and  
7 "improvements".

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

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

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

19 (i) the possession of, claim to, ownership of, or right  
20 to the possession of land;

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

(o) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

(p) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15, chapter 6, part 1.

(q) The term "weighted mean assessment ratio" means the total of the assessed values divided by the total of the selling prices of all area sales in the stratum.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

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

15-1-101. (Effective July 1, 1993) Definitions. (1)

Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to:

(i) the production of food, feed, and fiber commodities, livestock and poultry, bees, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or produced for commercial purposes; and

(ii) the raising of domestic animals and wildlife in domestication or a captive environment.

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

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

(d) (i) The term "commercial", when used to describe property, means any property used or owned by a business, a trade, or a corporation as defined in 35-2-114 or used for the production of income, except that property described in subsection (ii).

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

(A) agricultural lands;

(B) timberlands and, beginning January 1, 1994, forest

1 lands;

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

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

8 (E) all property described in 15-6-135; ~~and~~

9 ~~(F) all property described in 15-6-136.~~

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

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

17 (g) The term "improvements" includes all buildings,  
18 structures, fences, and improvements situated upon, erected  
19 upon, or affixed to land. When the department of revenue or  
20 its agent determines that the permanency of location of a  
21 mobile home or housetrailer has been established, the mobile  
22 home or housetrailer is presumed to be an improvement to  
23 real property. A mobile home or housetrailer may be  
24 determined to be permanently located only when it is  
25 attached to a foundation which cannot feasibly be relocated

1 and only when the wheels are removed.

2 (h) The term "leasehold improvements" means  
3 improvements to mobile homes and mobile homes located on  
4 land owned by another person. This property is assessed  
5 under the appropriate classification and the taxes are due  
6 and payable in two payments as provided in 15-24-202.  
7 Delinquent taxes on such leasehold improvements are a lien  
8 only on such leasehold improvements.

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

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

18 (k) The term "personal property" includes everything  
19 that is the subject of ownership but that is not included  
20 within the meaning of the terms "real estate" and  
21 "improvements".

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

25 (m) The term "property" includes moneys, credits,



1 bonds, stocks, franchises, and all other matters and things,  
 2 real, personal, and mixed, capable of private ownership.  
 3 This definition must not be construed to authorize the  
 4 taxation of the stocks of any company or corporation when  
 5 the property of such company or corporation represented by  
 6 the stocks is within the state and has been taxed.

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

8 (i) the possession of, claim to, ownership of, or right  
 9 to the possession of land;

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

15 (o) "Research and development firm" means an entity  
 16 incorporated under the laws of this state or a foreign  
 17 corporation authorized to do business in this state whose  
 18 principal purpose is to engage in theoretical analysis,  
 19 exploration, and experimentation and the extension of  
 20 investigative findings and theories of a scientific and  
 21 technical nature into practical application for experimental  
 22 and demonstration purposes, including the experimental  
 23 production and testing of models, devices, equipment,  
 24 materials, and processes.

25 (p) The term "taxable value" means the percentage of

1 market or assessed value as provided for in Title 15,  
 2 chapter 6, part 1.

3 (2) The phrase "municipal corporation" or  
 4 "municipality" or "taxing unit" shall be deemed to include a  
 5 county, city, incorporated town, township, school district,  
 6 irrigation district, drainage district, or any person,  
 7 persons, or organized body authorized by law to establish  
 8 tax levies for the purpose of raising public revenue.

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

11 **Section 87.** Section 15-6-134, MCA, is amended to read:

12 "15-6-134. Class four property -- description --  
 13 taxable percentage. (1) Class four property includes:

14 (a) all land except that specifically included in  
 15 another class;

16 (b) all improvements, including trailers or mobile  
 17 homes used as a residence, except those specifically  
 18 included in another class;

19 (c) the first \$80,000 or less of the market value of  
 20 any improvement on real property, including trailers or  
 21 mobile homes, and appurtenant land not exceeding 5 acres  
 22 owned or under contract for deed and actually occupied for  
 23 at least 10 months a year as the primary residential  
 24 dwelling of any person whose total income from all sources,  
 25 including net business income or loss and otherwise

1 tax-exempt income of all types but not including social  
 2 security income paid directly to a nursing home, is not more  
 3 than \$10,000 for a single person or \$12,000 for a married  
 4 couple or a head of household, as adjusted according to  
 5 subsection (2)(b)(ii);

6 (d) all golf courses, including land and improvements  
 7 actually and necessarily used for that purpose, that consist  
 8 of at least 9 holes and not less than 3,000 lineal yards;

9 (e) all real ~~and-personal~~ property that:  
 10 (i) is integrally related in a single working unit;  
 11 (ii) is devoted exclusively to the processing of  
 12 agricultural or timber products; and

13 (iii) (A) has not been in production for 12 consecutive  
 14 months or has been acquired in an arm's-length transaction  
 15 by an unrelated person, including an acquisition in a  
 16 foreclosure sale or bankruptcy proceeding; or

17 (B) has been acquired in a foreclosure or bankruptcy  
 18 proceeding by a person, as defined in 15-1-102, having no  
 19 relationship to or interest in the property prior to the  
 20 transaction.

21 (2) Class four property is taxed as follows:  
 22 (a) Except as provided in 15-24-1402 or 15-24-1501,  
 23 property described in subsections (1)(a) and (1)(b) is taxed  
 24 at 3.86% of its market value.

25 (b) (i) Property described in subsection (1)(c) is

1 taxed at 3.86% of its market value multiplied by a  
 2 percentage figure based on income and determined from the  
 3 following table:

4	Income	Income	Percentage
5	Single Person	Married Couple	Multiplier
6		Head of Household	
7	\$ 0 - \$ 1,000	\$ 0 - \$ 1,200	0%
8	1,001 - 2,000	1,201 - 2,400	10%
9	2,001 - 3,000	2,401 - 3,600	20%
10	3,001 - 4,000	3,601 - 4,800	30%
11	4,001 - 5,000	4,801 - 6,000	40%
12	5,001 - 6,000	6,001 - 7,200	50%
13	6,001 - 7,000	7,201 - 8,400	60%
14	7,001 - 8,000	8,401 - 9,600	70%
15	8,001 - 9,000	9,601 - 10,800	80%
16	9,001 - 10,000	10,801 - 12,000	90%

17 (ii) The income levels contained in the table in  
 18 subsection (2)(b)(i) must be adjusted for inflation annually  
 19 by the department of revenue. The adjustment to the income  
 20 levels is determined by:

21 (A) multiplying the appropriate dollar amount from the  
 22 table in subsection (2)(b)(i) by the ratio of the PCE for  
 23 the second quarter of the year prior to the year of  
 24 application to the PCE for the second quarter of 1986; and

25 (B) rounding the product thus obtained to the nearest

1 whole dollar amount.

2 (iii) "PCE" means the implicit price deflator for  
3 personal consumption expenditures as published quarterly in  
4 the Survey of Current Business by the bureau of economic  
5 analysis of the U.S. department of commerce.

6 (c) Property described in subsection (1)(d) is taxed at  
7 one-half the taxable percentage rate established in  
8 subsection (2)(a).

9 (d) (i) In determining the market value of the property  
10 described in subsection (1)(c), the department shall reduce  
11 the assessed value by 25% a year for each year the plant  
12 continues to be out of production until the market value is  
13 reduced to salvage value.

14 (ii) Upon commencement of production or an acquisition  
15 described in subsection (1)(e)(iii)(B), property described  
16 in subsection (1)(e) must remain at the preceding year's  
17 valuation for the succeeding 12 months. Following the end of  
18 the 12-month period, the property may be considered new or  
19 expanding industry as provided in Title 15, chapter 24, part  
20 14.

21 (3) After July 1, 1986, no adjustment may be made by  
22 the department to the taxable percentage rate for class four  
23 property until a revaluation has been made as provided in  
24 15-7-111.

25 (4) Within the meaning of comparable property as

1 defined in 15-1-101, property assessed as commercial  
2 property is comparable only to other property assessed as  
3 commercial property, and property assessed as other than  
4 commercial property is comparable only to other property  
5 assessed as other than commercial property. (Subsections  
6 (1)(e) and (2)(d) terminate January 1, 1993--sec. 17, Ch.  
7 773, L. 1991.)"

8 **Section 88.** Section 15-6-135, MCA, is amended to read:

9 "15-6-135. Class five property -- description --  
10 taxable percentage. (1) Class five property includes:

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

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

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

19 (d) any ~~personal~~ or real property and improvements used  
20 primarily in the production of gasohol during construction  
21 and for the first 3 years of its operation;

22 (e) all land and improvements ~~and all personal property~~  
23 owned by a research and development firm, provided that the  
24 property is actively devoted to research and development;

25 (f) ~~machinery~~ ~~and~~ ~~equipment~~ improvements used in

1 electrolytic reduction facilities.

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

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

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

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 1987 Standard  
14 Industrial Classification Manual prepared by the United  
15 States office of management and budget;

16 (iv) engage in the transportation, warehousing, or  
17 distribution of commercial products or materials if 50% or  
18 more of an industry's gross sales or receipts are earned  
19 from outside the state; or

20 (v) earn 50% or more of their annual gross income from  
21 out-of-state sales.

22 (5) New industrial property does not include:

23 (a) property used by retail or wholesale merchants,  
24 commercial services of any type, agriculture, trades, or  
25 professions unless the business or profession meets the

1 requirements of subsection (4)(b)(v);

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

4 (c) property used or employed in any industrial plant  
5 that has been in operation in this state for 3 years or  
6 longer.

7 (6) Class five property is taxed at 3% of its market  
8 value."

9 **Section 89.** Section 15-6-137, MCA, is amended to read:

10 "15-6-137. Class seven property -- description --  
11 taxable percentage. (1) Class seven property includes:

12 (a) all real property and improvements used and owned  
13 by persons, firms, corporations, or other organizations that  
14 are engaged in the business of furnishing telephone  
15 communications exclusively to rural areas or to rural areas  
16 and cities and towns of 800 persons or less;

17 (b) all real property and improvements owned by  
18 cooperative rural electrical and cooperative rural telephone  
19 associations that serve less than 95% of the electricity  
20 consumers or telephone users within the incorporated limits  
21 of a city or town;

22 (c) electric transformers and meters; electric light  
23 and power substation machinery; and natural gas measuring  
24 and regulating station equipment, meters, and compressor  
25 station machinery owned by noncentrally assessed public

1 utilities ~~and tools used in the repair and maintenance of~~  
2 ~~this property.~~

3 (2) To qualify for this classification, the average  
4 circuit miles for each station on the telephone  
5 communication system described in subsection (1)(b) must be  
6 more than 1 mile.

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

9 **Section 90.** Section 15-6-138, MCA, is amended to read:

10 "15-6-138. Class eight property -- description --  
11 taxable percentage. (1) Class eight property includes:

12 ~~(a) all agricultural implements and equipment;~~

13 ~~(b) all mining machinery, fixtures, equipment, tools~~  
14 ~~that are not exempt under 15-6-201(1)(f) and supplies~~  
15 ~~except those included in class five;~~

16 ~~(c) all manufacturing machinery, fixtures, equipment,~~  
17 ~~tools that are not exempt under 15-6-201(1)(f) and supplies~~  
18 ~~except those included in class five;~~

19 ~~(d) all trailers, including those bifurcated under~~  
20 ~~15-24-102, except those subject to taxation under~~  
21 ~~61-3-504(2);~~

22 ~~(e) all goods and equipment intended for rent or lease,~~  
23 ~~except goods and equipment specifically included and taxed~~  
24 ~~in another class;~~

25 ~~(f) buses and trucks having a rated capacity of more~~

1 ~~than it ton; including those prorated under 15-24-102;~~  
2 ~~(g) -- truck toppers weighing more than 300 pounds;~~  
3 ~~(h) -- furniture, fixtures, and equipment, except that~~  
4 ~~specifically included in another class, used in commercial~~  
5 ~~establishments as defined in this section;~~  
6 ~~(i) -- x-ray and medical and dental equipment;~~  
7 ~~(j) -- citizens band radios and mobile telephones;~~  
8 ~~(k) -- radio and television broadcasting and transmitting~~  
9 ~~equipment;~~  
10 ~~(l) -- cable television systems;~~  
11 ~~(m) -- coal and ore haulers;~~  
12 ~~(n) -- theater projectors and sound equipment; and~~  
13 ~~(o) -- all other property mining, manufacturing, and~~  
14 ~~commercial improvements not included in any other class in~~  
15 ~~this part, except that property subject to a fee in lieu of~~  
16 ~~a property tax.~~

17 ~~(2) As used in this section, "coal and ore haulers"~~  
18 ~~means nonhighway vehicles that exceed 18,000 pounds per axle~~  
19 ~~and that are primarily designed and used to transport coal,~~  
20 ~~ore, or other earthen material in a mining or quarrying~~  
21 ~~environment.~~

22 ~~(3) "Commercial establishment" includes any hotel;~~  
23 ~~motel; office; petroleum marketing station; or service;~~  
24 ~~wholesale; retail; or food-handling business.~~

25 ~~(4) Class eight property is taxed at 9% of its market~~

1 value."

2 **Section 91.** Section 15-6-141, MCA, is amended to read:

3 "15-6-141. Class nine property -- description --  
4 taxable percentage. (1) Class nine property includes real  
5 property and improvements, as follows:

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

15 (b) allocations for centrally assessed natural gas  
16 companies having a major distribution system in this state;  
17 and

18 (c) centrally assessed companies' allocations except:  
19 (i) electric power and natural gas companies' property;  
20 (ii) property owned by cooperative rural electric and  
21 cooperative rural telephone associations and classified in  
22 class five;

23 (iii) property owned by organizations providing  
24 telephone communications to rural areas and classified in  
25 class seven;

1 (iv) railroad transportation property included in class  
2 twelve; and

3 (v) airline transportation property included in class  
4 twelve.

5 (2) Class nine property is taxed at 12% of market  
6 value."

7 **Section 92.** Section 15-6-145, MCA, is amended to read:

8 \*15-6-145. Class twelve property -- description --  
9 taxable percentage. (1) Class twelve property includes all  
10 railroad transportation real property and improvements as  
11 described in the Railroad Revitalization and Regulatory  
12 Reform Act of 1976 as it read on January 1, 1986, and all  
13 airline transportation property as described in the Tax  
14 Equity and Fiscal Responsibility Act of 1982 as it read on  
15 January 1, 1986.

16 (2) For the tax year beginning January 1, 1991, and for  
17 each tax year thereafter, class twelve property is taxed at  
18 the percentage rate "R", to be determined by the department  
19 as provided in subsection (3), or 12%, whichever is less.

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

21 (a) A is the total statewide taxable value of all  
22 commercial property, except class twelve property, as  
23 commercial property is described in 15-1-101(1)(d); and

24 (b) B is the total statewide market value of all  
25 commercial property, except class twelve property, as

1 commercial property is described in 15-1-101(1)(d).

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

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

9 (ii) a statistically valid sample of sales using data  
10 from realty transfer certificates filed during the same  
11 taxable year or from the immediately preceding taxable year,  
12 but only if a sufficient number of certificates is  
13 unavailable from the current taxable year to provide a  
14 statistically valid sample.

15 (b) The department shall determine the value-weighted  
16 mean sales assessment ratio "M" for all such property and  
17 reduce the taxable value of property described in subsection  
18 (4) only, by multiplying the total statewide taxable value  
19 of property described in subsection (4)(a) by "M" prior to  
20 calculating "A" in subsection (3)(a).

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

24 (5) For the purpose of complying with the Railroad  
25 Revitalization and Regulatory Reform Act of 1976, as it read

1 on January 1, 1986, the rate "R" referred to in this section  
 2 is the equalized average tax rate generally applicable to  
 3 commercial and industrial property, except class twelve  
 4 property, as commercial property is defined in  
 5 15-1-101(1)(d)."

6 **Section 93.** Section 15-6-201, MCA, is amended to read:

7 "15-6-201. Exempt categories. (1) The following  
 8 categories of property are exempt from taxation:

9 (a) personal property not specifically included within  
 10 a class of property;

11 (b) 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 (c) buildings, with land they occupy and furnishings

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

5 (d) property used exclusively for agricultural and  
 6 horticultural societies, for educational purposes, and for  
 7 nonprofit health care facilities, as defined in 50-5-101,  
 8 licensed by the department of health and environmental  
 9 sciences and organized under Title 35, chapter 2 or 3. A  
 10 health care facility that is not licensed by the department  
 11 of health and environmental sciences and organized under  
 12 Title 35, chapter 2 or 3, is not exempt.

13 (e) property that meets the following conditions:

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

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

20 (iii) is not maintained and operated for private or  
 21 corporate profit;

22 (f) property owned by institutions of purely public  
 23 charity and directly used for purely public charitable  
 24 purposes;

25 (g) evidence of debt secured by mortgages of record



1 upon real or personal property in the state of Montana;

2 (g)(h) public museums, art galleries, zoos, and  
3 observatories not used or held for private or corporate  
4 profit;

5 (i) all household goods and furniture, including but  
6 not limited to clocks, musical instruments, sewing machines,  
7 and wearing apparel of members of the family, used by the  
8 owner for personal and domestic purposes or for furnishing  
9 or equipping the family residence;

10 (j) a truck canopy cover or topper weighing less  
11 than 300 pounds and having no accommodations attached. This  
12 property is also exempt from taxation under 61-3-504(2) and  
13 61-3-537.

14 (k) a bicycle, as defined in 61-1-123, used by the  
15 owner for personal transportation purposes;

16 (l) motor homes, travel trailers, and campers;

17 (m) all watercraft;

18 (n) motor vehicles, land, fixtures, buildings, and  
19 improvements owned by a cooperative association or nonprofit  
20 corporation organized to furnish potable water to its  
21 members or customers for uses other than the irrigation of  
22 agricultural land;

23 (o) the right of entry that is a property right  
24 reserved in land or received by mesne conveyance (exclusive  
25 of leasehold interests), devise, or succession to enter land

1 whose surface title is held by another to explore, prospect,  
2 or dig for oil, gas, coal, or minerals;

3 (p) property owned and used by a corporation or  
4 association organized and operated exclusively for the care  
5 of the developmentally disabled, mentally ill, or  
6 vocationally handicapped as defined in 18-5-101, which is  
7 not operated for gain or profit, and property owned and used  
8 by an organization owning and operating facilities for the  
9 care of the retired, aged, or chronically ill, which are not  
10 operated for gain or profit;

11 (q) all farm buildings with a market value of less  
12 than \$500 and all agricultural implements and machinery with  
13 a market value of less than \$100;

14 (r) property owned by a nonprofit corporation  
15 organized to provide facilities primarily for training and  
16 practice for or competition in international sports and  
17 athletic events and not held or used for private or  
18 corporate gain or profit. For purposes of this subsection  
19 (r), "nonprofit corporation" means an organization exempt  
20 from taxation under section 501(c) of the Internal Revenue  
21 Code and incorporated and admitted under the Montana  
22 Nonprofit Corporation Act.

23 (s) provided the tools are owned by the taxpayer,  
24 the first \$15,000 or less of market value of tools that are  
25 customarily hand-held and that are used to:

1 (i) construct, repair, and maintain improvements to  
 2 real property; or  
 3 (ii) repair and maintain machinery, equipment,  
 4 appliances, or other personal property;  
 5 ~~(t)~~(t) harness, saddlery, and other tack equipment;  
 6 ~~(t)~~(u) a title plant owned by a title insurer or a  
 7 title insurance producer, as those terms are defined in  
 8 33-25-105; and  
 9 ~~(t)~~(v) beginning January 1, 1994, timber as defined in  
 10 15-44-102.

11 (2) (a) The term "institutions of purely public  
 12 charity" includes any organization that meets the following  
 13 requirements:

14 (i) The organization qualifies as a tax-exempt  
 15 organization under the provisions of section 501(c)(3),  
 16 Internal Revenue Code, as amended.

17 (ii) The organization accomplishes its activities  
 18 through absolute gratuity or grants; however, the  
 19 organization may solicit or raise funds by the sale of  
 20 merchandise, memberships, or tickets to public performances  
 21 or entertainment or by other similar types of fundraising  
 22 activities.

23 (b) For the purposes of subsection ~~(i)~~(g) (1)(h), the  
 24 term "public museums, art galleries, zoos, and  
 25 observatories" means governmental entities or nonprofit

1 organizations whose principal purpose is to hold property  
 2 for public display or for use as a museum, art gallery, zoo,  
 3 or observatory. The exempt property includes all real and  
 4 personal property reasonably necessary for use in connection  
 5 with the public display or observatory use. Unless the  
 6 property is leased for a profit to a governmental entity or  
 7 nonprofit organization by an individual or for-profit  
 8 organization, real and personal property owned by other  
 9 persons is exempt if it is:

10 (i) actually used by the governmental entity or  
 11 nonprofit organization as a part of its public display;

12 (ii) held for future display; or  
 13 (iii) used to house or store a public display.

14 (3) The following portions of the appraised value of a  
 15 capital investment made after January 1, 1979, in a  
 16 recognized nonfossil form of energy generation or low  
 17 emission wood or biomass combustion devices, as defined in  
 18 15-32-102, are exempt from taxation for a period of 10 years  
 19 following installation of the property:

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

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

24 **Section 94.** Section 15-6-203, MCA, is amended to read:  
 25 "15-6-203. Veterans' clubhouse exemption -- incompetent

1 veterans' trusts. (1) When a clubhouse or building erected  
 2 by or belonging to any society or organization of honorably  
 3 discharged United States military personnel is used  
 4 exclusively for educational, fraternal, benevolent, or  
 5 purely public charitable purposes rather than for gain or  
 6 profit, ~~together-with-the-library-and-furniture-necessarilly~~  
 7 ~~used-in-any-such-building,--such~~ the property is exempt from  
 8 taxation.

9 (2) All property, ~~---real-or-personal,;~~ in the possession  
 10 of legal guardians of incompetent veterans of U.S. military  
 11 service or minor dependents of such veterans, where such  
 12 property is funds or derived from funds received from the  
 13 United States as pension, compensation, insurance, adjusted  
 14 compensation, or gratuity, shall be exempt from all taxation  
 15 as property of the United States while held by the guardian,  
 16 but not after title passes to the veteran or minor in his or  
 17 her own right on account of removal of legal disability."

18 **Section 95.** Section 15-6-215, MCA, is amended to read:

19 "15-6-215. (Temporary) Exemption for motion picture and  
 20 television commercial property. Except as provided in  
 21 ~~15-24-305--and~~ 61-3-520, all property, including vehicles,  
 22 brought into the state or otherwise used for the exclusive  
 23 purpose of filming motion pictures or television commercials  
 24 is exempt from property taxation, provided that the property  
 25 does not remain in the state for a period in excess of 180

1 consecutive days in a calendar year. (Terminates December  
 2 31, 1993--sec. 11, Ch. 525, L. 1989.)"

3 **Section 96.** Section 15-7-102, MCA, is amended to read:

4 "15-7-102. (Temporary) Notice of classification and  
 5 appraisal to owners -- appeals. (1) It shall be the duty of  
 6 the department of revenue, through its agent as specified in  
 7 subsection (2), to cause to be mailed to each owner and  
 8 purchaser under contract for deed a notice of the  
 9 classification of the land owned or being purchased by him  
 10 and the appraisal of the improvements on the land only if  
 11 one or more of the following changes pertaining to the land  
 12 or improvements have been made since the last notice:

13 (a) change in ownership;

14 (b) change in classification;

15 (c) change in valuation; or

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

18 (2) (a) The county assessor shall assign each  
 19 assessment to the correct owner or purchaser under contract  
 20 for deed and mail the notice of classification and appraisal  
 21 on a standardized form, adopted by the department,  
 22 containing sufficient information in a comprehensible manner  
 23 designed to fully inform the taxpayer as to the  
 24 classification and appraisal of his property and of changes  
 25 over the prior tax year.

1 (b) If the valuation of the property described in  
2 subsection (1) increased from the prior tax year, the notice  
3 must include the following information:

4 (i) the valuation of the property in the prior tax  
5 year; and

6 (ii) a statement showing the amount of taxes that would  
7 be due on the property in the current tax year if the  
8 property were subject to the same mill levies imposed in the  
9 prior tax year.

10 (3) If the owner of any land and improvements is  
11 dissatisfied with the appraisal as it reflects the market  
12 value of the property as determined by the department or  
13 with the classification of his land or improvements, he may  
14 submit his objection in writing to the department's agent.  
15 In an objection to the appraisal of the property, the  
16 department may consider the actual selling price of the  
17 property, independent appraisals of the property, and other  
18 relevant information presented by the taxpayer as evidence  
19 of the market value of the property. The department shall  
20 give reasonable notice to the taxpayer of the time and place  
21 of hearing and hear any testimony or other evidence that the  
22 taxpayer may desire to produce at that time and afford the  
23 opportunity to other interested persons to produce evidence  
24 at the hearing. After the hearing, the department shall  
25 determine the true and correct appraisal and classification

1 of the land or improvements and notify the taxpayer of its  
2 determination. In the notification, the department must  
3 state its reasons for revising the classification or  
4 appraisal. When the proper appraisal and classification have  
5 been determined, the land shall be classified and the  
6 improvements appraised in the manner ordered by the  
7 department.

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

12 (a) the taxpayer has submitted his objection in  
13 writing; and

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

16 (5) A taxpayer's written objection to a classification  
17 or appraisal and the department's notification to the  
18 taxpayer of its determination and the reason for that  
19 determination are public records. Each county appraiser  
20 shall make the records available for inspection during  
21 regular office hours.

22 (6) (a) If any property owner feels aggrieved at the  
23 classification and/or the appraisal made by the department,  
24 he shall have the right to appeal to the county tax appeal  
25 board and then to the state tax appeal board, whose findings

1 shall be final subject to the right of review in the courts.  
 2 The property owner may appeal the base valuation and the  
 3 classification determination. A county tax appeal board or  
 4 the state tax appeal board may consider the actual selling  
 5 price of the property, independent appraisals of the  
 6 property, and other relevant information presented by the  
 7 taxpayer as evidence of the market value of the property. If  
 8 the county tax appeal board or the state tax appeal board  
 9 determines that an adjustment should be made, the department  
 10 shall adjust the base value of the property in accordance  
 11 with the board's order. If any percentage adjustment  
 12 required by the sales assessment ratio study provided in  
 13 15-7-111 is applied to the base value, the valuation of the  
 14 property for the current year must be the same as the  
 15 board's determination of market value and the property must  
 16 continue to be assessed in the area designated by the  
 17 department.

18 (b) If a property owner feels aggrieved by either the  
 19 percentage adjustment or the area designation established by  
 20 the department pursuant to 15-7-111, he may, within 60 days  
 21 of the date the rules provided for in subsection (7) are  
 22 adopted to implement 15-7-111(4)(b), file suit seeking a  
 23 declaratory judgment action to review the department's  
 24 determination of the percentage adjustment or area  
 25 designation.

1 (c) The district court shall consolidate all such  
 2 actions brought by property owners into one proceeding. If  
 3 the suit encompasses more than one judicial district, the  
 4 venue for action is the first judicial district of Lewis and  
 5 Clark County.

6 (d) During the pendency of the action, the court may  
 7 not restrain or enjoin the department from implementing  
 8 either the percentage adjustments or area designations made  
 9 by the department, but the court may direct that the  
 10 increase in the property owner's tax be paid into the  
 11 property tax protest fund of the county in which the  
 12 property is located. Upon final judgment, the court may  
 13 order all or a portion of the protested tax to be refunded  
 14 to the property owner or such other remedy as the court  
 15 considers appropriate.

16 (7) The percentage adjustments, stratum, and area  
 17 designations must be adopted by administrative rule. An  
 18 annual hearing must be held to accept testimony on the  
 19 percentage adjustments, stratum, and area designations. The  
 20 department shall present its findings and the proposed rules  
 21 to the revenue oversight committee.

22 15-7-102. (Effective July 1, 1993) Notice of  
 23 classification and appraisal to owners -- appeals. (1) It  
 24 shall be the duty of the department of revenue, through its  
 25 agent as specified in subsection (2), to cause to be mailed

1 to each owner and purchaser under contract for deed a notice  
 2 of the classification of the land owned or being purchased  
 3 by him and the appraisal of the improvements on the land  
 4 only if one or more of the following changes pertaining to  
 5 the land or improvements have been made since the last  
 6 notice:

- 7 (a) change in ownership;  
 8 (b) change in classification;  
 9 (c) change in valuation; or  
 10 (d) addition or subtraction of ~~personal~~ property  
 11 improvements affixed to the land.

12 (2) (a) The county assessor shall assign each  
 13 assessment to the correct owner or purchaser under contract  
 14 for deed and mail the notice of classification and appraisal  
 15 on a standardized form, adopted by the department,  
 16 containing sufficient information in a comprehensible manner  
 17 designed to fully inform the taxpayer as to the  
 18 classification and appraisal of his property and of changes  
 19 over the prior tax year.

20 (b) If the valuation of the property described in  
 21 subsection (1) increased from the prior tax year, the notice  
 22 must include the following information:

- 23 (i) the valuation of the property in the prior tax  
 24 year; and  
 25 (ii) a statement showing the amount of taxes that would

1 be due on the property in the current tax year if the  
 2 property were subject to the same mill levies imposed in the  
 3 prior tax year.

4 (3) If the owner of any land and improvements is  
 5 dissatisfied with the appraisal as it reflects the market  
 6 value of the property as determined by the department or  
 7 with the classification of his land or improvements, he may  
 8 submit his objection in writing to the department's agent.  
 9 In an objection to the appraisal of the property, the  
 10 department may consider the actual selling price of the  
 11 property, independent appraisals of the property, and other  
 12 relevant information presented by the taxpayer as evidence  
 13 of the market value of the property. The department shall  
 14 give reasonable notice to the taxpayer of the time and place  
 15 of hearing and hear any testimony or other evidence that the  
 16 taxpayer may desire to produce at that time and afford the  
 17 opportunity to other interested persons to produce evidence  
 18 at the hearing. After the hearing, the department shall  
 19 determine the true and correct appraisal and classification  
 20 of the land or improvements and notify the taxpayer of its  
 21 determination. In the notification, the department must  
 22 state its reasons for revising the classification or  
 23 appraisal. When the proper appraisal and classification have  
 24 been determined, the land shall be classified and the  
 25 improvements appraised in the manner ordered by the

1 department.

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

6 (a) the taxpayer has submitted his objection in  
7 writing; and

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

10 (5) A taxpayer's written objection to a classification  
11 or appraisal and the department's notification to the  
12 taxpayer of its determination and the reason for that  
13 determination are public records. Each county appraiser  
14 shall make the records available for inspection during  
15 regular office hours.

16 (6) (a) If any property owner feels aggrieved at the  
17 classification and/or the appraisal made by the department,  
18 he shall have the right to appeal to the county tax appeal  
19 board and then to the state tax appeal board, whose findings  
20 shall be final subject to the right of review in the courts.  
21 The property owner may appeal the base valuation and the  
22 classification determination. A county tax appeal board or  
23 the state tax appeal board may consider the actual selling  
24 price of the property, independent appraisals of the  
25 property, and other relevant information presented by the

1 taxpayer as evidence of the market value of the property. If  
2 the county tax appeal board or the state tax appeal board  
3 determines that an adjustment should be made, the department  
4 shall adjust the base value of the property in accordance  
5 with the board's order. If any percentage adjustment  
6 required by the sales assessment ratio study provided in  
7 15-7-111 is applied to the base value, the valuation of the  
8 property for the current year must be the same as the  
9 board's determination of market value and the property must  
10 continue to be assessed in the area designated by the  
11 department.

12 (b) If a property owner feels aggrieved by either the  
13 percentage adjustment or the area designation established by  
14 the department pursuant to 15-7-111, he may, within 60 days  
15 of the date the rules provided for in subsection (7) are  
16 adopted to implement 15-7-111(4)(b), file suit seeking a  
17 declaratory judgment action to review the department's  
18 determination of the percentage adjustment or area  
19 designation.

20 (c) The district court shall consolidate all such  
21 actions brought by property owners into one proceeding. If  
22 the suit encompasses more than one judicial district, the  
23 venue for action is the first judicial district of Lewis and  
24 Clark County.

25 (d) During the pendency of the action, the court may

1 not restrain or enjoin the department from implementing  
 2 either the percentage adjustments or area designations made  
 3 by the department, but the court may direct that the  
 4 increase in the property owner's tax be paid into the  
 5 property tax protest fund of the county in which the  
 6 property is located. Upon final judgment, the court may  
 7 order all or a portion of the protested tax to be refunded  
 8 to the property owner or such other remedy as the court  
 9 considers appropriate.

10 15-7-102. (Effective January 1, 1994) Notice of  
 11 classification and appraisal to owners -- appeals. (1) It  
 12 shall be the duty of the department of revenue, through its  
 13 agent as specified in subsection (2), to cause to be mailed  
 14 to each owner and purchaser under contract for deed a notice  
 15 of the classification of the land owned or being purchased  
 16 by him and the appraisal of the improvements on the land  
 17 only if one or more of the following changes pertaining to  
 18 the land or improvements have been made since the last  
 19 notice:

- 20 (a) change in ownership;
- 21 (b) change in classification;
- 22 (c) change in valuation; or
- 23 (d) addition or subtraction of ~~personal~~ property  
 24 improvements affixed to the land.

25 (2) The county assessor shall assign each assessment to

1 the correct owner or purchaser under contract for deed and  
 2 mail the notice of classification and appraisal on a  
 3 standardized form, adopted by the department, containing  
 4 sufficient information in a comprehensible manner designed  
 5 to fully inform the taxpayer as to the classification and  
 6 appraisal of his property and of changes over the prior tax  
 7 year.

8 (3) If the owner of any land and improvements is  
 9 dissatisfied with the appraisal as it reflects the market  
 10 value of the property as determined by the department or  
 11 with the classification of his land or improvements, he may  
 12 submit his objection in writing to the department's agent.  
 13 In an objection to the appraisal of the property, the  
 14 department may consider the actual selling price of the  
 15 property, independent appraisals of the property, and other  
 16 relevant information presented by the taxpayer as evidence  
 17 of the market value of the property. The department shall  
 18 give reasonable notice to the taxpayer of the time and place  
 19 of hearing and hear any testimony or other evidence that the  
 20 taxpayer may desire to produce at that time and afford the  
 21 opportunity to other interested persons to produce evidence  
 22 at the hearing. After the hearing, the department shall  
 23 determine the true and correct appraisal and classification  
 24 of the land or improvements and notify the taxpayer of its  
 25 determination. In the notification, the department must



1 state its reasons for revising the classification or  
2 appraisal. When the proper appraisal and classification have  
3 been determined, the land shall be classified and the  
4 improvements appraised in the manner ordered by the  
5 department.

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

10 (a) the taxpayer has submitted his objection in  
11 writing; and

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

14 (5) A taxpayer's written objection to a classification  
15 or appraisal and the department's notification to the  
16 taxpayer of its determination and the reason for that  
17 determination are public records. Each county appraiser  
18 shall make the records available for inspection during  
19 regular office hours.

20 (6) If any property owner feels aggrieved at the  
21 classification and/or the appraisal made by the department,  
22 he shall have the right to appeal to the county tax appeal  
23 board and then to the state tax appeal board, whose findings  
24 shall be final subject to the right of review in the courts.  
25 The property owner may appeal the base valuation and the

1 classification determination. A county tax appeal board or  
2 the state tax appeal board may consider the actual selling  
3 price of the property, independent appraisals of the  
4 property, and other relevant information presented by the  
5 taxpayer as evidence of the market value of the property. If  
6 the county tax appeal board or the state tax appeal board  
7 determines that an adjustment should be made, the department  
8 shall adjust the base value of the property in accordance  
9 with the board's order."

10 **Section 97.** Section 15-8-104, MCA, is amended to read:

11 **"15-8-104. Department audit of taxable value -- costs**  
12 **of audit paid by department.** (1) When in the judgment of the  
13 director of revenue it is necessary, audits may be made for  
14 the purpose of determining the taxable value of net proceeds  
15 of mines and oil and gas wells and all other types of  
16 property subject to ad valorem taxation.

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

25 {3} The cost of any audit performed under subsection

1 (1) ~~or-(2)~~ shall be paid by the department."

2 **Section 98.** Section 15-8-106, MCA, is amended to read:

3 "15-8-106. Assessor certification training and  
4 continuing education. (1) The department of revenue shall  
5 conduct annual assessor certification training and  
6 continuing education. The cost of conducting such education  
7 must be borne by the department. The department shall pay  
8 the mileage and per diem of each assessor and each  
9 assessor-elect attending.

10 (2) The annual assessor certification training  
11 includes:

- 12 (a) ~~personal~~ property assessment training;  
13 (b) training in fundamentals of real property appraisal  
14 in the course I format of the international association of  
15 assessing officers; and  
16 (c) training in property tax administration, personnel  
17 management, fiscal management, public relations, assessor  
18 ethics, and related public management principles.

19 (3) The annual assessor continuing education must  
20 include 18 hours of advanced training covering the subjects  
21 described in subsection (2).

22 (4) An assessor shall satisfactorily complete 18 hours  
23 of advanced training within a 3-year period.

24 (5) The department shall issue an assessor a document  
25 acknowledging that he is a certified assessor upon his

1 satisfactory completion of the training in subsection (2)  
2 and 18 months' service as an elected or appointed assessor."

3 **Section 99.** Section 15-8-111, MCA, is amended to read:

4 "15-8-111. Assessment -- market value standard --  
5 exceptions. (1) All taxable property must be assessed at  
6 100% of its market value except as otherwise provided.

7 (2) (a) Market value is the value at which property  
8 would change hands between a willing buyer and a willing  
9 seller, neither being under any compulsion to buy or to sell  
10 and both having reasonable knowledge of relevant facts.

11 (b) If the department uses construction cost as one  
12 approximation of market value, the department shall fully  
13 consider reduction in value caused by depreciation, whether  
14 through physical depreciation, functional obsolescence, or  
15 economic obsolescence.

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

25 (3) The department of revenue or its agents may not

1 adopt a lower or different standard of value from market  
2 value in making the official assessment and appraisal of the  
3 value of property, except:

4 ~~{a}--the-wholesale-value-for-agricultural-implements-and~~  
5 ~~machinery--is-the-loan-value-as-shown-in-the-official-Guide,~~  
6 ~~Tractor-and-Farm-Equipment,~~ published by the national farm  
7 ~~and---power---equipment---dealers---association,~~ St. Louis,  
8 Missouri;

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

13 {c} as otherwise authorized in Title 15 and Title 61.

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

16 (5) The taxable value for all property is the  
17 percentage of market or assessed value established for each  
18 class of property.

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

21 (a) Properties in 15-6-131, under class one, are  
22 assessed at 100% of the annual net proceeds after deducting  
23 the expenses specified and allowed by 15-23-503 or, if  
24 applicable, as provided in 15-23-515 or 15-23-516.

25 (b) Properties in 15-6-132, under class two, are

1 assessed at 100% of the annual gross proceeds.

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

7 (d) Beginning January 1, 1990, and ending December 31,  
8 1993, properties in 15-6-143, under class ten, are assessed  
9 at 100% of the combined appraised value of the standing  
10 timber and grazing productivity of the land when valued as  
11 timberland.

12 (e) Beginning January 1, 1994, properties in 15-6-143,  
13 under class ten, are assessed at 100% of the forest  
14 productivity value of the land when valued as forest land.

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

17 (a) ownership of the improvements is different from  
18 ownership of the land;

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

20 (c) the land is outside an incorporated city or town.  
21 (Subsection (6)(d) terminates January 1, 1994--sec. 19, Ch.  
22 783, L. 1991.)"

23 **Section 100.** Section 15-8-201, MCA, is amended to read:

24 "15-8-201. General assessment day. (1) The department  
25 of revenue or its agent must, between January 1 and the

1 second Monday of July in each year, ascertain the names of  
 2 all taxable inhabitants and assess all property subject to  
 3 taxation in each county. The department or its agent must  
 4 assess property to the person by whom it was owned or  
 5 claimed or in whose possession or control it was at midnight  
 6 of January 1 next preceding. It must also ascertain and  
 7 assess all mobile homes arriving in the county after  
 8 midnight of January 1 next preceding that became  
 9 improvements to real property. No mistake in the name of the  
 10 owner or supposed owner of real property, however, renders  
 11 the assessment invalid.

12 (2) The procedure provided by this section may not  
 13 apply to:

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

17 (b) motor homes, travel trailers, and campers;

18 (c) watercraft;

19 (d) livestock;

20 (e) property defined in 61-1-104 as "special mobile  
 21 equipment" that is subject to assessment for personal  
 22 property taxes on the date that application is made for a  
 23 special mobile equipment plate;

24 (f) mobile homes held by a distributor or dealer of  
 25 mobile homes as a part of his stock in trade; and

1 (g) property subject to the provisions of 15-16-203.

2 (3) Credits must be assessed as provided in  
 3 15-1-101(1)(f)."

4 **Section 101.** Section 15-8-301, MCA, is amended to read:

5 "15-8-301. Statement -- what to contain. (1) The  
 6 department of revenue or its agent must require from each  
 7 person a statement under oath setting forth specifically all  
 8 the real ~~and-personal~~ property and improvements owned by  
 9 such person or in his possession or under his control at  
 10 midnight on January 1. Such statement must be in writing,  
 11 showing separately:

12 (a) all property belonging to, claimed by, or in the  
 13 possession or under the control or management of such  
 14 person;

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

18 (c) all property belonging to, claimed by, or in the  
 19 possession or under the control or management of any  
 20 corporation of which such person is president, secretary,  
 21 cashier, or managing agent;

22 (d) the county in which such property is situated or in  
 23 which it is liable to taxation and (if liable to taxation in  
 24 the county in which the statement is made) also the city,  
 25 town, school district, road district, or other revenue

1 districts in which it is situated;

2 (e) an exact description of all lands in parcels or  
3 subdivisions not exceeding 640 acres each and the sections  
4 and fractional sections of all tracts of land containing  
5 more than 640 acres which have been sectionized by the  
6 United States government; improvements ~~and---personal~~  
7 ~~property~~; all taxable state, county, city, or other  
8 municipal or public bonds and the taxable bonds of any  
9 person, firm, or corporation and deposits of money, gold  
10 dust, or other valuables and the names of the persons with  
11 whom such deposits are made and the places in which they may  
12 be found; all mortgages, deeds of trust, contracts, and  
13 other obligations by which a debt is secured and the  
14 property in the county affected thereby;

15 (f) all solvent credits, secured or unsecured, due or  
16 owing to such person or any firm of which he is a member or  
17 due or owing to any corporation of which he is president,  
18 secretary, cashier, or managing agent;

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

23 (2) Whenever one member of a firm or one of the proper  
24 officers of a corporation has made a statement showing the  
25 property of the firm or corporation, another member of the

1 firm or another officer need not include such property in  
2 the statement made by him but this statement must show the  
3 name of the person or officer who made the statement in  
4 which such property is included.

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

8 **Section 102.** Section 15-8-405, MCA, is amended to read:

9 "15-8-405. Street railroads, bridges, and ferries.  
10 Street railroads and bridges and ferries and their  
11 franchises owned by persons or corporations must be listed  
12 and assessed in the county, town, or district where such  
13 property or any portion thereof is located, ~~and the track of~~  
14 ~~the railroad and the bridge are personal property."~~

15 **Section 103.** Section 15-8-407, MCA, is amended to read:

16 "15-8-407. Railroads and other franchises. (1) The  
17 franchise, roadway, roadbed, rails, ~~rolling-stock~~, and all  
18 other operating taxable property of all railroads operated  
19 in more than one county or more than one state must be  
20 assessed by the department of revenue as hereinafter  
21 provided.

22 (2) Other franchises, if granted by the authorities of  
23 a county or city, must be assessed in the county or city  
24 within which they were granted; if granted by any other  
25 authority, they must be assessed in the county in which the

1 corporations, firms, or persons owning or holding them have  
2 their principal place of business."

3 **Section 104.** Section 15-8-701, MCA, is amended to read:

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

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

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

19 (a) the name of the person to whom the property is  
20 assessed;

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

1 640 acres, locality, and the improvements thereon;

2 (c) city and town lots, naming the city or town and the  
3 number of the lot and block, according to the system of  
4 numbering in such city or town, and the value of same with  
5 improvements thereon;

6 (d) all taxable personal-property improvements, showing  
7 the number, kind, amount, and quality; but a failure to  
8 enumerate in detail such personal-property improvements does  
9 not invalidate the assessment;

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

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

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

25 (h) ~~the assessed value of all taxable personal~~

1 property;

2 {i} the school, road, and other revenue districts in  
3 which each piece of property assessed is situated;

4 {j}{i) the total assessed value of all property."

5 **Section 105.** Section 15-8-706, MCA, is amended to read:

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

10 {a)--the-several-kinds-of-personal-property;

11 {b)--the-average-and-total-value-of-each-kind;

12 {c)--the-number-of-livestock;

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

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

21 **Section 106.** Section 15-10-106, MCA, is amended to  
22 read:

23 "15-10-106. (Temporary) Tax levy for university system.  
24 There is levied upon the taxable value of all real-and  
25 personal property subject to taxation in the state of

1 Montana 6 mills or so much thereof as is necessary to raise  
2 the amount appropriated by the legislature from the state  
3 special revenue fund for the support, maintenance, and  
4 improvement of the Montana university system, as provided in  
5 referendum measure No. 106 passed by vote of the people at  
6 the general election held November 8, 1988. The funds raised  
7 from the levy must be deposited in the state special revenue  
8 fund. (Terminates January 1, 1999--sec. 3, Ch. 588, L.  
9 1989.)"

10 **Section 107.** Section 15-10-302, MCA, is amended to  
11 read:

12 "15-10-302. County clerk -- duplicate statement. The  
13 county clerk and recorder shall, on or before the second  
14 Monday in August of each year, prepare from the assessment  
15 book of such year, as corrected by the department of revenue  
16 or its agent, duplicate statements showing in separate  
17 columns:

18 (1) the total value of all property;

19 (2) the value of real estate, including mining claims,  
20 stated separately;

21 (3) the value of the improvements thereon; and

22 (4) the-value-of-taxable-personal-property;

23 {5} the number of acres of land and the number of  
24 mining claims, stated separately."

25 **Section 108.** Section 15-16-117, MCA, is amended to

1 read:

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

11 (2) These taxes must be added upon the assessment lists  
12 to other property taxes of persons paying taxes upon real  
13 ~~and--personal~~ property and improvements and paid to the  
14 county treasurer at the time of payment of other taxes.

15 (3) The procedure for the sale of such property by the  
16 county treasurer for such taxes must be regulated by  
17 ~~15-16-113 and~~ 15-17-911.

18 (4) The provisions of this section do not apply to  
19 property for which delinquent property taxes have been  
20 suspended or canceled under the provisions of Title 15,  
21 chapter 24, part 17."

22 **Section 109.** Section 15-16-202, MCA, is amended to  
23 read:

24 "15-16-202. Boats, snowmobiles, and motor vehicles --  
25 payment of current and back taxes and fees. (1) The fee in

1 ~~lieu-of-personal-property--taxes~~ assessed against a boat  
2 pursuant to 23-2-517 for the year in which application for  
3 decals is made and the immediately previous year must be  
4 paid before license decals may be issued pursuant to  
5 23-2-515.

6 (2) The fee ~~in--lieu--of--tax~~ imposed on a snowmobile  
7 pursuant to 23-2-615.1 for the year in which application for  
8 registration is made and the immediately previous year must  
9 be paid before a snowmobile may be registered pursuant to  
10 23-2-616.

11 (3) Except for mobile homes as defined in 15-1-101, the  
12 new motor vehicle sales tax and the ~~personal-property~~ tax or  
13 ~~fee in lieu-of-tax~~ imposed or assessed against a motor  
14 vehicle for the current year and the immediately previous  
15 year must be paid before a motor vehicle may be registered  
16 or reregistered pursuant to 61-3-303.

17 (4) The provisions of subsections 1 through 3 do not  
18 require payment of the immediately previous year's taxes or  
19 fees if such taxes or fees have already been paid."

20 **Section 110.** Section 15-16-401, MCA, is amended to  
21 read:

22 "15-16-401. Tax due as a judgment or lien. Unless  
23 suspended or canceled under the provisions of Title 15,  
24 chapter 24, part 17, every tax has the effect of a judgment  
25 against the person, and every lien created by this title has



1 the force and effect of an execution duly levied against all  
 2 ~~personal~~ property in the possession of the person assessed  
 3 from and after the date the assessment is made. The county  
 4 treasurer may issue a writ of execution for delinquent  
 5 ~~personal~~ property taxes, unless suspended or canceled under  
 6 the provisions of Title 15, chapter 24, part 17, and deliver  
 7 the writ to the sheriff. The sheriff shall thereupon proceed  
 8 upon the writ in all respects, with like effect, and in the  
 9 same manner prescribed by law in respect to executions  
 10 issued against property upon judgments of a court of record  
 11 and shall be entitled to the fees provided for in 15-17-911.  
 12 The judgment is not satisfied nor the lien removed until the  
 13 taxes are paid or the property sold for the payment  
 14 thereof."

15 **Section 111.** Section 15-16-601, MCA, is amended to  
 16 read:

17 "15-16-601. Taxes or penalties illegally collected or  
 18 duplicate taxes to be refunded. (1) (a) A taxpayer is  
 19 entitled to a refund on:

20 (i) taxes, interest, penalties, or costs paid more than  
 21 once or erroneously or illegally collected if an appeal  
 22 pursuant to 15-1-402 was not available;

23 (ii) the taxes paid for which a refund is allowed under  
 24 15-16-612 ~~or 15-16-613~~; or

25 (iii) the portion of taxes paid that were mistakenly

1 computed on government bonus or subsidy received by the  
 2 taxpayer.

3 (b) Subject to the provisions in subsections (4) and  
 4 (5), the county treasurer may, by order of the board of  
 5 county commissioners, pay the refund to the taxpayer.

6 (2) (a) The refund applies to any payment that has been  
 7 made to the state treasurer as provided in 15-1-504 if the  
 8 board of county commissioners determines that a portion of  
 9 the money paid should be refunded as provided in this  
 10 section.

11 (b) The board of county commissioners may order the  
 12 county treasurer to refund to the taxpayer the portion of  
 13 the taxes, interest, penalties, and costs paid to the state  
 14 treasurer.

15 (c) The county clerk and recorder shall, at the time  
 16 for filing the report required by 15-1-505, certify to the  
 17 state auditor, in the form as the state auditor may  
 18 prescribe, the amounts refunded. In the next settlement of  
 19 the county treasurer with the state, the state auditor shall  
 20 give the county treasurer credit for the state's portion of  
 21 the amounts refunded.

22 (3) When a part of the taxes, interest, penalties, or  
 23 costs referred to in this section were levied in behalf of a  
 24 school district or municipal or other public corporation and  
 25 collected by the county treasurer, the taxes must be

1 refunded upon the order of the board of county  
2 commissioners.

3 (4) (a) An order for the refund of any taxes, interest,  
4 penalties, or costs under this section may not be made  
5 except upon a claim filed by the taxpayer who has paid the  
6 taxes, interest, penalties, or costs or his guardian or, in  
7 case of his death, by his executor or administrator.

8 (b) A taxpayer may file a claim for taxes, interest,  
9 penalties, or costs paid during the immediately preceding 10  
10 years after the date when the second half of the taxes would  
11 have become delinquent if the taxes had not been paid.

12 (c) Except as provided in subsections (6) and (7), if a  
13 refund pursuant to subsection (1) is ordered, the board of  
14 county commissioners shall order a refund for taxes  
15 illegally collected or for any duplicate taxes paid during  
16 the immediately preceding 10 years regardless of when the  
17 taxes were first illegally collected or when the duplicate  
18 taxes were first paid.

19 (5) (a) In the order to refund taxes as provided in  
20 subsection (4)(c), the board of county commissioners shall  
21 determine the method of repayment. The board may:

22 (i) refund the entire amount due the taxpayer within 60  
23 days after the date of the order; or

24 (ii) refund the amount due the taxpayer in annual  
25 installments, for a period not to exceed 10 years.

1 (b) If the refund is made in annual installments as  
2 provided in subsection (5)(a)(ii), the taxpayer is entitled  
3 to interest on the unpaid balance at the greatest interest  
4 rate in effect on October 1 of each year of the installment  
5 period received on public money invested by the county as  
6 provided in Title 7, chapter 6, part 2; Title 7, chapter 6,  
7 part 27; or 17-6-204.

8 (c) In satisfying the requirements of subsection  
9 (5)(a)(ii), the first annual installment must be paid within  
10 60 days after the date of the order by the board of county  
11 commissioners. Subsequent annual installments must be paid  
12 on the first business day following October 1 of the year  
13 the installment is due.

14 (d) The treasurer shall bill and the taxing  
15 jurisdiction shall refund to the treasurer that portion of  
16 the annual installment of the taxpayer refund and costs for  
17 which the taxing jurisdiction is proratably responsible.

18 (6) The board of county commissioners shall refund any  
19 tax, penalty, or interest collected as a result of an error  
20 in the description or location of real property or  
21 improvements or for any duplicate taxes paid as determined  
22 by the department of revenue. The refund is subject to the  
23 provisions of subsections (4) and (5).

24 (7) The board of county commissioners shall refund any  
25 net or gross proceeds tax, penalty, or interest when the

1 department of revenue notifies the board that an overpayment  
2 occurred. The department shall determine the amount of  
3 overpayment. The refund is subject to the provisions of  
4 subsections (4) and (5), but no refund may be granted for  
5 any taxes paid more than 5 years prior to the date the claim  
6 was received.

7 (8) All refunds ordered to be paid by the board of  
8 county commissioners must be paid by the county treasurer  
9 out of the general fund of the county, and the county  
10 treasurer shall then make transfers from other county funds  
11 and from state, school district, and other public  
12 corporation funds in his possession as may be necessary to  
13 reimburse the county general fund for payments made from the  
14 fund.

15 (9) Upon the entering of judgment under 15-2-306, the  
16 county commissioners of the affected county shall order a  
17 refund of the portion of the taxes that the state tax appeal  
18 board has judged should be refunded."

19 **Section 112.** Section 15-16-611, MCA, is amended to  
20 read:

21 **"15-16-611. Reduction of property tax for property**  
22 **destroyed by natural disaster -- proration of taxes on**  
23 **replaced property.** (1) The department of revenue shall, upon  
24 showing by a taxpayer that some or all of the improvements  
25 on his real property ~~or a trailer or mobile home or that~~

1 ~~personal property taxed under Title 15, chapter 67, part 17~~  
2 ~~has~~ have been destroyed to such an extent that the  
3 improvements ~~or personal property has~~ have been rendered  
4 unsuitable for its previous use by natural disaster, adjust  
5 the 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 ~~or on personal property under 15-16-113 or 15-24-202~~ as  
10 provided in subsection (3) of this section.

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

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

17 (b) multiply the amount of tax levied and assessed on  
18 the adjusted taxable value of the property for the remainder  
19 of the year by the ratio that the number of days remaining  
20 in the year after the destruction of the property bears to  
21 365.

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

25 (5) A taxpayer receiving a reduction in taxes on

1 ~~personal--~~property improvements under this section shall  
 2 notify the department if he replaces the destroyed ~~personal~~  
 3 ~~property~~ improvement in the same tax year that the ~~personal~~  
 4 ~~property~~ improvement was destroyed. The tax on the ~~personal~~  
 5 ~~property~~ improvement replacing the destroyed ~~personal~~  
 6 ~~property~~ improvement must be prorated according to the ratio  
 7 that the number of days remaining in the year after the  
 8 property was replaced bears to 365. A taxpayer who fails to  
 9 notify the department within 30 days from the date of the  
 10 replacement of the ~~personal~~-~~property~~ improvement is subject  
 11 to the penalty prescribed in 15-1-303.

12 (6) For the purposes of this section, "natural  
 13 disaster" includes but is not limited to fire, flood,  
 14 earthquake, or wind. A fire is considered a natural disaster  
 15 regardless of the origin of the fire. However, if the  
 16 taxpayer is convicted of arson for burning the property,  
 17 property taxes may not be adjusted. If they had already been  
 18 adjusted prior to the conviction, the original amount must  
 19 be collected."

20 **Section 113.** Section 15-17-121, MCA, is amended to  
 21 read:

22 "15-17-121. Definitions. Except as otherwise  
 23 specifically provided, when terms mentioned in Title 15,  
 24 chapters 17 and 18, are used in connection with taxation,  
 25 they are defined in the following manner:

1 (1) "Certificate" or "tax sale certificate" means the  
 2 document described in 15-17-212.

3 (2) (a) "Cost" means the cost incurred by the county as  
 4 a result of a taxpayer's failure to pay taxes when due. It  
 5 includes but is not limited to any actual out-of-pocket  
 6 expenses incurred by the county plus the administrative cost  
 7 of:

8 (i) preparing the list of delinquent taxes;

9 (ii) preparing the notice of pending tax sale;

10 (iii) conducting the tax sale;

11 (iv) assigning the county's interest in a tax lien to a  
 12 third party;

13 (v) identifying interested persons entitled to notice  
 14 of the pending issuance of a tax deed;

15 (vi) notifying interested persons;

16 (vii) issuing the tax deed; and

17 (viii) any other administrative task associated with  
 18 accounting for or collecting delinquent taxes.

19 (b) Cost does not include the costs incurred by the  
 20 owner of a property tax lien other than the county.

21 (3) "County" means any county government and includes  
 22 those classified as consolidated governments.

23 (4) "Property tax lien" means a lien acquired by the  
 24 payment at a tax sale of all outstanding delinquent taxes,  
 25 including penalties, interest, and costs.

1 (5) "Purchaser" means any person, other than the person  
2 to whom the property is assessed, who pays at the tax sale  
3 the delinquent taxes, including penalties, interest, and  
4 costs, and receives a certificate representing a lien on the  
5 property or who is otherwise listed as the purchaser. An  
6 assignee is a purchaser.

7 (6) "Tax", "taxes", or "property taxes" means all ad  
8 valorem property taxes, property assessments, fees related  
9 to property, and assessments for special improvement  
10 districts and rural special improvement districts.

11 (7) "Tax sale" means:

12 ~~(a) with respect to real property and improvements, the~~  
13 offering for sale by the county treasurer of a property tax  
14 lien representing delinquent taxes, including penalties,  
15 interest, and costs; and

16 ~~(b) with respect to personal property, the offering for~~  
17 ~~sale by the county treasurer of personal property on which~~  
18 ~~the taxes are delinquent or other personal property on which~~  
19 ~~the delinquent taxes are a lien."~~

20 **Section 114.** Section 15-17-911, MCA, is amended to  
21 read:

22 "15-17-911. Sale of personal property for delinquent  
23 taxes -- fee -- disposition of proceeds -- unsold property.

24 (1) The tax on personal property may be collected and  
25 payment enforced by the seizure and sale of any personal

1 property in the possession of the person assessed. Seizure  
2 and sale are authorized at any time after the date the taxes  
3 become delinquent or by the institution of a civil action  
4 for its collection in any court of competent jurisdiction. A  
5 resort to one method does not bar the right to resort to any  
6 other method. Any of the methods provided may be used until  
7 the full amount of the tax is collected.

8 (2) The provisions of ~~15-16-113~~ and this section apply  
9 to a seizure and sale under subsection (1).

10 (3) A sale under subsection (1) must be at public  
11 auction. The minimum bid for any property offered for sale  
12 must be of a sufficient amount to pay the delinquent taxes,  
13 including penalties, interest, and costs.

14 (4) For seizing and selling personal property, the  
15 treasurer shall charge \$25, plus the mileage allowance  
16 provided by law to the sheriff, plus reasonable expenses for  
17 seizing, handling, keeping, or caring for any property so  
18 seized. The charge and other costs may be charged only when  
19 property is actually seized and offered for sale or sold.

20 (5) On payment of the price bid for any property sold  
21 as provided in this section, delivery of the property, with  
22 a bill of sale, vests the title of the property in the  
23 purchaser.

24 (6) (a) All money collected from the sale of property  
25 in liquidation of the delinquency, including delinquent

1 taxes, penalties, and interest but not costs, must be  
2 credited by the treasurer to the appropriate funds.

3 (b) Any money collected in excess of the delinquent  
4 tax, penalties, interest, costs, and charges must be  
5 returned to the person owning the property prior to the  
6 sale, if known. If the person does not claim the excess  
7 immediately following the sale, the treasurer shall deposit  
8 the money in the county treasury for a period of 1 year from  
9 the date of sale. If the person has not claimed the excess  
10 within 1 year from the date of sale, the county treasurer  
11 shall deposit the amount in the county general fund and the  
12 person has no claim to it thereafter.

13 (7) Any property seized for the purpose of liquidating  
14 a delinquency by a tax sale that remains unsold following a  
15 sale may be left at the place of sale at the risk of the  
16 owner.

17 (8) The provisions of this section do not apply to  
18 property for which delinquent property taxes have been  
19 suspended or canceled under the provisions of Title 15,  
20 chapter 24, part 17."

21 **Section 115.** Section 15-18-213, MCA, is amended to  
22 read:

23 "15-18-213. Form of tax deed -- prima facie evidence.

24 (1) The form of a tax deed issued under the provisions of  
25 this chapter, executed by a county treasurer, must be made

1 in substance as follows:

2 This deed is made by ..... (name of county  
3 treasurer), county treasurer of the county of .....  
4 (name of county), in the state of Montana, to .....  
5 (name of purchaser, his agent, or assignee), as provided by  
6 the laws of the state of Montana:

7 Whereas, there was assessed for ..... (year) the  
8 following real property ..... (description of the  
9 property); and

10 Whereas, the taxes for ..... (year) levied against  
11 the property amounted to \$.....; and

12 Whereas, the taxes were not paid and a property tax lien  
13 for the payment of the taxes attached and was sold to  
14 ..... (name of purchaser or his agent or assignee) on  
15 ..... (date, including year) for the sum of  
16 \$....., which amount included delinquent taxes in the  
17 amount of \$....., penalties in the amount of  
18 \$....., interest in the amount of \$....., and  
19 other costs in the amount of \$.....; and

20 Whereas, a tax sale certificate was duly issued and  
21 filed or the sale otherwise recorded as required by law; and

22 Whereas, not less than 60 days or more than 90 days  
23 prior to this date, notice was given to interested parties  
24 that the issuance of a tax deed was pending.

25 Now, therefore, I, ..... (treasurer's name), county

1 treasurer of the county of ....., in the state of  
2 Montana, in consideration of the sum of \$..... paid,  
3 hereby grant to ..... (name of purchaser or his agent  
4 or assignee) all the property situated in ..... County,  
5 state of Montana, described hereinabove.

6 Witness my hand on this date ..... (date, including  
7 year).

8 ..... County Treasurer

9 ..... County

10 (2) A tax deed executed in substantially the form  
11 provided in subsection (1) is prima facie evidence that:

12 (a) the property was assessed as required by law;

13 (b) the taxes were levied in accordance with law;

14 (c) the taxes were not paid when due;

15 (d) notice of tax sale was given and a property tax  
16 lien was sold at the proper time and place as provided by  
17 law;

18 (e) the property was not redeemed, and proper notice of  
19 a pending tax deed issuance was made as required by law; and

20 (f) the person who executed the deed was legally  
21 authorized to do so; and

22 ~~(g) if the real property was sold to pay delinquent~~  
23 ~~taxes on personal property, the real property belonged to~~  
24 ~~the person liable to pay the personal property tax."~~

25 Section 116. Section 15-23-101, MCA, is amended to

1 read:

2 "15-23-101. Properties centrally assessed. The  
3 department of revenue shall centrally assess each year:

4 (1) the franchise, roadway, roadbeds, rails, ~~rotting~~  
5 ~~stock~~, and all other ~~operating~~ taxable property of railroads  
6 operating in more than one county in the state or more than  
7 one state;

8 (2) property owned by a corporation or other person  
9 operating a single and continuous property operated in more  
10 than one county or more than one state, including telegraph,  
11 telephone, microwave, electric power or transmission lines;  
12 natural gas or oil pipelines; canals, ditches, flumes, or  
13 like properties and including, 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, property constructed, owned, or operated  
17 by a public agency created by the congress to transmit or  
18 distribute electric energy produced at privately owned  
19 generating facilities (not including rural electric  
20 cooperatives);

21 (3) all taxable property of scheduled airlines;

22 (4) the net proceeds of mines and of oil and gas wells;

23 (5) the gross proceeds of coal mines; and

24 (6) property described in subsections (1) and (2) which  
25 is subject to the provisions of Title 15, chapter 24, part

1 12."

2 **Section 117.** Section 15-23-201, MCA, is amended to  
3 read:

4 "15-23-201. Assessment of railroads. The president,  
5 secretary, or managing agent or such other officer as the  
6 department of revenue may designate of any corporation and  
7 each person or association of persons owning or operating  
8 any railroad in more than one county in this state or more  
9 than one state must on or before April 15 each year furnish  
10 the department a statement signed and sworn to by one of  
11 such officers or by the person or one of the persons forming  
12 such association, showing in detail for the year ending  
13 December 31 immediately preceding:

14 (1) the whole number of miles of railroad in the state  
15 and, where the line is partly out of the state, the whole  
16 number of miles without the state and the whole number  
17 within the state, owned or operated by such corporation,  
18 person, or association;

19 (2) the value of the roadway, roadbed, and rails of the  
20 whole railroad and the value of the same within the state;

21 (3) the width of the right-of-way;

22 (4) ~~the number of each kind of all rolling stock used~~  
23 ~~by such corporation, person, or association in operating the~~  
24 ~~entire railroad, including the part without the state;~~

25 ~~(5) the number, kind, and value of rolling stock owned~~

1 and operated in the state;

2 ~~(6) the number, kind, and value of rolling stock used~~  
3 ~~in the state but not owned by the party making the returns;~~

4 ~~(7) the number, kind, and value of rolling stock owned~~  
5 ~~but used out of the state, either upon divisions of road~~  
6 ~~operated by the party making the returns or by and upon~~  
7 ~~other railroads;~~

8 ~~(8) the whole number of sidetracks in each county,~~  
9 ~~including the number of miles of track in each railroad yard~~  
10 ~~in the state;~~

11 ~~(9) the number of each kind of rolling stock used in~~  
12 ~~operating the entire railroad, including the part without~~  
13 ~~the state, which must include a detailed statement of the~~  
14 ~~number and value thereof of all engines, passenger, mail,~~  
15 ~~express, baggage, freight, and other cars, or property owned~~  
16 ~~or leased by such corporation, person, or association;~~

17 ~~(10) the number of sleeping and dining cars not owned by~~  
18 ~~such corporation, person, or association but used in~~  
19 ~~operating the railroads of such corporation, person, or~~  
20 ~~association in the state or on the line of the road without~~  
21 ~~the state during each month of the year for which the return~~  
22 ~~is made, also the number of miles each month the cars have~~  
23 ~~been run or operated within and without the state;~~

24 ~~(11) (5) a description of the road, giving the points of~~  
25 ~~entrance into and the points of exit from each county, with~~



1 a statement of the number of miles in each county. When a  
 2 description of the road has once been given, no other annual  
 3 description thereof is necessary unless the road has been  
 4 changed. Whenever the road or any portion of the road is  
 5 advertised to be sold or is sold for taxes, either state or  
 6 county, no other description is necessary than that given  
 7 by, and the same is conclusive upon, the person,  
 8 corporation, or association giving the description. No  
 9 assessment is invalid on account of a misdescription of the  
 10 railroad or the right-of-way for the same. If such statement  
 11 is not furnished as above provided, the assessment made by  
 12 the department upon the property of the corporation, person,  
 13 or association failing to furnish the statement is  
 14 conclusive and final.

15     †12†(6) the gross earnings of the entire road;

16     †13†(7) the gross earnings of the road within the state  
 17 and, if the railroad is let to other operators, how much was  
 18 derived by the lessor as rental;

19     †14†(8) the cost of operating the entire road, exclusive  
 20 of sinking fund, expenses of land department, and money paid  
 21 to the United States;

22     †15†(9) net income for such year and amount of dividend  
 23 declared;

24     †16†(10) capital stock authorized;

25     †17†(11) capital stock paid in;

1     †18†(12) funded debt;

2     †19†(13) number of shares authorized;

3     †20†(14) number of shares of stock issued;

4     †21†(15) any other facts the department may require."

5     **Section 118.** Section 15-23-202, MCA, is amended to  
 6 read:

7     "15-23-202. Assessment -- how made. (1) The department  
 8 must assess the franchise, roadway, roadbed, rails, ~~rolling~~  
 9 ~~stock~~, and all other ~~operating-properties~~ taxable property  
 10 of all railroads operated in more than one county or more  
 11 than one state. ~~All-rolling-stock-must-be-assessed-in-the~~  
 12 ~~name-of-the-person--owning--leasing--or--using--the--same--~~  
 13 ~~Assessment--must--be-made-to-the-person-owning-or-leasing-or~~  
 14 ~~using-the-same-and-must-be-made-upon--the--entire--railroad~~  
 15 ~~within-the-state.~~ The depots, stations, shops, and buildings  
 16 erected upon the space covered by the right-of-way and all  
 17 other taxable property owned or leased by such person,  
 18 except as above provided, shall be assessed by the  
 19 department.

20     (2) In determining the taxable value of railroad  
 21 property, the department shall determine the percentage rate  
 22 "R" provided for in 15-6-145 in order to achieve compliance  
 23 with the requirements of the federal Railroad Revitalization  
 24 and Regulatory Reform Act of 1976, as amended."

25     **Section 119.** Section 15-23-501, MCA, is amended to

1 read:

2 "15-23-501. Taxation of mines. All mines and mining  
3 claims, both placer and rock in place, containing or bearing  
4 gold, silver, copper, lead, coal, or other valuable mineral  
5 deposits, after purchase thereof from the United States,  
6 shall be taxed as all other land is taxed. All ~~machinery~~  
7 ~~used-in-mining-and-all--property--and--surface~~ improvements  
8 upon or appurtenant to mines and mining claims which have a  
9 value separate and independent of such mines or mining  
10 claims and the annual net proceeds of all mines and mining  
11 claims shall be taxed ~~as-other-personal-property.~~"

12 **Section 120.** Section 15-23-503, MCA, is amended to  
13 read:

14 "15-23-503. Net proceeds -- how computed. (1) The  
15 department of revenue shall calculate from the returns the  
16 gross product yielded from a mine and its gross value for  
17 the year covered by the statement and shall calculate and  
18 compute the net proceeds of the mine yielded to the person  
19 engaged in mining. Except as provided in 15-23-515 and  
20 15-23-516, net proceeds shall be determined by subtracting  
21 from the value of the gross product of the mine the  
22 following:

23 (a) all royalty paid or apportioned in cash or in kind  
24 by the person engaged in mining;

25 (b) all money expended for necessary labor, ~~machinery,~~

1 and supplies needed and used in the mining operations and  
2 developments;

3 (c) all money expended for improvements, repairs, and  
4 betterments necessary in and about the working of the mine,  
5 except as provided in this section;

6 (d) all money expended for costs of repairs and  
7 replacements of the milling and reduction works used in  
8 connection with the mine;

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

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

17 (g) all money expended for insurance and welfare and  
18 retirement costs reported in the statement required in  
19 15-23-502;

20 (h) all money expended for necessary labor, ~~equipment,~~  
21 and supplies for testing minerals extracted to satisfy  
22 federal or state health and safety laws or regulations, for  
23 plant security in Montana, for assaying and sampling the  
24 extracted minerals, for the cost of reclamation at the site  
25 of the mine, and for engineering and geological services

1 conducted in Montana for existing mining operations but not  
2 including services beyond the stage of reduction and  
3 beneficiation of the minerals.

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

8 (3) Money invested in mines or improvements may not be  
9 allowed as a deduction unless all ~~machinery, equipment, and~~  
10 buildings improvements represented by the money are returned  
11 to the county in which the mine is located for assessment  
12 purposes at the level of assessment of all other property in  
13 the county.

14 (4) Money invested in the mines and improvements during  
15 any year except the year for which such statement is made  
16 and except as provided in this section may not be included  
17 in the expenditures, and the expenditures may not include  
18 the salary or any portion of the salary of any person or  
19 officer not actually engaged in the working of the mine or  
20 superintending the management of the mine."

21 **Section 121.** Section 15-23-504, MCA, is amended to  
22 read:

23 "15-23-504. **Lien of tax and penalty.** The tax and  
24 penalty so assessed on net proceeds are a lien upon all of  
25 the right, title, and interest of such operator in or to

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

17 **Section 122.** Section 15-23-507, MCA, is amended to  
18 read:

19 "15-23-507. **Taxation and payment on royalty interests.**  
20 At the time of transmitting net proceeds assessments, the  
21 department of revenue shall also transmit the royalty lists  
22 or schedules to the county assessor of each county in which  
23 such mines and mining claims are located. Thereupon the  
24 county assessor shall prepare from such net proceeds and  
25 royalty assessments a tax roll which shall be by him

1 furnished to the county treasurer on or before September 15  
 2 following, as specified in this section. Said taxes shall be  
 3 due and payable. Assessments of royalty on production of  
 4 metals and minerals other than petroleum and natural gas  
 5 shall be entered by the county assessor in the ~~personal~~  
 6 ~~property~~ assessment book in the name of the recipient or  
 7 owner of such royalty. The county treasurer shall proceed to  
 8 give full notice thereof to such recipient or royalty owner  
 9 and to collect the taxes thereon in the same manner as taxes  
 10 on net proceeds of mines. Taxes on such royalty assessments  
 11 and taxes on net proceeds of mines shall be payable at the  
 12 times specified in 15-16-102, and any delinquencies in the  
 13 payment of same shall be subject to the interest and  
 14 penalties provided in 15-16-102."

15 **Section 123.** Section 15-23-508, MCA, is amended to  
 16 read:

17 "15-23-508. Lien of tax -- enforcement of payment. (1)  
 18 The taxes on such net proceeds must be levied as the levy of  
 19 other taxes is provided for, and every such tax is a lien  
 20 upon the mine or mining claim from which the ore or mineral  
 21 products or deposits are mined or extracted and is a prior  
 22 lien upon all ~~personal-property-and~~ improvements used in the  
 23 process of extracting such ore or mineral products or  
 24 deposits, provided such ~~personal-or-real~~ property is owned  
 25 by or under lease by the person who extracted said ore,

1 mineral products, or deposits.

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

15 **Section 124.** Section 15-23-522, MCA, is amended to  
 16 read:

17 "15-23-522. Surface ground and improvements not exempt.  
 18 Nothing in this part must be construed so as to exempt from  
 19 taxation the surface ground, or improvements, ~~--buildings,~~  
 20 ~~erectations,--structures, or-machinery~~ placed upon any mine or  
 21 mining claim or used in connection therewith or supplies  
 22 used either in mills, reduction works, or mines."

23 **Section 125.** Section 15-23-608, MCA, is amended to  
 24 read:

25 "15-23-608. Lien of tax and penalty -- enforcement of

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

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

25 **Section 126.** Section 15-23-611, MCA, is amended to

1 read:

2 **"15-23-611. Surface ground and improvements not exempt.**

3 Nothing in this part must be construed so as to exempt from  
 4 taxation the surface ground, or improvements, ~~--buildings,~~  
 5 ~~erectations,~~ ~~--structures,~~ ~~or~~ ~~machinery~~ placed upon any mine or  
 6 supplies used in connection therewith."

7 **Section 127.** Section 15-23-704, MCA, is amended to  
 8 read:

9 **"15-23-704. Lien of tax -- enforcement of payment.** The  
 10 tax on gross proceeds from coal shall be levied as taxes on  
 11 other forms of property, and this tax and the severance tax  
 12 on coal production are each a lien upon the coal mine and a  
 13 prior lien upon all ~~personal~~ taxable property and  
 14 improvements used to produce the coal. These taxes may be  
 15 collected by the seizure and sale of the ~~personal~~ property  
 16 on which the tax is a lien ~~as provided under 15-16-113 and~~  
 17 ~~15-17-911."~~

18 **Section 128.** Section 15-23-806, MCA, is amended to  
 19 read:

20 **"15-23-806. Lien of tax.** The tax or penalty on gross  
 21 proceeds is a lien upon the mine from which the metal is  
 22 extracted and is a prior lien upon all owned or leased  
 23 ~~personal~~ taxable property and improvements used in  
 24 extracting the ore or metal. The tax shall be collected in  
 25 the manner provided in chapters 16, 17, and 18 of this

1 title."

2 **Section 129.** Section 15-24-101, MCA, is amended to  
3 read:

4 "15-24-101. Assessment of proportionally registered  
5 interstate motor vehicle fleets -- tax payment required for  
6 registration. (1) The department of revenue shall assess,  
7 for the purpose of personal property taxes, the taxable  
8 vehicles in interstate motor vehicle fleets proportionally  
9 registered under the provisions of 61-3-711 through  
10 61-3-733, and the assessment must be apportioned on the  
11 ratio of total miles traveled to in-state miles traveled  
12 formula as prescribed by 61-3-721. Interstate motor vehicle  
13 fleets are assessable for taxation purposes upon application  
14 for proportional registration and are assessed to the  
15 persons who own or claim or in whose possession or control  
16 the fleet is at the time of the application.

17 (2) With respect to any fleet contained in an original  
18 application which has a situs for the purpose of property  
19 taxation in Montana by the terms of this part or any other  
20 provision of the laws of Montana, the taxes on taxable  
21 vehicles are apportioned ~~as provided in 15-24-303~~ according  
22 to the ratio that the remaining number of months in the year  
23 bears to the total number of months in the year.

24 3) With respect to any fleet contained in a renewal  
25 application, the taxable vehicles are assessed and taxed for

1 a full year.

2 (4) Automobiles and trucks having a rated capacity of  
3 three-quarters of a ton or less that are part of an  
4 interstate motor vehicle fleet are subject to property tax.  
5 If the fleet is proportionally registered, the tax is  
6 apportioned in the same fashion as the registration fee  
7 under 61-3-721.

8 (5) Vehicles contained in a fleet for which current  
9 taxes, fees, or both have been assessed and paid may not be  
10 assessed or charged fees under this section upon  
11 presentation to the department of proof of payment of taxes,  
12 or fees, or both for the current registration year. The  
13 payment of personal property taxes, fees, or both, is a  
14 condition precedent to proportional registration or  
15 reregistration of an interstate motor vehicle fleet."

16 **Section 130.** Section 15-24-205, MCA, is amended to  
17 read:

18 "15-24-205. Sections limited to taxable trailers. The  
19 provisions of this part shall apply only to those mobile  
20 homes and housetrailer, as defined in this part, subject to  
21 assessment and taxation under chapter 8, part 27--and  
22 15-24-301."

23 **Section 131.** Section 15-24-304, MCA, is amended to  
24 read:

25 "15-24-304. Prorated fee in-lieu-of-tax -- aircraft.

(1) A person who acquires an aircraft required to be registered under subsections (2) through (6) of 67-3-201 after March 1 in any year shall register the aircraft within 30 days of acquiring it.

(2) The fee ~~in-lieu-of-tax~~ must be prorated for aircraft registered for a period less than 1 year ~~in-the same-manner-as-personal-property-taxes-are-prorated-in 15-24-303~~ according to the ratio that the remaining number of months in the year bears to the total number of months in the year.

(3) A person failing to register an aircraft within 30 days following acquisition of the aircraft or bringing the aircraft into the state for commercial purposes is subject to the penalty provided in 67-3-202.

(4) A person owning a migratory aircraft shall register as prescribed in 67-3-201(5) and pay the fee ~~in-lieu-of tax.~~

**Section 132.** Section 15-24-601, MCA, is amended to read:

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

**Section 133.** Section 15-24-701, MCA, is amended to read:

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

**Section 134.** Section 15-24-801, MCA, is amended to read:

**"15-24-801. Savings and loan associations -- taxation.** Every savings and loan association subject to regulation under Title 32, chapter 2, shall be assessed for and pay taxes upon all real ~~and-personal~~ property and improvements owned by the association. The secretary of an association shall furnish to the department of revenue or its agent in the county in which the principal office of the association is located, within 5 days after demand, a condensed statement verified by his oath of the resources and liabilities of the association as disclosed by its books at noon on January 1 in each year. If the secretary fails to make the statement hereby required, the department or its agent shall immediately obtain the information from any other available source, and for this purpose it shall have access to the books of the association. The department or

1 its agent shall thereupon make an assessment of the real  
 2 estate and ~~personal--property~~ improvements owned by the  
 3 association, which assessment shall be as fair and equitable  
 4 as it may be able to make from the best information  
 5 available, or the assessor may, for the purpose of the  
 6 assessment, adopt the figures disclosed by any prior report  
 7 made by the association to any state or federal officer  
 8 under a state or federal law. A person required by this  
 9 section to make the statement provided for in this section  
 10 who fails to furnish it is guilty of a misdemeanor."

11 **Section 135.** Section 15-24-922, MCA, is amended to  
 12 read:

13 "15-24-922. Board of livestock to prescribe per capita  
 14 levy -- refunds. (1) The board of livestock shall annually  
 15 prescribe the amount of the per capita levy to be made  
 16 against livestock of all classes for the purpose indicated  
 17 in 15-24-921.

18 (2) The per capita tax levy must be calculated each  
 19 year to provide not more than 110% of the average annual  
 20 revenue that was generated in the 3 previous years,  
 21 beginning with revenue generated by 81-7-104 and this  
 22 section in the taxable years 1985, 1986, and 1987. The  
 23 calculation shall apply a reasonable factor for nonpayment  
 24 and late payment of taxes and for reimbursement to the  
 25 counties pursuant to 15-24-925 for collection of the levy.

1 (3) ~~(a)~~ A livestock owner ~~taxed--under--15-24-920~~ is  
 2 entitled to a refund of the per capita levy collected under  
 3 15-24-921 based on the number of months the livestock have  
 4 taxable situs in the state. The amount of the refund is  
 5 equal to the ratio of the number of months the livestock do  
 6 not have taxable situs in the state to the number of months  
 7 in the tax year, multiplied by the original per capita levy  
 8 due. A taxpayer shall apply to the board of livestock on a  
 9 form prescribed by the board for a refund allowed under this  
 10 subsection by January 31 following the taxable year. The  
 11 application must include a statement showing the date when  
 12 the livestock were moved out of the state.

13 ~~(b)--For-the-purposes-of-15-24-921-and-this-section,-the~~  
 14 ~~per-capita-levy-may-not-be-prorated."~~

15 **Section 136.** Section 15-24-1101, MCA, is amended to  
 16 read:

17 "15-24-1101. Federal property held under contract by  
 18 private person subject to taxation. Real ~~and/or-personal~~  
 19 property and improvements of the United States or any  
 20 department or agency thereof held under contract of sale,  
 21 lease, or other interest or estate therein by any person for  
 22 his exclusive use shall be subject to assessment for ad  
 23 valorem property taxation as provided in this part; provided  
 24 that this part shall not apply to real property held and in  
 25 immediate use and occupation by this state or any county,



1 municipal corporation, or political subdivision therein."

2 **Section 137.** Section 15-24-1104, MCA, is amended to  
3 read:

4 "15-24-1104. Collection of taxes on interests in United  
5 States lands. In addition to all other remedies available  
6 for the collection of taxes, all taxes levied in any year  
7 against property held as under the provisions of this part  
8 shall be a debt due and owing from the person so holding  
9 such property as of the date of delinquency for taxes on  
10 property for such tax year. If any such tax be not paid  
11 within 1 year from such date, the county within which such  
12 property is located may institute for itself, the state of  
13 Montana, and all other municipal corporations sharing in  
14 such taxes an action for the collection of said taxes,  
15 together with interest, costs, and other lawful charges  
16 thereon. At the time of commencement of such action, the  
17 county shall have the benefit of all laws of this state  
18 pertaining to provisional remedies against the properties  
19 ~~either-real-or-personal~~ of said person."

20 **Section 138.** Section 15-24-1203, MCA, is amended to  
21 read:

22 "15-24-1203. Privilege tax on gainful use of tax-exempt  
23 property -- exceptions. After March 17, 1969, there is  
24 imposed and shall be collected a tax upon the possession or  
25 other beneficial use enjoyed by any private individual,

1 association, or corporation of any property, real or  
2 personal property or improvements, which for any reason is  
3 exempt from taxation. No tax may be imposed upon the  
4 possession or other beneficial use of buildings owned by  
5 public entities and located upon public airports. However,  
6 privately owned buildings located on such airport property  
7 are subject to tax. No tax shall be imposed upon the  
8 possession or other beneficial use of public lands occupied  
9 under the terms of mineral, timber, or grazing leases or  
10 permits issued by the United States or the state of Montana  
11 or upon any easement unless the lease, permit, or easement  
12 entitles the lessee or permittee to exclusive possession of  
13 the premises to which the lease, permit, or easement  
14 relates. The tax shall be imposed upon the possession or  
15 other beneficial use of an electric transmission line and  
16 associated facilities, except that lines and facilities of a  
17 design capacity of less than 500 kilovolts shall not be  
18 subject to the tax. The tax may not be imposed upon the  
19 possession or other beneficial use of railroad right-of-way  
20 or track owned by the United States or acquired by the state  
21 pursuant to Title 60, chapter 11, part 1, as long as the  
22 state or the United States retains ownership and the  
23 right-of-way or track is used exclusively for rail  
24 transportation."

25 **Section 139.** Section 15-24-1402, MCA, is amended to

1 read:

2 "15-24-1402. New or expanding industry -- assessment --  
3 notification. (1) In the first 5 years after a construction  
4 permit is issued, qualifying improvements or modernized  
5 processes that represent new industry or expansion of an  
6 existing industry, as designated in the approving  
7 resolution, must be taxed at 50% of their taxable value.  
8 Each year thereafter, the percentage must be increased by  
9 equal percentages until the full taxable value is attained  
10 in the 10th year. In subsequent years, the property must be  
11 taxed at 100% of its taxable value.

12 (2) (a) In order for a taxpayer to receive the tax  
13 benefits described in subsection (1), the governing body of  
14 the affected county or the incorporated city or town must  
15 have approved by separate resolution for each project,  
16 following due notice as defined in 76-15-103 and a public  
17 hearing, the use of the schedule provided for in subsection  
18 (1) for its respective jurisdiction. The governing body may  
19 not grant approval for the project until all of the  
20 applicant's taxes have been paid in full. Taxes paid under  
21 protest do not preclude approval.

22 (b) The governing body may end the tax benefits by  
23 majority vote at any time, but the tax benefits may not be  
24 denied an industrial facility that previously qualified for  
25 the benefits.

1 (c) The resolution provided for in subsection (2)(a)  
2 must include a definition of the improvements or modernized  
3 processes that qualify for the tax treatment that is to be  
4 allowed in the taxing jurisdiction. The resolution may  
5 provide that real property other than land, ~~personal~~  
6 ~~property~~, improvements, or any combination thereof is  
7 eligible for the tax benefits described in subsection (1).

8 (3) The taxpayer shall apply to the county assessor on  
9 a form provided by the department of revenue for the tax  
10 treatment allowed under subsection (1). The application by  
11 the taxpayer must first be approved by the governing body of  
12 the appropriate local taxing jurisdiction, and the governing  
13 body shall indicate in its approval that the property of the  
14 applicant qualifies for the tax treatment provided for in  
15 this section. Upon receipt of the form with the approval of  
16 the governing body of the affected taxing jurisdiction, the  
17 assessor shall make the assessment change pursuant to this  
18 section.

19 (4) The tax benefit described in subsection (1) applies  
20 only to the number of mills levied and assessed for local  
21 high school district and elementary school district purposes  
22 and to the number of mills levied and assessed by the  
23 governing body approving the benefit over which the  
24 governing body has sole discretion. In no case may the  
25 benefit described in subsection (1) apply to levies or

1 assessments required under Title 15, chapter 10, 20-9-331,  
2 20-9-333, ~~20-9-360~~, or otherwise required under state law.

3 (5) Prior to approving the resolution under this  
4 section, the governing body shall notify by certified mail  
5 all taxing jurisdictions affected by the tax benefit."

6 **Section 140.** Section 15-24-1601, MCA, is amended to  
7 read:

8 "15-24-1601. **Purpose.** The purpose of this part is to  
9 provide legislation and guidance for the administration of a  
10 property tax abatement program for the restoration,  
11 rehabilitation, expansion, and new construction of certified  
12 residential and commercial properties located within  
13 national register historic districts and properties listed  
14 in the National Register of Historic Places. ~~The abatement~~  
15 ~~does not apply to the tax on personal property."~~

16 **Section 141.** Section 15-24-2302, MCA, is amended to  
17 read:

18 "15-24-2302. **Clean coal technology tax exemption --**  
19 **procedure -- termination.** (1) The buildings, facilities, or  
20 equipment installed under a clean coal technology project is  
21 eligible for an exemption from property taxes as provided in  
22 this section. A project must be designated as a clean coal  
23 technology project by the department under criteria  
24 contained in 90-4-905.

25 (2) In order to qualify for the tax exemption described

1 in this section, the legislature must have approved the  
2 project and the governing body of each affected local  
3 government must have approved the tax exemption by  
4 resolution, after notice and hearing. The governing body of  
5 each affected local government must be notified in writing  
6 of the ~~buildings, facilities, and equipment~~ real property  
7 and improvements proposed to be exempt from taxation and the  
8 value of the ~~buildings, facilities, and equipment~~ real  
9 property and improvements. A tax exemption may not be  
10 granted under this section unless it is approved by every  
11 local government that would be affected by the project.

12 (3) If the governing body of each affected local  
13 government approves a resolution granting the tax exemption  
14 for a clean coal technology project, the ~~buildings,~~  
15 ~~facilities, or equipment~~ improvements installed under the  
16 project ~~is~~ are exempt from the specified percentage of state  
17 and local property taxes as approved by the governing  
18 bodies. The percentage amount may be any amount up to 100%,  
19 but it must be the same for all state and local property  
20 taxes.

21 (4) Funds made available to a clean coal technology  
22 project as a result of the tax exemption under this section  
23 must be used for project development, construction, or  
24 operation or for payment of debt service on instruments used  
25 to fund project development, construction, or operation.

1 (5) The department shall, in writing, notify the  
 2 department of revenue's agent in the county or counties in  
 3 which the project is located of the date the final approval  
 4 for the tax exemption of the property was granted under this  
 5 section and shall specifically identify each piece of real  
 6 ~~or--personal~~ property and improvements subject to the tax  
 7 exemption. A tax exemption granted under this section is  
 8 effective for the life of the project or 25 years, whichever  
 9 occurs first. The tax exemption begins on January 1 of the  
 10 year after the department of revenue receives notification  
 11 of the final approval under this section. The department  
 12 shall, in writing, notify the department of revenue's agent  
 13 in the county or counties in which the project is located  
 14 when the exemption has expired. The termination of the  
 15 exemption applies on January 1 of the taxable year following  
 16 the expiration of the exemption."

17 **Section 142.** Section 15-24-2401, MCA, is amended to  
 18 read:

19 "15-24-2401. Purpose. The purpose of this part is to  
 20 encourage value-added manufacturing in Montana by providing  
 21 a taxable value decrease for a 7-year period for qualifying  
 22 ~~personal--property~~ improvements of expanding industries that  
 23 process Montana raw materials or use Montana semifinished  
 24 products in manufacturing."

25 **Section 143.** Section 15-24-2403, MCA, is amended to

1 read:

2 "15-24-2403. Expanding industry taxable value decrease  
 3 -- application -- approval -- reports. (1) After December  
 4 31, 1991, an existing industry with qualifying property that  
 5 represents an expansion of the industry is entitled to  
 6 receive a decrease in the tax rate for class eight property  
 7 if the property results in the hiring of full-time  
 8 qualifying employees for each year in which the taxable  
 9 value decrease is in effect.

10 (2) A person, firm, or other group seeking to qualify  
 11 its property for the taxable value decrease under subsection  
 12 (1) shall apply to the department of revenue on a form  
 13 provided by the department. The application must include:

14 (a) the description of the ~~personal--~~property  
 15 improvements that may qualify for the taxable value  
 16 decrease;

17 (b) the date on which the qualifying property  
 18 improvement is intended to be operational;

19 (c) the rate of pay and number of existing employees  
 20 and new employees to be used in the operation of the  
 21 qualifying property improvement;

22 (d) a statement that the new employees are in addition  
 23 to the existing workforce of the industry and the specific  
 24 responsibilities of each new employee; and

25 (e) a statement that all the applicant's taxes are paid

1 in full.

2 (3) The department shall make an initial determination  
3 as to whether the industry qualifies for the taxable value  
4 decrease.

5 (4) (a) If the department determines that the property  
6 improvement qualifies for a taxable value decrease, the  
7 governing body of the affected county, consolidated  
8 government, incorporated city or town, or school district  
9 shall give due notice as defined in 76-15-103 and hold a  
10 public hearing. Each governing body may either approve or  
11 disapprove the grant of taxable value decrease. A governing  
12 body may not grant approval for the project until all of the  
13 applicant's taxes have been paid in full. Taxes paid under  
14 protest do not preclude approval.

15 (b) The resolution provided for in subsection (4)(a)  
16 must include the document that grants approval of the  
17 application that was submitted to the department by the  
18 taxpayer seeking the taxable value decrease.

19 (5) The tax reduction described in subsection (1)  
20 applies to:

21 (a) the number of mills levied and assessed by each  
22 governing body approving the benefit over which the  
23 governing body has sole discretion; and

24 (b) statewide levies if the governing body approving  
25 the tax reduction is a county, consolidated government, or

1 incorporated city or town.

2 (6) The number of new employees used by the department  
3 to calculate the taxable value decrease in subsection (7)  
4 must be determined by the wages paid to qualifying  
5 employees. A qualifying employee paid the amount of the  
6 average wage as determined by the quarterly statistical  
7 report published by the department of labor and industry is  
8 considered one new employee. Qualifying employees are  
9 considered equivalent new employees if they are paid  
10 three-quarters of the average wage or more. The qualifying  
11 employee is the equivalent of a new employee in the same  
12 fraction that his wages are to the average wage, but a  
13 qualifying employee may not be considered more than two new  
14 employees.

15 (7) (a) Qualifying property---is improvements are  
16 entitled to a decrease in the taxable rate of class eight  
17 property based upon a percentage difference between a  
18 possible low rate of 3% and a high rate of the existing  
19 class eight property tax rate. The reduced taxable value  
20 rate is determined by calculating the inverse of the number  
21 of equivalent new employees divided by the number of  
22 existing employees and multiplying the product of that  
23 calculation by the decimal equivalent of the tax rate for  
24 class eight property.

25 (b) For each year that the taxable value decrease is in

1 effect, the taxpayer shall report by March 1 to the  
2 department, on forms prescribed by the department, the wages  
3 of and the number of qualifying employees that are used in  
4 the operation of the qualifying property improvement for  
5 which the taxable value decrease was granted."

6 **Section 144.** Section 15-50-207, MCA, is amended to  
7 read:

8 "15-50-207. Credit against other taxes ~~----credit--for~~  
9 ~~personal-property-taxes-and-certain-fees.~~ (1) The additional  
10 license fees withheld or otherwise paid as provided herein  
11 may be used as a credit on the contractor's corporation  
12 license tax provided for in chapter 31 of this title or on  
13 the contractor's income tax provided for in chapter 30,  
14 depending upon the type of tax the contractor is required to  
15 pay under the laws of the state.

16 ~~(2)--Personal--property--taxes--paid--in--Montana--on--any~~  
17 ~~personal-property-of-the-contractor-which--is--used--in--the~~  
18 ~~business--of-the-contractor-and-is-located-within-this-state~~  
19 ~~may-be-credited-against-the-license-fees-required-under-this~~  
20 ~~chapter.--However,--in-computing-the--tax--credit--allowed--by~~  
21 ~~this--section--against--the-contractor's-corporation-license~~  
22 ~~tax-or-income-tax,--the-personal-property-tax-credit--against~~  
23 ~~the--license-fees--herein--required--shall--not--be--considered--as~~  
24 ~~license-fees-paid-for-one-purpose--of--such--income--tax--or~~  
25 ~~corporation-license-tax-credit."~~

1 **Section 145.** Section 17-5-1524, MCA, is amended to  
2 read:

3 "17-5-1524. Taxation of projects. (1) Notwithstanding  
4 the fact that title to a project may be in the board, such  
5 projects are subject to taxation to the same extent, in the  
6 same manner, and under the same procedures as privately  
7 owned property in similar circumstances if such projects are  
8 leased to or held by private interests on both the  
9 assessment date and the date the levy is made in that year.  
10 Such projects are not subject to taxation in any year if  
11 they are not leased to or held by private interests on both  
12 the assessment date and the date the levy is made in that  
13 year.

14 (2) When personal-property improvements owned by the  
15 board ~~is~~ are taxed under this section and ~~such-personal~~  
16 ~~property~~ the taxes are delinquent, levy by warrant for  
17 distraint for collection of such delinquent taxes may be  
18 made only on ~~personal--property~~ the improvements against  
19 which such taxes were levied."

20 **Section 146.** Section 17-7-502, MCA, is amended to read:

21 "17-7-502. Statutory appropriations -- definition --  
22 requisites for validity. (1) A statutory appropriation is an  
23 appropriation made by permanent law that authorizes spending  
24 by a state agency without the need for a biennial  
25 legislative appropriation or budget amendment.

1 (2) Except as provided in subsection (4), to be  
2 effective, a statutory appropriation must comply with both  
3 of the following provisions:

4 (a) The law containing the statutory authority must be  
5 listed in subsection (3).

6 (b) The law or portion of the law making a statutory  
7 appropriation must specifically state that a statutory  
8 appropriation is made as provided in this section.

9 (3) The following laws are the only laws containing  
10 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;  
11 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; ~~15-1-111~~;  
12 15-23-706; 15-25-123; 15-31-702; 15-36-112; 15-37-117;  
13 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411;  
14 17-3-212; 17-5-404; 17-5-424; 17-5-704; 17-5-804; 17-6-409;  
15 17-7-304; 19-5-404; 19-6-709; 19-8-504; 19-9-702; 19-9-1007;  
16 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;  
17 19-11-606; 19-12-301; 19-13-604; 19-15-101; 20-4-109;  
18 20-6-406; 20-8-111; 20-9-361; 20-26-1503; 22-3-811;  
19 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631;  
20 23-7-301; 23-7-402; 27-12-206; 37-43-204; 37-51-501;  
21 39-71-2504; 44-12-206; 44-13-102; 53-6-150; 53-24-206;  
22 61-5-121; 67-3-205; 75-1-1101; 75-5-507; 75-5-1108;  
23 75-11-313; 76-12-123; 77-1-808; 80-2-103; 80-11-310;  
24 82-11-136; 82-11-161; 85-1-220; 90-3-301; 90-4-215;  
25 90-6-331; 90-7-220; and 90-9-306.

1 (4) There is a statutory appropriation to pay the  
2 principal, interest, premiums, and costs of issuing, paying,  
3 and securing all bonds, notes, or other obligations, as due,  
4 that have been authorized and issued pursuant to the laws of  
5 Montana. Agencies that have entered into agreements  
6 authorized by the laws of Montana to pay the state  
7 treasurer, for deposit in accordance with 17-2-101 through  
8 17-2-107, as determined by the state treasurer, an amount  
9 sufficient to pay the principal and interest as due on the  
10 bonds or notes have statutory appropriation authority for  
11 the payments. (In subsection (3): pursuant to sec. 7, Ch.  
12 567, L. 1991, the inclusion of 19-6-709 terminates upon  
13 death of last recipient eligible for supplemental benefit;  
14 and pursuant to sec. 18, Ch. 748, L. 1991, the inclusion of  
15 22-3-811 terminates June 30, 1993.)"

16 **Section 147.** Section 20-6-203, MCA, is amended to read:

17 **"20-6-203. District consolidation.** Any two or more  
18 elementary districts in one county may consolidate to  
19 organize an elementary district. The consolidation shall be  
20 conducted under the following procedure:

21 (1) At the time the consolidation proposition is first  
22 considered, the districts involved shall jointly determine  
23 whether the consolidation shall be made with or without the  
24 mutual assumption of the bonded indebtedness of each  
25 district by all districts included in the consolidation

1 proposition.

2 (2) A consolidation proposition may be introduced,  
3 individually, in each of the districts by either of the two  
4 following methods:

5 (a) the trustees may pass a resolution requesting the  
6 county superintendent to order an election to consider a  
7 consolidation proposition involving their district; or

8 (b) not less than 20% of the electors of an elementary  
9 district who are qualified to vote under the provisions of  
10 20-20-301 may petition the county superintendent requesting  
11 an election to consider a consolidation proposition  
12 involving their resident district.

13 (3) When the county superintendent has received a  
14 resolution or a valid petition from each of the districts  
15 included in the consolidation proposition, he shall, within  
16 10 days after the receipt of the last resolution or petition  
17 and as provided by 20-20-201, order the trustees of each  
18 elementary district included in the consolidation  
19 proposition to call a consolidation election.

20 (4) Each district, individually, shall call and conduct  
21 an election in the manner prescribed in this title for  
22 school elections. In addition:

23 (a) if the districts to be consolidated are to mutually  
24 assume the bonded indebtedness of each district involved in  
25 the consolidation, the consolidation election also shall

1 follow the procedures prescribed in 20-6-206; or

2 (b) if the districts to be consolidated are not to  
3 mutually assume the bonded indebtedness of each district  
4 involved in the consolidation, the consolidation election  
5 also shall follow the procedures prescribed in 20-6-207.

6 (5) After the county superintendent has received the  
7 election certification under the provisions of 20-20-416  
8 from the trustees of each district included in a  
9 consolidation proposition, he shall determine if the  
10 consolidation proposition has been approved in each  
11 district. If each district has approved the consolidation  
12 proposition, he shall, within 10 days after the receipt of  
13 the last election certificate, order the consolidation of  
14 such districts. If it be for consolidation with the mutual  
15 assumption of bonded indebtedness of each elementary  
16 district by all districts included in the consolidation  
17 order, such order shall specify that all the taxable real  
18 ~~and--personal~~ property and improvements of the consolidated  
19 district shall assume the bonded indebtedness of each  
20 district. In addition, such order shall specify the number  
21 of the consolidated elementary district and shall contain  
22 the county superintendent's appointment of the trustees for  
23 the consolidated district who shall serve until a successor  
24 is elected at the next succeeding regular school election  
25 and qualified. The superintendent shall send a copy of such



1 order to the board of county commissioners and to the  
2 trustees of each district incorporated in the consolidation  
3 order.

4 (6) If any district included in the consolidation  
5 proposition disapproves the consolidation proposition, the  
6 consolidation of all districts shall fail, and the county  
7 superintendent shall notify each district of the disapproval  
8 of the consolidation proposition."

9 **Section 148.** Section 20-6-205, MCA, is amended to read:

10 "20-6-205. Elementary district annexation. An  
11 elementary district may be annexed to another elementary  
12 district located in the same county when one of the  
13 conditions of 20-6-204 is met in accordance with the  
14 following procedure:

15 (1) At the time the annexation proposition is first  
16 considered, the districts involved shall jointly determine  
17 whether the annexation shall be made with or without the  
18 joint assumption of the bonded indebtedness of the annexing  
19 district by the district to be annexed and the annexing  
20 district.

21 (2) An annexation proposition may be introduced in the  
22 district to be annexed by either of the two following  
23 methods:

24 (a) the trustees may pass a resolution requesting the  
25 county superintendent to order an election to consider an

1 annexation proposition for their district; or

2 (b) not less than 20% of the electors of the district  
3 who are qualified to vote under the provisions of 20-20-301  
4 may petition the county superintendent requesting an  
5 election to consider an annexation proposition for their  
6 district.

7 (3) Before ordering an election on the proposition, the  
8 county superintendent shall first receive from the trustees  
9 of the annexing district a resolution giving him the  
10 authority to annex such district.

11 (4) When the county superintendent has received  
12 authorization from the annexing district, he shall, within  
13 10 days after the receipt of the resolution or a valid  
14 petition from the district to be annexed and as provided by  
15 20-20-201, order the trustees of the district to be annexed  
16 to call an annexation election.

17 (5) The district shall call and conduct an election in  
18 the manner prescribed in this title for school elections. In  
19 addition:

20 (a) if the district to be annexed is to jointly assume  
21 with the annexing district the bonded indebtedness of the  
22 annexing district, the annexation election shall also follow  
23 the procedures prescribed in 20-6-206; or

24 (b) if the district to be annexed is not to jointly  
25 assume with the annexing district the bonded indebtedness of

1 the annexing district, the annexation election shall also  
2 follow the procedures prescribed in 20-6-207.

3 (6) After the county superintendent has received the  
4 election certificate from the trustees of the district  
5 conducting the annexation election under the provisions of  
6 20-20-416 and if the annexation proposition has been  
7 approved by such election, he shall order the annexation of  
8 the territory of the elementary district voting on such  
9 proposition to the elementary district that has authorized  
10 the annexation to its territory. Such order shall be issued  
11 within 10 days after the receipt of the election certificate  
12 and, if it be for annexation with the assumption of bonded  
13 indebtedness, shall specify that all the taxable real and  
14 personal property and improvements of the annexed territory  
15 shall jointly assume with the annexing district the existing  
16 bonded indebtedness of the annexing district. The county  
17 superintendent shall send a copy of the order to the board  
18 of county commissioners and to the trustees of the districts  
19 involved in the annexation order.

20 (7) If the annexation proposition is disapproved in the  
21 district to be annexed, it shall fail and the county  
22 superintendent shall notify each district of the disapproval  
23 of the annexation proposition."

24 **Section 149.** Section 20-6-315, MCA, is amended to read:

25 "20-6-315. District consolidation. Any two or more high

1 school districts in one county may consolidate to organize a  
2 high school district. The consolidation must be conducted  
3 under the following procedure:

4 (1) At the time the consolidation proposition is first  
5 considered, the districts involved shall jointly determine  
6 whether the consolidation is to be made with or without the  
7 mutual assumption of the bonded indebtedness of each  
8 district by all districts included in the consolidation  
9 proposition.

10 (2) A consolidation proposition may be introduced,  
11 individually, in each of the districts by either of the  
12 following methods:

13 (a) the trustees may pass a resolution requesting the  
14 county superintendent to order an election to consider a  
15 consolidation proposition involving their district; or

16 (b) not less than 20% of the electors of a high school  
17 district who are qualified to vote under the provisions of  
18 20-20-301 may petition the county superintendent requesting  
19 an election to consider a consolidation proposition  
20 involving their district.

21 (3) When the county superintendent receives a  
22 resolution or a valid petition from each of the districts  
23 included in the consolidation proposition, he shall, within  
24 10 days after the receipt of the last resolution or petition  
25 and as provided by 20-20-201, order the trustees of each

1 high school district included in the consolidation  
2 proposition to call a consolidation election.

3 (4) (a) Each district, individually, shall call and  
4 conduct an election in the manner prescribed in this title  
5 for school elections.

6 (b) In addition:

7 (i) if the districts to be consolidated are to mutually  
8 assume the bonded indebtedness of each district involved in  
9 the consolidation, the consolidation election must also  
10 follow the procedures prescribed in 20-6-318; or

11 (ii) if the districts to be consolidated are not to  
12 mutually assume the bonded indebtedness of each district  
13 involved in the consolidation, the consolidation election  
14 must also follow the procedures prescribed in 20-6-207.

15 (5) After the county superintendent receives the  
16 election certificate provided for in 20-20-416 from the  
17 trustees of each district included in a consolidation  
18 proposition, he shall determine if the consolidation  
19 proposition has been approved in each district. If each  
20 district has approved the consolidation proposition, he  
21 shall, within 10 days after the receipt of the election  
22 certificate, order the consolidation of such districts. If  
23 the order is for consolidation with the mutual assumption of  
24 bonded indebtedness of each high school district by all  
25 districts included in the consolidation order, the order

1 shall specify that all taxable real ~~and personal~~ property  
2 and improvements of the consolidated district shall assume  
3 the bonded indebtedness of each district. In addition, the  
4 order shall specify the number of the consolidated high  
5 school district. The superintendent shall send a copy of the  
6 order to the board of county commissioners and to the  
7 trustees of each district incorporated in the consolidation  
8 order.

9 (6) If any district included in the consolidation  
10 proposition disapproves the consolidation proposition, the  
11 consolidation of all districts fails and the county  
12 superintendent shall notify each district of the disapproval  
13 of the consolidation proposition."

14 **Section 150.** Section 20-6-317, MCA, is amended to read:

15 **"20-6-317. High school district annexation procedure.** A  
16 high school district may be annexed to another high school  
17 district located in the same county when one of the  
18 conditions of 20-6-316 is met in accordance with the  
19 following procedure:

20 (1) At the time the annexation proposition is first  
21 considered, the districts involved shall jointly determine  
22 whether the annexation is to be made with or without the  
23 joint assumption of the bonded indebtedness of the annexing  
24 district by the district to be annexed and the annexing  
25 district.

1 (2) An annexation proposition may be introduced in the  
2 district to be annexed by either of the following methods:

3 (a) the trustees may pass a resolution requesting the  
4 county superintendent to order an election to consider an  
5 annexation proposition for their district; or

6 (b) not less than 20% of the electors of the district  
7 who are qualified to vote under the provisions of 20-20-301  
8 may petition the county superintendent requesting an  
9 election to consider an annexation proposition for their  
10 district.

11 (3) Before ordering an election on the proposition, the  
12 county superintendent must receive from the trustees of the  
13 annexing district a resolution giving him the authority to  
14 annex such district.

15 (4) When the county superintendent receives  
16 authorization from the annexing district, he shall, within  
17 10 days after the receipt of the resolution or a valid  
18 petition from the district to be annexed and as provided by  
19 20-20-201, order the trustees of the district to be annexed  
20 to call an annexation election.

21 (5) (a) The district shall call and conduct an election  
22 in the manner prescribed in this title for school elections.

23 (b) In addition:

24 (i) If the district to be annexed is to jointly assume  
25 with the annexing district the bonded indebtedness of the

1 annexing district, the annexation election must also follow  
2 the procedures prescribed in 20-6-318; or

3 (ii) if the district to be annexed is not to jointly  
4 assume with the annexing district the bonded indebtedness of  
5 the annexing district, the annexation election must also  
6 follow the procedures prescribed in 20-6-319.

7 (6) After the county superintendent receives the  
8 election certificate provided for in 20-20-416 from the  
9 trustees of the district conducting the annexation election  
10 and if the annexation proposition has been approved by such  
11 election, he shall order the annexation of the territory of  
12 the high school district voting on such proposition to the  
13 high school district that has authorized the annexation to  
14 its territory. The order must be issued within 10 days after  
15 the receipt of the election certificate and, if it is for  
16 annexation with the assumption of bonded indebtedness, must  
17 specify that all the taxable real ~~and-personal~~ property and  
18 improvements of the annexed territory shall jointly assume  
19 with the annexing district the existing bonded indebtedness  
20 of the annexing district. The county superintendent shall  
21 send a copy of the order to the board of county  
22 commissioners and to the trustees of the districts involved  
23 in the annexation order.

24 (7) If the annexation proposition is disapproved in the  
25 district to be annexed, it fails and the county

1 superintendent shall notify each district of the disapproval  
2 of the annexation proposition."

3 **Section 151.** Section 20-7-714, MCA, is amended to read:

4 "20-7-714. County adult literacy programs --  
5 authorization to levy tax and establish fund. (1) (a) The  
6 governing body of a county may, in its discretion, establish  
7 a fund and levy up to 1 mill on each dollar of taxable  
8 property in the county for the support of county literacy  
9 programs that give first priority to providing direct  
10 instruction to adults. The tax levy is in addition to all  
11 other tax levies ~~and is subject to limitations on property~~  
12 ~~taxes set forth in 15-10-402.~~

13 (b) The fund may be used only for the support of adult  
14 literacy programs within the county.

15 (2) (a) If a county levies a property tax for adult  
16 literacy programs, the county governing body shall appoint a  
17 county adult literacy board to administer the expenditure of  
18 funds from the county adult literacy fund established in  
19 subsection (1).

20 (b) The county adult literacy board shall coordinate  
21 all adult literacy programs receiving county adult literacy  
22 funds. The board may adopt policies concerning program  
23 standards and financial accountability for organizations  
24 receiving adult literacy funds. The board may require that  
25 adult literacy programs match adult literacy funds with

1 federal, state, or private money. The board may, with the  
2 concurrence of the appropriate county officials, arrange for  
3 county in-kind services to support adult literacy programs.

4 (c) County adult literacy funding may be expended only  
5 on literacy programs for persons who are at least 19 years  
6 of age and whose high school class has graduated."

7 **Section 152.** Section 20-9-141, MCA, is amended to read:

8 "20-9-141. Computation of general fund net levy  
9 requirement by county superintendent. (1) The county  
10 superintendent shall compute the levy requirement for each  
11 district's general fund on the basis of the following  
12 procedure:

13 (a) Determine the funding required for the district's  
14 final general fund budget less the amount established by the  
15 schedules in 20-9-316 through 20-9-321 by totaling:

16 (i) the district's nonisolated school foundation  
17 program requirement to be met by a district levy as provided  
18 in 20-9-303; and

19 (ii) any additional general fund budget amount adopted  
20 by the trustees of the district under the provisions of  
21 20-9-145 and 20-9-353, including any additional levies  
22 authorized by the electors of the district.

23 (b) Determine the money available for the reduction of  
24 the property tax on the district for the general fund by  
25 totaling:

1 (i) anticipated federal money received under the  
2 provisions of Title I of Public Law 81-874 or other  
3 anticipated federal money received in lieu of that 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 balance reappropriated, as  
9 established 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 revenue from property  
13 taxes and fees imposed under 23-2-517, 23-2-803,  
14 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

15 (vi) anticipated net proceeds taxes for new production,  
16 as defined in 15-23-601;

17 (vii) anticipated revenue from local government  
18 severance taxes as provided in 15-36-112;

19 (viii) anticipated revenue from coal gross proceeds  
20 under 15-23-703;

21 (ix) anticipated interest to be earned or reappropriated  
22 interest earned by the investment of general fund cash in  
23 accordance with the provisions of 20-9-213(4);

24 (x) anticipated revenue from corporation license taxes  
25 collected from financial institutions under the provisions

1 of 15-31-702; and

2 (xi) anticipated sales tax and use tax revenue; and

3 ~~(xii)~~ (xii) any other revenue anticipated by the trustees  
4 to be received during the ensuing school fiscal year that  
5 may be used to finance the general fund, excluding any  
6 guaranteed tax base aid.

7 (c) Notwithstanding the provisions of subsection (2),  
8 subtract the money available to reduce the property tax  
9 required to finance the general fund that has been  
10 determined in subsection (1)(b) from any additional general  
11 fund budget amount adopted by the trustees of the district  
12 as the permissive amount under the provisions of 20-9-145 to  
13 determine the general fund permissive net levy requirement.

14 (d) Subtract any amount remaining after the  
15 determination in subsection (1)(c) from any additional  
16 funding requirement to be met by a district levy as provided  
17 in 20-9-303 and 20-9-353 to determine the additional general  
18 fund levy requirement.

19 (2) The county superintendent shall calculate the  
20 number of mills to be levied on the taxable property in the  
21 district to finance the general fund permissive net levy  
22 requirement by dividing the amount determined in subsection  
23 (1)(c) by the sum of:

24 (a) the amount of guaranteed tax base aid that the  
25 district will receive for each mill levied, as certified by

1 the superintendent of public instruction; and

2 (b) the taxable valuation of the district divided by  
3 1,000.

4 (3) The net general fund levy requirement determined in  
5 subsections (1)(c) and (1)(d) must be reported to the county  
6 commissioners on the second Monday of August by the county  
7 superintendent as the general fund permissive net levy  
8 requirement and the additional general fund levy requirement  
9 for the district, and a levy must be set by the county  
10 commissioners in accordance with 20-9-142."

11 **Section 153.** Section 20-9-142, MCA, is amended to read:

12 "20-9-142. **Fixing and levying taxes by board of county**  
13 **commissioners.** On the second Monday in August, the county  
14 superintendent shall place before the board of county  
15 commissioners the final adopted budget of the district. It  
16 is the duty of the board of county commissioners to fix and  
17 levy on all the taxable value of all the real ~~and personal~~  
18 property and improvements within the district all district  
19 and county taxation required to finance, within the  
20 limitations provided by law, the final budget."

21 **Section 154.** Section 20-9-331, MCA, is amended to read:

22 "20-9-331. **Basic county tax and other revenues for**  
23 **county equalization of the elementary district foundation**  
24 **program.** (1) The county commissioners of each county shall  
25 levy an annual basic tax ~~of 33-mills on the dollar~~ of the

1 taxable value of all taxable property within the county,  
2 except for property subject to a tax or fee under 23-2-517,  
3 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for  
4 the purposes of local and state foundation program support.  
5 The tax must be set at a rate that, when combined with  
6 nonlevy revenue, will provide the school districts in the  
7 county with an amount that does not exceed 30% of the  
8 revenue paid to a district from the foundation program. A  
9 district may exceed the 30% limit by 5% during the period  
10 from [the effective date of this section] through [5 years  
11 from the effective date of this section]. The revenue  
12 collected from this levy must be apportioned to the support  
13 of the foundation programs of the elementary school  
14 districts in the county and to the state special revenue  
15 fund, state equalization aid account, in the following  
16 manner:

17 (a) In order to determine the amount of revenue raised  
18 by this levy which is retained by the county, the sum of the  
19 estimated revenue identified in subsection (2) must be  
20 subtracted from the total of the foundation programs of all  
21 elementary districts of the county.

22 (b) If the basic levy prescribed by this section  
23 produces more revenue than is required to finance the  
24 difference determined in subsection (1)(a), the county  
25 treasurer shall remit the surplus funds to the state

1 treasurer for deposit to the state special revenue fund,  
 2 state equalization aid account, immediately upon occurrence  
 3 of a surplus balance and each subsequent month thereafter,  
 4 with any final remittance due no later than June 20 of the  
 5 fiscal year for which the levy has been set.

6 (c) If revenue from the basic levy prescribed by this  
 7 section when combined with the other revenue from subsection  
 8 (2) is insufficient to fully fund the percentage determined  
 9 in 20-9-347(1)(b) and the county is eligible for an  
 10 apportionment of state equalization aid under the provisions  
 11 of 20-9-347(1)(c), the county superintendent shall notify  
 12 the superintendent of public instruction of the deficiency.  
 13 The superintendent of public instruction shall increase the  
 14 state equalization aid payments to the districts in the  
 15 affected county to offset the deficiency. A payment may not  
 16 be made under this subsection (c) that allows a district to  
 17 receive foundation program funding in excess of the  
 18 foundation program amount of the district.

19 (2) The revenue realized from the county's portion of  
 20 the levy prescribed by this section and the revenue from the  
 21 following sources must be used for the equalization of the  
 22 elementary district foundation programs of the county as  
 23 prescribed in 20-9-334, and a separate accounting must be  
 24 kept of the revenue by the county treasurer in accordance  
 25 with 20-9-212(1):

1 (a) the portion of the federal Taylor Grazing Act funds  
 2 distributed to a county and designated for the common school  
 3 fund under the provisions of 17-3-222;

4 (b) the portion of the federal flood control act funds  
 5 distributed to a county and designated for expenditure for  
 6 the benefit of the county common schools under the  
 7 provisions of 17-3-232;

8 (c) all money paid into the county treasury as a result  
 9 of fines for violations of law, except money paid to a  
 10 justice's court, and the use of which is not otherwise  
 11 specified by law;

12 (d) any money remaining at the end of the immediately  
 13 preceding school fiscal year in the county treasurer's  
 14 accounts for the various sources of revenue established or  
 15 referred to in this section;

16 (e) any federal or state money distributed to the  
 17 county as payment in lieu of property taxation, including  
 18 federal forest reserve funds allocated under the provisions  
 19 of 17-3-213;

20 (f) gross proceeds taxes from coal under 15-23-703;

21 (g) net proceeds taxes for new production, as defined  
 22 in 15-23-601, and local government severance taxes on any  
 23 other production occurring after December 31, 1988; and

24 (h) anticipated revenue from property taxes and fees  
 25 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,



1 61-3-537, and 67-3-204; and

2 (i) sales tax and use tax revenue."

3 **Section 155.** Section 20-9-333, MCA, is amended to read:

4 "20-9-333. Basic special levy and other revenues for  
5 county equalization of high school district foundation  
6 program. (1) The county commissioners of each county shall  
7 levy an annual basic special tax for high schools ~~of--22~~  
8 ~~mills on the--dollar--of~~ the taxable value of all taxable  
9 property within the county, except for property subject to a  
10 tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,  
11 61-3-537, and 67-3-204, for the purposes of local and state  
12 foundation program support. The tax must be set at a rate  
13 that, when combined with nonlevy revenue, will provide the  
14 school districts in the county with an amount that does not  
15 exceed 30% of the revenue paid to a district from the  
16 foundation program. A district may exceed the 30% limit by  
17 5% during the period from [the effective date of this  
18 section] through [5 years from the effective date of this  
19 section]. The revenue collected from this levy must be  
20 apportioned to the support of the foundation programs of  
21 high school districts in the county and to the state special  
22 revenue fund, state equalization aid account, in the  
23 following 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 revenue identified in subsection (2) must be  
2 subtracted from the sum of the county's high school tuition  
3 obligation and the total of the foundation programs of all  
4 high school 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 in subsection (1)(a), the county  
8 treasurer shall remit the surplus funds to the state  
9 treasurer for deposit to the state special revenue fund,  
10 state equalization aid account, immediately upon occurrence  
11 of a surplus balance and each subsequent month thereafter,  
12 with any final remittance due no later than June 20 of the  
13 fiscal year for which the levy has been set.

14 (c) If revenue from the basic levy prescribed by this  
15 section when combined with the other revenue from subsection  
16 (2) is insufficient to fully fund the percentage determined  
17 in 20-9-347(1)(b) and the county is eligible for an  
18 apportionment of state equalization aid under the provisions  
19 of 20-9-347(1)(c), the county superintendent shall notify  
20 the superintendent of public instruction of the deficiency.  
21 The superintendent of public instruction shall increase the  
22 state equalization aid payments to the districts in the  
23 affected county to offset the deficiency. A payment may not  
24 be made under this subsection (c) that allows a district to  
25 receive foundation program funding in excess of the

1 Foundation program amount of the district.

2 (2) The revenue realized from the county's portion of  
3 the levy prescribed in this section and the revenue from the  
4 following sources must be used for the equalization of the  
5 high school district foundation programs of the county as  
6 prescribed in 20-9-334, and a separate accounting must be  
7 kept of the revenue by the county treasurer in accordance  
8 with 20-9-212(1):

9 (a) any money remaining at the end of the immediately  
10 preceding school fiscal year in the county treasurer's  
11 accounts for the various sources of revenue established in  
12 this section;

13 (b) any federal or state money distributed to the  
14 county as payment in lieu of property taxation, including  
15 federal forest reserve funds allocated under the provisions  
16 of 17-3-213;

17 (c) gross proceeds taxes from coal under 15-23-703;

18 (d) net proceeds taxes for new production, as defined  
19 in 15-23-601, and local government severance taxes on any  
20 other production occurring after December 31, 1988; and

21 (e) anticipated revenue from property taxes and fees  
22 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,  
23 61-3-537, and 67-3-204; and

24 (f) sales tax and use tax revenue."

25 **Section 156.** Section 20-9-343, MCA, is amended to read:

1 "20-9-343. (Temporary) Definition of and revenue for  
2 state equalization aid. (1) As used in this title, the term  
3 "state equalization aid" means the money deposited in the  
4 state special revenue fund as required in this section plus  
5 any legislative appropriation of money from other sources  
6 for:

7 (a) distribution to the public schools for the payment  
8 of guaranteed tax base aid and for equalization of the  
9 foundation program;

10 (b) the Montana educational telecommunications network  
11 as provided in 20-32-101; and

12 (c) filing fees for school district audits as required  
13 by 2-7-514(2).

14 (2) The superintendent of public instruction may spend  
15 funds appropriated for state equalization aid, as required  
16 by subsections (1)(a) and (1)(b), throughout the biennium.

17 (3) The following must be paid into the state special  
18 revenue fund for state equalization aid to public schools of  
19 the state:

20 (a) money received from the collection of income taxes  
21 under chapter 30 of Title 15, as provided by 15-1-501;

22 (b) except as provided in 15-31-702, money received  
23 from the collection of corporation license and income taxes  
24 under chapter 31 of Title 15, as provided by 15-1-501;

25 (c) money allocated to state equalization from the

1 collection of the severance tax on coal;

2 (d) money received from the treasurer of the United  
3 States as the state's shares of oil, gas, and other mineral  
4 royalties under the federal Mineral Lands Leasing Act, as  
5 amended;

6 (e) interest and income money described in 20-9-341 and  
7 20-9-342;

8 ~~(f) money received from the state equalization aid levy~~  
9 ~~under 20-9-360;~~

10 ~~(g)~~ income from the lottery, as provided in 23-7-402;

11 ~~(h)(g)~~ the surplus revenues collected by the counties  
12 for foundation program support according to 20-9-331 and  
13 20-9-333;

14 ~~(i)(h)~~ investment income earned by investing money in  
15 the state equalization aid account in the state special  
16 revenue fund; and

17 ~~(j)(i)~~ 15% of the income and earnings of all coal  
18 severance tax funds as provided in 17-5-704.

19 (4) The superintendent of public instruction shall  
20 request the board of investments to invest the money in the  
21 state equalization aid account to maximize investment  
22 earnings to the account.

23 (5) Any surplus revenue in the state equalization aid  
24 account in the second year of a biennium may be used to  
25 reduce any appropriation required for the next succeeding

1 biennium. (Terminates June 30, 1993--sec. 5, Ch. 729, L.  
2 1991.)

3 20-9-343. (Effective July 1, 1993) Definition of and  
4 revenue for state equalization aid. (1) As used in this  
5 title, the term "state equalization aid" means the money  
6 deposited in the state special revenue fund as required in  
7 this section plus any legislative appropriation of money  
8 from other sources for distribution to the public schools  
9 for the purposes of payment of guaranteed tax base aid and  
10 equalization of the foundation program and for the Montana  
11 educational telecommunications network as provided in  
12 20-32-101.

13 (2) The superintendent of public instruction may spend  
14 funds appropriated for state equalization aid as required  
15 for the purposes of guaranteed tax base aid, the foundation  
16 program, and the Montana educational telecommunications  
17 network, throughout the biennium.

18 (3) The following must be paid into the state special  
19 revenue fund for state equalization aid to public schools of  
20 the state:

21 (a) money received from the collection of income taxes  
22 under chapter 30 of Title 15, as provided by 15-1-501;

23 (b) except as provided in 15-31-702, money received  
24 from the collection of corporation license and income taxes  
25 under chapter 31 of Title 15, as provided by 15-1-501;

1 (c) money allocated to state equalization from the  
2 collection of the severance tax on coal;

3 (d) money received from the treasurer of the United  
4 States as the state's shares of oil, gas, and other mineral  
5 royalties under the federal Mineral Lands Leasing Act, as  
6 amended;

7 (e) interest and income money described in 20-9-341 and  
8 20-9-342;

9 ~~(f) money received from the state equalization aid levy  
10 under 20-9-360;~~

11 ~~(g)~~ income from the lottery, as provided in 23-7-402;

12 ~~(h)(g)~~ the surplus revenues collected by the counties  
13 for foundation program support according to 20-9-331 and  
14 20-9-333;

15 ~~(i)(E)~~ investment income earned by investing money in  
16 the state equalization aid account in the state special  
17 revenue fund; and

18 ~~(j)(i)~~ 15% of the income and earnings of all coal  
19 severance tax funds as provided in 17-5-704.

20 (4) The superintendent of public instruction shall  
21 request the board of investments to invest the money in the  
22 state equalization aid account to maximize investment  
23 earnings to the account.

24 (5) Any surplus revenue in the state equalization aid  
25 account in the second year of a biennium may be used to

1 reduce any appropriation required for the next succeeding  
2 biennium."

3 **Section 157.** Section 20-9-361, MCA, is amended to read:

4 "20-9-361. (Temporary) State and county equalization  
5 revenue -- statutory appropriation. Revenue received in  
6 support of state and county equalization under the  
7 provisions of 20-9-331, 20-9-333, and 20-9-343 is  
8 statutorily appropriated, as provided in 17-7-502, to:

9 ~~(1)~~ the superintendent of public instruction to be used  
10 for county equalization and state equalization aid for the  
11 public schools for the purposes of 20-9-343(1)(a) and must  
12 be accounted for in accordance with generally accepted  
13 accounting principles; and

14 ~~(2) counties as provided in 20-9-360(2).~~ (Terminates  
15 June 30, 1993--sec. 5, Ch. 729, L. 1991.)

16 20-9-361. (Effective July 1, 1993) State and county  
17 equalization revenue -- statutory appropriation. Revenue  
18 received in support of state and county equalization under  
19 the provisions of 20-9-331, 20-9-333, and 20-9-343 is  
20 statutorily appropriated, as provided in 17-7-502, to:

21 ~~(1)~~ the superintendent of public instruction to be used  
22 for county equalization and state equalization aid for the  
23 public schools, as provided by law, and must be accounted  
24 for in accordance with generally accepted accounting  
25 principles; and

~~{2}--counties-as-provided-in-20-9-360{2}.~~"

**Section 158.** Section 20-9-406, MCA, is amended to read:

**\*20-9-406. Limitations on amount of bond issue.** (1) (a)

The maximum amount for which an elementary district or a high school district may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is ~~45%~~ 55% of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of the indebtedness, including:

(i) the taxable value of coal gross proceeds as determined for county bonding purposes in 15-23-703(2);

(ii) the taxable value of oil and gas net proceeds as determined for county bonding purposes in 15-23-607(3); and

(iii) the amount of the value of any other oil and gas production occurring after December 31, 1988, multiplied by 60%.

(b) The maximum amount for which a K-12 school district, as formed pursuant to 20-6-701, may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is up to ~~90%~~ 110% of the taxable value of the property subject to taxation as ascertained by the last-completed assessment for state,

county, and school taxes previous to the incurring of the indebtedness. The total indebtedness of the high school district with an attached elementary district as represented by the issuance of bonds must be limited to the sum of ~~45%~~ 55% of the taxable value of the property for elementary school program purposes and ~~45%~~ 55% of the taxable value of the property for high school program purposes.

(2) The maximum amounts determined in subsection (1), however, may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district or to bonds issued for the repayment of tax protests lost by the district. All bonds issued in excess of the amount are void, except as provided in this section.

(3) When the total indebtedness of a school district has reached the limitations prescribed in this section, the school district may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this chapter.

(4) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the refunding bond issue is decreased accordingly."

**Section 159.** Section 20-9-407, MCA, is amended to read:

1       **"20-9-407. Industrial facility agreement for bond issue**  
 2       **in excess of maximum.** (1) In a school district within which  
 3       a new major industrial facility which seeks to qualify for  
 4       taxation as class five property under 15-6-135 is being  
 5       constructed or is about to be constructed, the school  
 6       district may require, as a precondition of the new major  
 7       industrial facility qualifying as class five property, that  
 8       the owners of the proposed industrial facility enter into an  
 9       agreement with the school district concerning the issuing of  
 10      bonds in excess of the ~~45%~~ 55% limitation prescribed in  
 11      20-9-406. Under such an agreement, the school district may,  
 12      with the approval of the voters, issue bonds which exceed  
 13      the limitation prescribed in this section by a maximum of  
 14      ~~45%~~ 55% of the estimated taxable value of the property of  
 15      the new major industrial facility subject to taxation when  
 16      completed. The estimated taxable value of the property of  
 17      the new major industrial facility subject to taxation shall  
 18      be computed by the department of revenue when requested to  
 19      do so by a resolution of the board of trustees of the school  
 20      district. A copy of the department's statement of estimated  
 21      taxable value shall be printed on each ballot used to vote  
 22      on a bond issue proposed under this section.

23      (2) Pursuant to the agreement between the new major  
 24      industrial facility and the school district and as a  
 25      precondition to qualifying as class five property, the new

1      major industrial facility and its owners shall pay, in  
 2      addition to the taxes imposed by the school district on  
 3      property owners generally, so much of the principal and  
 4      interest on the bonds provided for under this section as  
 5      represents payment on an indebtedness in excess of the  
 6      limitation prescribed in 20-9-406. After the completion of  
 7      the new major industrial facility and when the indebtedness  
 8      of the school district no longer exceeds the limitation  
 9      prescribed in this section, the new major industrial  
 10     facility shall be entitled, after all the current  
 11     indebtedness of the school district has been paid, to a tax  
 12     credit over a period of no more than 20 years. The credit  
 13     shall as a total amount be equal to the amount which the  
 14     facility paid the principal and interest of the school  
 15     district's bonds in excess of its general liability as a  
 16     taxpayer within the district.

17      (3) A major industrial facility is a facility subject  
 18      to the taxing power of the school district, whose  
 19      construction or operation will increase the population of  
 20      the district, imposing a significant burden upon the  
 21      resources of the district and requiring construction of new  
 22      school facilities. A significant burden is an increase in  
 23      ANB of at least 20% in a single year."

24      **Section 160.** Section 20-9-501, MCA, is amended to read:

25      **"20-9-501. Retirement fund.** (1) The trustees of a

1 district employing personnel who are members of the  
 2 teachers' retirement system or the public employees'  
 3 retirement system or who are covered by unemployment  
 4 insurance or who are covered by any federal social security  
 5 system requiring employer contributions shall establish a  
 6 retirement fund for the purposes of budgeting and paying the  
 7 employer's contributions to the systems. The district's  
 8 contribution for each employee who is a member of the  
 9 teachers' retirement system must be calculated in accordance  
 10 with Title 19, chapter 4, part 6. The district's  
 11 contribution for each employee who is a member of the public  
 12 employees' retirement system must be calculated in  
 13 accordance with 19-3-801. The district's contributions for  
 14 each employee covered by any federal social security system  
 15 must be paid in accordance with federal law and regulation.  
 16 The district's contribution for each employee who is covered  
 17 by unemployment insurance must be paid in accordance with  
 18 Title 39, chapter 51, part 11.

19 (2) The trustees of a district required to make a  
 20 contribution to a system referred to in subsection (1) shall  
 21 include in the retirement fund of the preliminary budget the  
 22 estimated amount of the employer's contribution. After the  
 23 final retirement fund budget has been adopted, the trustees  
 24 shall pay the employer contributions to the systems in  
 25 accordance with the financial administration provisions of

1 this title.

2 (3) When the final retirement fund budget has been  
 3 adopted, the county superintendent shall establish the levy  
 4 requirement by:

5 (a) determining the sum of the money available to  
 6 reduce the retirement fund levy requirement by adding:

7 (i) any anticipated money that may be realized in the  
 8 retirement fund during the ensuing school fiscal year,  
 9 including anticipated revenue from property taxes and fees  
 10 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,  
 11 61-3-537, and 67-3-204;

12 (ii) net proceeds taxes and local government severance  
 13 taxes on any other oil and gas production occurring after  
 14 December 31, 1988;

15 (iii) coal gross proceeds taxes under 15-23-703;

16 (iv) any fund balance available for reappropriation as  
 17 determined by subtracting the amount of the end-of-the-year  
 18 fund balance earmarked as the retirement fund operating  
 19 reserve for the ensuing school fiscal year by the trustees  
 20 from the end-of-the-year fund balance in the retirement  
 21 fund. The retirement fund operating reserve may not be more  
 22 than 35% of the final retirement fund budget for the ensuing  
 23 school fiscal year and must be used for the purpose of  
 24 paying retirement fund warrants issued by the district under  
 25 the final retirement fund budget; and

1        (v) sales tax and use tax receipts; and  
 2        ~~(v)~~(vi) any other revenue anticipated that may be  
 3 realized in the retirement fund during the ensuing school  
 4 fiscal year, excluding any guaranteed tax base aid.  
 5        (b) notwithstanding the provisions of subsection (8),  
 6 subtracting the money available for reduction of the levy  
 7 requirement, as determined in subsection (3)(a), from the  
 8 budgeted amount for expenditures in the final retirement  
 9 fund budget.  
 10        (4) The county superintendent shall:  
 11        (a) total the net retirement fund levy requirements  
 12 separately for all elementary school districts, all high  
 13 school districts, and all community college districts of the  
 14 county, including any prorated joint district or special  
 15 education cooperative agreement levy requirements; and  
 16        (b) report each levy requirement to the county  
 17 commissioners on the second Monday of August as the  
 18 respective county levy requirements for elementary district,  
 19 high school district, and community college district  
 20 retirement funds.  
 21        (5) The county commissioners shall fix and set the  
 22 county levy in accordance with 20-9-142.  
 23        (6) The net retirement fund levy requirement for a  
 24 joint elementary district or a joint high school district  
 25 must be prorated to each county in which a part of the

1        district is located in the same proportion as the district  
 2 ANB of the joint district is distributed by pupil residence  
 3 in each county. The county superintendents of the counties  
 4 affected shall jointly determine the net retirement fund  
 5 levy requirement for each county as provided in 20-9-151.  
 6        (7) The net retirement fund levy requirement for  
 7 districts that are members of special education cooperative  
 8 agreements must be prorated to each county in which the  
 9 district is located in the same proportion as the special  
 10 education cooperative budget is prorated to the member  
 11 school districts. The county superintendents of the counties  
 12 affected shall jointly determine the net retirement fund  
 13 levy requirement for each county in the same manner as  
 14 provided in 20-9-151 and the county commissioners shall fix  
 15 and levy the net retirement fund levy for each county in the  
 16 same manner as provided in 20-9-152.  
 17        (8) The county superintendent shall calculate the  
 18 number of mills to be levied on the taxable property in the  
 19 county to finance the retirement fund net levy requirement  
 20 by dividing the amount determined in subsection (4)(a) by  
 21 the sum of:  
 22        (a) the amount of guaranteed tax base aid that the  
 23 county will receive for each mill levied, as certified by  
 24 the superintendent of public instruction; and  
 25        (b) the taxable valuation of the district divided by



1 1,000."

2 **Section 161.** Section 20-10-144, MCA, is amended to  
3 read:

4 "20-10-144. Computation of revenues and net tax levy  
5 requirements for district transportation fund budget. Before  
6 the fourth Monday of July and in accordance with 20-9-123,  
7 the county superintendent shall compute the revenue  
8 available to finance the transportation fund budget of each  
9 district. The county superintendent shall compute the  
10 revenue for each district on the following basis:

11 (1) The "schedule amount" of the preliminary budget  
12 expenditures that is derived from the rate schedules in  
13 20-10-141 and 20-10-142 must be determined by adding the  
14 following amounts:

15 (a) the sum of the maximum reimbursable expenditures  
16 for all approved school bus routes maintained by the  
17 district (to determine the maximum reimbursable expenditure,  
18 multiply the applicable rate per bus mile by the total  
19 number of miles to be traveled during the ensuing school  
20 fiscal year on each bus route approved by the county  
21 transportation committee and maintained by such district);  
22 plus

23 (b) the total of all individual transportation per diem  
24 reimbursement rates for the district as determined from the  
25 contracts submitted by the district multiplied by the number

1 of pupil-instruction days scheduled for the ensuing school  
2 attendance year; plus

3 (c) any estimated costs for supervised home study or  
4 supervised correspondence study for the ensuing school  
5 fiscal year; plus

6 (d) the amount budgeted on the preliminary budget for  
7 the contingency amount permitted in 20-10-143, except if the  
8 amount exceeds 10% of the total of subsections (1)(a),  
9 (1)(b), and (1)(c) or \$100, whichever is larger, the  
10 contingency amount on the preliminary budget must be reduced  
11 to the limitation amount and used in this determination of  
12 the schedule amount.

13 (2) (a) The schedule amount determined in subsection  
14 (1) or the total preliminary transportation fund budget,  
15 whichever is smaller, is divided by 2 and is used to  
16 determine the available state and county revenue to be  
17 budgeted on the following basis:

18 (i) one-half is the budgeted state transportation  
19 reimbursement, except that the state transportation  
20 reimbursement for the transportation of special education  
21 pupils under the provisions of 20-7-442 must be 100% of the  
22 schedule amount attributed to the transportation of special  
23 education pupils; and

24 (ii) one-half is the budgeted county transportation fund  
25 reimbursement and must be financed in the manner provided in

1 20-10-146.

2 (b) 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 district revenue and cash reappropriated must be  
7 used to reduce the county financing obligation in subsection  
8 (2)(a)(ii) and, if the county financing obligations are  
9 reduced to zero, to reduce the state financial obligation in  
10 subsection (2)(a)(i).

11 (c) The county revenue requirement for a joint  
12 district, after the application of any district money under  
13 subsection (2)(b), must 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 county.

17 (3) The total of the money available for the reduction  
18 of property tax on the district for the transportation fund  
19 must be determined by totaling:

20 (a) anticipated federal money received under the  
21 provisions of Title I of Public Law 81-874 or other  
22 anticipated federal money received in lieu of that federal  
23 act;

24 (b) anticipated payments from other districts for  
25 providing school bus transportation services for the

1 district;

2 (c) anticipated payments from a parent or guardian for  
3 providing school bus transportation services for his child;

4 (d) anticipated or reappropriated interest to be earned  
5 by the investment of transportation fund cash in accordance  
6 with the provisions of 20-9-213(4);

7 (e) anticipated or reappropriated revenue from property  
8 taxes and fees imposed under 23-2-517, 23-2-803,  
9 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204;

10 (f) anticipated revenue from coal gross proceeds under  
11 15-23-703;

12 (g) anticipated net proceeds taxes for new production,  
13 as defined in 15-23-601, and local government severance  
14 taxes on any other production occurring after December 31,  
15 1988;

16 (h) sales tax and use tax revenue;

17 ~~(i)~~ (i) any other revenue anticipated by the trustees to  
18 be earned during the ensuing school fiscal year that may be  
19 used to finance the transportation fund; and

20 ~~(j)~~ (j) any fund balance available for reappropriation  
21 as determined by subtracting the amount of the  
22 end-of-the-year fund balance earmarked as the transportation  
23 fund operating reserve for the ensuing school fiscal year by  
24 the trustees from the end-of-the-year fund balance in the  
25 transportation fund. The operating reserve may not be more

1 than 20% of the final transportation fund budget for the  
2 ensuing school fiscal year and is for the purpose of paying  
3 transportation fund warrants issued by the district under  
4 the final transportation fund budget.

5 (4) The district levy requirement for each district's  
6 transportation fund must be computed by:

7 (a) subtracting the schedule amount calculated in  
8 subsection (1) from the total preliminary transportation  
9 budget amount; and

10 (b) subtracting the amount of money available to reduce  
11 the property tax on the district, as determined in  
12 subsection (3), from the amount determined in subsection  
13 (4)(a).

14 (5) The transportation fund levy requirements  
15 determined in subsection (4) for each district must be  
16 reported to the county commissioners on the second Monday of  
17 August by the county superintendent as the transportation  
18 fund levy requirements for the district, and the levy must  
19 be made by the county commissioners in accordance with  
20 20-9-142."

21 **Section 162.** Section 20-15-313, MCA, is amended to  
22 read:

23 "20-15-313. Tax levy. On the second Monday in August,  
24 the board of county commissioners of any county where a  
25 community college district is located shall fix and levy a

1 tax on all the real ~~and-personal~~ property and improvements  
2 within the community college district at the rate required  
3 to finance the mandatory mill levy prescribed by subsection  
4 (1)(b) of 20-15-312 and the voted levy prescribed by  
5 subsection (5) of 20-15-311 if one has been approved by the  
6 voters. When a community college district has territory in  
7 more than one county, the board of county commissioners in  
8 each county shall fix and levy the community college  
9 district tax on all the real ~~and--personal~~ property and  
10 improvements of the community college district situated in  
11 its county."

12 **Section 163.** Section 20-15-314, MCA, is amended to  
13 read:

14 "20-15-314. Tax levy for ~~community~~ college service  
15 region. A governing body designating a community college  
16 service region as provided in 20-15-241 may levy a tax on  
17 all real ~~and-personal~~ property and improvements within the  
18 region at a rate required to finance the services offered by  
19 a community college district for the region. The levy is in  
20 addition to any other levies allowed by law and is not  
21 subject to any statutory or charter limitations on levies.  
22 The levy must be made at the same time and in the same  
23 manner as the general levy of the political subdivision  
24 designating the region is made, and the revenues generated  
25 thereby must be collected at the same time and in the same

1 manner. Within 30 days of collection, the appropriate  
2 revenues must be transmitted to the participating community  
3 college district."

4 **Section 164.** Section 20-15-403, MCA, is amended to  
5 read:

6 "20-15-403. Applications of other school district  
7 provisions. (1) When the term "school district" appears in  
8 the following sections outside of Title 20, the term  
9 includes community college districts and the provisions of  
10 those sections applicable to school districts apply to  
11 community college districts: 2-9-101, 2-9-111, 2-9-316,  
12 2-16-114, 2-16-602, 2-16-614, 2-18-703, 7-3-1101, 7-6-2604,  
13 7-6-2801, 7-7-123, 7-8-2214, 7-8-2216, 7-11-103, 7-12-4106,  
14 7-13-110, 7-13-210, 7-15-4206, 10-1-703, 15-1-101, ~~15-6-204~~,  
15 15-16-101, 15-16-601, 15-55-106, 15-70-301, 15-70-322,  
16 17-5-101, 17-5-202, 17-6-103, 17-6-204, 17-6-213, 17-7-201,  
17 18-1-201, 18-2-101, 18-2-103, 18-2-113, 18-2-114, 18-2-404,  
18 18-2-432, 18-5-205, 19-1-102, 19-1-811, 22-1-309, 25-1-402,  
19 27-18-406, 33-20-1104, 39-3-104, 39-4-107, 39-31-103,  
20 39-31-304, 39-71-116, 39-71-117, 39-71-2106, 39-71-2206,  
21 40-6-237, 41-3-1132, 49-3-101, 49-3-102, 53-20-304,  
22 77-3-321, 82-10-201, 82-10-202, 82-10-203, 85-7-2158, and  
23 90-6-208 and Rules 4D(2)(g) and 15(c), M.R.Civ.P., as  
24 amended.

25 (2) When the term "school district" appears in a

1 section outside of Title 20 but the section is not listed in  
2 subsection (1), the school district provision does not apply  
3 to a community college district."

4 **Section 165.** Section 20-25-423, MCA, is amended to  
5 read:

6 "20-25-423. State tax levy -- support of public  
7 education institutions. The legislature shall levy a  
8 property tax of not more than 6 mills on the taxable value  
9 of all real and personal property and improvements each year  
10 for 10 years beginning with the year 1989. All revenue from  
11 this property tax levy shall be appropriated for the  
12 support, maintenance, and improvement of the Montana  
13 university system."

14 **Section 166.** Section 23-2-508, MCA, is amended to read:

15 "23-2-508. Certificate of ownership -- filing of  
16 security interests. (1) Except as provided in subsection  
17 (9), a motorboat or sailboat 12 feet in length or longer may  
18 not be operated upon the waters of the state unless a  
19 certificate of ownership has first been obtained from the  
20 department of justice in accordance with the laws of this  
21 state.

22 (2) The owner of a motorboat or sailboat 12 feet in  
23 length or longer shall apply for a certificate of ownership  
24 and a certificate of number with the county treasurer of the  
25 county in which the owner resides, upon forms furnished by

1 the department of justice. The forms must require the  
2 following information:

- 3 (a) name of the owner;
  - 4 (b) residence of the owner, by town or county;
  - 5 (c) business or home address of the owner;
  - 6 (d) name and address of any lienholder;
  - 7 (e) amount due under any contract or lien;
  - 8 (f) name of the manufacturer;
  - 9 (g) model number or name;
  - 10 (h) identification number;
  - 11 (i) name and address of the dealer or other person from  
12 whom acquired, if known; and
  - 13 (j) other information as the department of justice may  
14 require.
- 15 (3) The application is to be accompanied by  
16 documentation of ownership, such as an invoice, a bill of  
17 sale, a foreign title, an official certificate of boat  
18 number, a fee ~~in-lieu-of-tax~~ receipt, or a certificate of  
19 ownership of a trailer purchased with the motorboat or  
20 sailboat. An applicant who fails to provide proof of  
21 ownership shall provide a certified statement describing how  
22 the motorboat or sailboat 12 feet in length or longer was  
23 acquired, from whom acquired, if known, and other  
24 information requested by the department of justice.
- 25 (4) If a certificate of ownership has previously been

1 issued under the provisions of this part, the application  
2 for a new certificate must be accompanied by the immediately  
3 previous certificate. This subsection does not apply to  
4 motorboats or sailboats 12 feet in length or longer that are  
5 purchased as new and unused vessels or that were operated  
6 when the provisions of this part were not in force and  
7 effect.

8 (5) A motorboat or sailboat 12 feet in length or longer  
9 that does not have a manufacturer's or other identifying  
10 number on the motorboat or sailboat must be assigned an  
11 identification number by the department of fish, wildlife,  
12 and parks. A fee of \$1 must be paid to the department for an  
13 assignment of number.

14 (6) Upon completion of the application, the county  
15 treasurer shall issue to the applicant two copies of the  
16 certificate of number application, one of which must be  
17 marked "file copy". The treasurer shall forward one copy and  
18 the original application for a certificate of ownership to  
19 the department of justice, which shall enter the information  
20 contained in the application upon the corresponding records  
21 of its office and shall furnish the applicant a certificate  
22 of ownership containing that information in the application  
23 considered necessary by the department and a permanent boat  
24 number. The certificate of ownership need not be renewed  
25 annually and is valid as long as the person holding it owns

1 the vessel.

2 (7) The owner shall at all times retain possession of  
3 the certificate of ownership, except when it is being  
4 transmitted to and from the department of justice for  
5 endorsement or cancellation.

6 (8) Upon application for a certificate of ownership, a  
7 fee of \$5 must be paid to the county treasurer, \$3.50 of  
8 which must be forwarded by the county treasurer to the  
9 department of justice and deposited in the general fund.

10 (9) A person who, on July 1, 1988, is the owner of a  
11 motorboat or sailboat 12 feet in length or longer with a  
12 valid certificate of number issued by the state is not  
13 required to file an application for a certificate of  
14 ownership for the motorboat or sailboat unless he transfers  
15 a part of his interest in the motorboat or sailboat or he  
16 renews the certificate of number for the motorboat or  
17 sailboat.

18 (10) A security interest in a boat is not valid as  
19 against creditors, subsequent purchasers, or encumbrancers  
20 unless a lien notice, showing that a security interest has  
21 been created, has been perfected as provided in this  
22 section. The lien notice must be filed on a form approved by  
23 the department of justice. The department of justice may not  
24 file a security interest or other lien unless it is  
25 accompanied by or specified in the application for a

1 certificate of ownership of the boat encumbered. If the lien  
2 notice is transmitted to the department of justice, the  
3 security agreement or other lien instrument that creates the  
4 security interest must be retained by the secured party. A  
5 copy of the security agreement is sufficient as a lien  
6 notice if it contains the name and address of the debtor and  
7 the secured party, the complete boat description, the amount  
8 of the lien, and the signature of the debtor. The department  
9 of justice shall file the security interest or lien by  
10 entering the name and address of the secured party upon the  
11 face of the certificate of ownership. The department of  
12 justice shall mail a statement certifying the filing of a  
13 security interest or lien to the secured party. The  
14 department of justice shall mail the certificate of  
15 ownership to the owner at the address given on the  
16 certificate; however, if the transfer of ownership and  
17 filing of the security interest are paid for by a creditor  
18 or secured party, the department of justice shall return the  
19 certificate of ownership to the county treasurer of the  
20 county in which the boat is to be registered. The owner of a  
21 boat is the person entitled to operate and possess the boat.

22 (11) A security interest in a boat held as inventory by  
23 a dealer must be perfected in accordance with Title 30,  
24 chapter 9, and no endorsement on the certificate of title is  
25 necessary for perfection.

1 (12) Whenever a security interest or lien is filed  
2 against a boat that is subject to two security interests  
3 previously perfected under this section, the department of  
4 justice shall endorse on the face of the certificate of  
5 ownership: "NOTICE. This boat is subject to additional  
6 security interest on file with the Department of Justice."  
7 No other information regarding the additional security  
8 interests need be endorsed on the certificate.

9 (13) Satisfactions or statements of release filed with  
10 the department of justice under this part must be retained  
11 for a period of 8 years after receipt, after which they may  
12 be destroyed.

13 (14) A security interest or other lien as provided in  
14 this section is perfected on the date the lien notice is  
15 delivered to the county treasurer. On that date, the county  
16 treasurer shall issue to the secured party a receipt  
17 evidencing the perfection. Perfection under this section  
18 constitutes constructive notice to subsequent purchasers or  
19 encumbrancers, from the date of delivery of the lien notice  
20 to the county treasurer, of the existence of the security  
21 interest.

22 (15) Upon default under a chattel mortgage or  
23 conditional sales contract covering a boat, the mortgagee or  
24 vendor has the same remedies as in the case of other  
25 personal property. In case of attachment of a boat all the

1 provisions of 27-18-413, 27-18-414, and 27-18-804 are  
2 applicable, except that deposits must be made with the  
3 department of justice.

4 (16) A conditional sales vendor or chattel mortgagee or  
5 assignee who fails to file a satisfaction of a chattel  
6 mortgage, assignment, or conditional sales contract within  
7 15 days after receiving final payment is required to pay the  
8 department of justice the sum of \$1 for each day that he  
9 fails to file the satisfaction.

10 (17) Upon receipt of any liens, notice of liens  
11 dependent on possession, or attachments against the record  
12 of any boat registered in this state, the department of  
13 justice shall within 24 hours mail to the owner, conditional  
14 sales vendor, mortgagee, or their assignee a notice showing  
15 the name and address of the lien claimant, the amount of the  
16 lien, the date of execution of the lien, and, in the case of  
17 attachment, the full title of the court, the action, and the  
18 name of the attorney for the plaintiff or the name of the  
19 attaching creditor, or both.

20 (18) It is not necessary to refile with the department  
21 of justice any instruments on file in the office of the  
22 county clerk and recorder on October 1, 1989.

23 (19) A fee of \$4 must be paid to the department of  
24 justice to file any security interest or other lien against  
25 a boat. The \$4 fee must cover the cost of filing a

1 satisfaction or release of the security interest and the  
 2 cost of entering the satisfaction or release on the records  
 3 of the department of justice and deleting the endorsement of  
 4 the security interest from the face of the certificate of  
 5 ownership. A fee of \$4 must be paid to the department of  
 6 justice for issuing a certified copy of a certificate of  
 7 ownership subject to a security interest or other lien on  
 8 file with the department of justice or for filing an  
 9 assignment of any security interest or other lien on file  
 10 with the department of justice. All fees provided for in  
 11 this section must be paid to the county treasurer for  
 12 deposit in the general fund in accordance with 15-1-504."

13 **Section 167.** Section 23-2-510, MCA, is amended to read:

14 **"23-2-510. Transfer of interest.** (1) Except as provided  
 15 in subsection (3), upon a transfer of a certificate of  
 16 ownership to a motorboat or sailboat 12 feet in length or  
 17 longer registered as required under the provisions of this  
 18 part, the person whose title or interest is to be  
 19 transferred shall sign the certificate of ownership issued  
 20 for the motorboat or sailboat in the appropriate space  
 21 provided on the reverse side of the certificate, and the  
 22 signature must be acknowledged before the county treasurer,  
 23 a deputy county treasurer, or a notary public.

24 (2) Within 30 calendar days after endorsement, the  
 25 transferee shall make application for transfer of the

1 certificate of ownership with the county treasurer of the  
 2 county in which the transferee resides and also make  
 3 application for registration of the motorboat or sailboat.  
 4 The county treasurer shall forward the application to the  
 5 department of justice, which shall file the application upon  
 6 receipt. A certificate of ownership may not be issued by the  
 7 department until any outstanding certificate is surrendered  
 8 to the department or its loss is established to the  
 9 department's reasonable satisfaction. The county treasurer  
 10 shall collect a fee of \$5 for each application for transfer  
 11 of ownership, of which \$3.50 must be forwarded to the  
 12 department of justice for deposit in the general fund.

13 (3) A purchaser of a new or used motorboat or sailboat  
 14 12 feet in length or longer from a licensed dealer has a  
 15 grace period of 30 calendar days from the date of purchase  
 16 to register the motorboat or sailboat, make application for  
 17 a certificate of ownership, and obtain a decal indicating  
 18 that the fee ~~in-lieu-of-property-tax~~ has been paid on the  
 19 vessel for the current year. It is not a violation of this  
 20 part or any other law for the purchaser to operate a newly  
 21 acquired motorboat or sailboat 12 feet in length or longer  
 22 without a certificate of ownership, certificate of  
 23 registration, and decal during the 30-day grace period.  
 24 During this period the sticker provided for in subsection  
 25 (4) must remain affixed to the motorboat or sailboat.



1 (4) Prior to the delivery of a motorboat or sailboat 12  
 2 feet in length or longer to the purchaser, the dealer shall  
 3 issue and affix to a motorboat or sailboat constructed after  
 4 October 31, 1972, a sticker as prescribed by the department  
 5 of justice. The sticker must contain the name and address of  
 6 the purchaser, the date of sale, the name and address of the  
 7 dealer, and a description of the motorboat or sailboat,  
 8 including its serial number. The dealer shall keep a copy of  
 9 the sticker for his records and shall send a copy of the  
 10 sticker to the department of justice.

11 (5) A purchaser of a new or used motorboat or sailboat  
 12 who is unable to record a transfer of ownership with the  
 13 county treasurer at the time he makes application for  
 14 registration of the motorboat or sailboat because the  
 15 certificate of ownership is lost, in the possession of third  
 16 parties, or in the process of reissuance in this state or  
 17 elsewhere may, upon making affidavit to that effect upon a  
 18 form prescribed by the department of justice and upon the  
 19 payment of the applicable fee in lieu of tax plus a fee of  
 20 \$2 to be collected by the county treasurer and remitted to  
 21 the department of justice, obtain from the county treasurer  
 22 of the county in which the boat is to be registered a  
 23 temporary boat sticker of a size, color, and design as the  
 24 department of justice may prescribe, to be validated by the  
 25 county treasurer for a period of 60 days from the date of

1 issuance. The purchaser, upon displaying the sticker  
 2 conspicuously on the motorboat or sailboat, may operate the  
 3 motorboat or sailboat during the period for which the boat  
 4 sticker has been validated without displaying the numbers  
 5 and license decal for the current year. The county treasurer  
 6 may not sell, and a person may not purchase, more than one  
 7 60-day temporary boat sticker for any motorboat or sailboat,  
 8 the ownership of which has not changed since the issuance of  
 9 the previous 60-day boat sticker.

10 (6) The provisions of subsection (2) do not apply in  
 11 the event of the transfer of a motorboat or sailboat 12 feet  
 12 in length or longer to a duly licensed dealer intending to  
 13 resell the motorboat or sailboat and who operates it only  
 14 for demonstration purposes, but every dealer, upon  
 15 transferring his interest, shall deliver the certificate of  
 16 ownership with an application for a new certificate executed  
 17 by the new owner in accordance with the provisions of this  
 18 part. The department of justice, upon receipt of the  
 19 certificate of ownership and application for a new  
 20 certificate containing notice of a security interest, if  
 21 any, shall issue a new certificate of ownership, together  
 22 with a statement of any conditional sales contract,  
 23 mortgage, or other lien.

24 (7) When the names and addresses of more than one owner  
 25 who are members of the same immediate family are listed on

1 the certificate of ownership, joint ownership with right of  
2 survivorship, and not as tenants in common, is presumed.

3 (8) The provisions of 61-3-201(3) through (7) that  
4 apply to motor vehicles also apply to any certificate of  
5 ownership transferred under this section."

6 **Section 168.** Section 23-2-512, MCA, is amended to read:

7 "23-2-512. (Temporary) Identification number. (1) The  
8 owner of each motorboat, sailboat, or personal watercraft  
9 requiring numbering by this state shall file an application  
10 for number in the office of the county treasurer where the  
11 motorboat, sailboat, or personal watercraft is owned, on  
12 forms prepared and furnished by the department of justice.  
13 The application must be signed by the owner of the  
14 motorboat, sailboat, or personal watercraft and be  
15 accompanied by a fee of \$2.50. Any alteration, change, or  
16 false statement contained in the application will render the  
17 certificate of number void. Upon receipt of the application  
18 in approved form, the county treasurer shall issue to the  
19 applicant a certificate of number prepared and furnished by  
20 the department of justice, stating the number assigned to  
21 the motorboat, sailboat, or personal watercraft and the name  
22 and address of the owner.

23 (2) The applicant, upon the filing of the application,  
24 shall pay to the county treasurer the fee in-- lieu--of--tax  
25 required for a motorboat 10 feet in length or longer, a

1 sailboat 12 feet in length or longer, or a personal  
2 watercraft for the current year of certification before the  
3 application for certification or recertification may be  
4 accepted by the county treasurer.

5 (3) Should the ownership of a motorboat, sailboat, or  
6 personal watercraft change, a new application form with the  
7 certification fee must be filed within a reasonable time  
8 with the county treasurer and a new certificate of number  
9 assigned in the same manner as provided for in an original  
10 assignment of number.

11 (4) If an agency of the United States government has in  
12 force a comprehensive system of identification numbering for  
13 motorboats in the United States, the numbering system  
14 employed pursuant to this part by the department of justice  
15 must be in conformity.

16 (5) Every certificate of number and the license decals  
17 assigned under this part continues in effect for a period  
18 not to exceed 1 year unless terminated or discontinued in  
19 accordance with the provisions of this part. Certificates of  
20 number and license decals must show the date of expiration  
21 and may be renewed by the owner in the same manner provided  
22 for in the initial securing of the certificate.

23 (6) Certificates of number expire on December 31 of  
24 each year and may not be in effect unless renewed under this  
25 part.

1 (7) In event of transfer of ownership, the purchaser  
 2 shall furnish the county treasurer notice within a  
 3 reasonable time of the acquisition of all or any part of his  
 4 interest, other than the creation of a security interest, in  
 5 a motorboat, sailboat, or personal watercraft numbered in  
 6 this state or of the loss, theft, destruction, or  
 7 abandonment of the motorboat, sailboat, or personal  
 8 watercraft. The transfer, loss, theft, destruction, or  
 9 abandonment terminates the certificate of number for the  
 10 motorboat, sailboat, or personal watercraft. Recovery from  
 11 theft or transfer of a part interest that does not affect  
 12 the owner's right to operate the motorboat, sailboat, or  
 13 personal watercraft does not terminate the certificate of  
 14 number.

15 (8) A holder of a certificate of number shall notify  
 16 the county treasurer within reasonable time if his address  
 17 no longer conforms to the address appearing on the  
 18 certificate and furnish the county treasurer with his new  
 19 address. The department of justice may provide by rule for  
 20 the surrender of the certificate bearing the former address  
 21 and its replacement with a certificate bearing the new  
 22 address or the alteration of an outstanding certificate to  
 23 show the new address of the holder.

24 (9) (a) The number assigned must be painted on or  
 25 attached to each outboard side of the forward half of the

1 motorboat, sailboat, or personal watercraft or, if there are  
 2 no such sides, at a corresponding location on both outboard  
 3 sides of the foredeck of the motorboat, sailboat, or  
 4 personal watercraft. The number assigned must read from left  
 5 to right in Arabic numerals and block characters of good  
 6 proportion at least 3 inches tall excluding border or trim  
 7 of a color that contrasts with the color of the background  
 8 and be so maintained as to be clearly visible and legible.  
 9 The number may not be placed on the obscured underside of  
 10 the flared bow where it cannot be easily seen from another  
 11 vessel or ashore. No numerals, letters, or devices other  
 12 than those used in connection with the identifying number  
 13 issued may be placed in the proximity of the identifying  
 14 number. No numerals, letters, or devices that might  
 15 interfere with the ready identification of the motorboat,  
 16 sailboat, or personal watercraft by its identifying number  
 17 may be carried as to interfere with the motorboat's,  
 18 sailboat's, or personal watercraft's identification. No  
 19 number other than the number and license decal assigned to a  
 20 motorboat, sailboat, or personal watercraft or granted  
 21 reciprocity under this part may be painted, attached, or  
 22 otherwise displayed on either side of the forward half of  
 23 the motorboat, sailboat, or personal watercraft.

24 (b) The certificate of number shall be pocket size and  
 25 available to federal, state, or local law enforcement

1 officers at all reasonable times for inspection on the  
2 motorboat, sailboat, or personal watercraft whenever the  
3 motorboat, sailboat, or personal watercraft is on waters of  
4 this state.

5 (c) Boat liveries are not required to have the  
6 certificate of number on board each motorboat, sailboat, or  
7 personal watercraft, but a rental agreement must be carried  
8 on board livery motorboats, sailboats, or personal  
9 watercraft in place of the certificate of number.

10 (10) (a) Except as provided in subsection (10)(b), fees,  
11 other than the ~~fee--in--lieu--of--tax~~ fees provided for in  
12 23-2-517, collected under this section shall be transmitted  
13 to the state treasurer, who shall deposit the fees in the  
14 motorboat or sailboat certificate identification account of  
15 the state special revenue fund. These fees shall be used  
16 only for the administration and enforcement of this part, as  
17 amended.

18 (b) Of the fee collected under the provisions of  
19 subsection (1), 20% must be deposited by the state treasurer  
20 in an account in the state special revenue fund to the  
21 credit of the department to be used to provide necessary  
22 education for boat owners, to acquire decibel meters as  
23 required to implement the provisions of 23-2-523(9) and  
24 23-2-526(3), and to acquire marine sewage pumpout equipment.

25 (11) An owner of a motorboat, sailboat, or personal

1 watercraft must within a reasonable time notify the  
2 department of justice, giving the motorboat's, sailboat's,  
3 or personal watercraft's identifying number and the owner's  
4 name when the motorboat, sailboat, or personal watercraft is  
5 transferred, lost, destroyed, abandoned, or frauded or  
6 within 60 days after change of state of principal use or if  
7 a motorboat becomes documented as a vessel of the United  
8 States. (Terminates July 1, 1993--sec. 13, Ch. 728, L.  
9 1991.)

10 23-2-512. (Effective July 1, 1993) Identification  
11 number. (1) The owner of each motorboat, sailboat, or  
12 personal watercraft requiring numbering by this state shall  
13 file an application for number in the office of the county  
14 treasurer where the motorboat, sailboat, or personal  
15 watercraft is owned, on forms prepared and furnished by the  
16 department of justice. The application must be signed by the  
17 owner of the motorboat, sailboat, or personal watercraft and  
18 be accompanied by a fee of \$2. Any alteration, change, or  
19 false statement contained in the application will render the  
20 certificate of number void. Upon receipt of the application  
21 in approved form, the county treasurer shall issue to the  
22 applicant a certificate of number prepared and furnished by  
23 the department of justice, stating the number assigned to  
24 the motorboat, sailboat, or personal watercraft and the name  
25 and address of the owner.

1 (2) The applicant, upon the filing of the application,  
2 shall pay to the county treasurer the fee ~~in-lieu-of-tax~~  
3 required for a motorboat 10 feet in length or longer, a  
4 sailboat 12 feet in length or longer, or a personal  
5 watercraft for the current year of certification before the  
6 application for certification or recertification may be  
7 accepted by the county treasurer.

8 (3) Should the ownership of a motorboat, sailboat, or  
9 personal watercraft change, a new application form with the  
10 certification fee must be filed within a reasonable time  
11 with the county treasurer and a new certificate of number  
12 assigned in the same manner as provided for in an original  
13 assignment of number.

14 (4) If an agency of the United States government has in  
15 force a comprehensive system of identification numbering for  
16 motorboats in the United States, the numbering system  
17 employed pursuant to this part by the department of justice  
18 must be in conformity.

19 (5) Every certificate of number and the license decals  
20 assigned under this part continues in effect for a period  
21 not to exceed 1 year unless terminated or discontinued in  
22 accordance with the provisions of this part. Certificates of  
23 number and license decals must show the date of expiration  
24 and may be renewed by the owner in the same manner provided  
25 for in the initial securing of the certificate.

1 (6) Certificates of number expire on December 31 of  
2 each year and may not be in effect unless renewed under this  
3 part.

4 (7) In event of transfer of ownership, the purchaser  
5 shall furnish the county treasurer notice within a  
6 reasonable time of the acquisition of all or any part of his  
7 interest, other than the creation of a security interest, in  
8 a motorboat, sailboat, or personal watercraft numbered in  
9 this state or of the loss, theft, destruction, or  
10 abandonment of the motorboat, sailboat, or personal  
11 watercraft. The transfer, loss, theft, destruction, or  
12 abandonment terminates the certificate of number for the  
13 motorboat, sailboat, or personal watercraft. Recovery from  
14 theft or transfer of a part interest that does not affect  
15 the owner's right to operate the motorboat, sailboat, or  
16 personal watercraft does not terminate the certificate of  
17 number.

18 (8) A holder of a certificate of number shall notify  
19 the county treasurer within reasonable time if his address  
20 no longer conforms to the address appearing on the  
21 certificate and furnish the county treasurer with his new  
22 address. The department of justice may provide by rule for  
23 the surrender of the certificate bearing the former address  
24 and its replacement with a certificate bearing the new  
25 address or the alteration of an outstanding certificate to

1 show the new address of the holder.

2 (9) (a) The number assigned must be painted on or  
3 attached to each outboard side of the forward half of the  
4 motorboat, sailboat, or personal watercraft or, if there are  
5 no such sides, at a corresponding location on both outboard  
6 sides of the foredeck of the motorboat, sailboat, or  
7 personal watercraft. The number assigned must read from left  
8 to right in Arabic numerals and block characters of good  
9 proportion at least 3 inches tall excluding border or trim  
10 of a color that contrasts with the color of the background  
11 and be so maintained as to be clearly visible and legible.  
12 The number may not be placed on the obscured underside of  
13 the flared bow where it cannot be easily seen from another  
14 vessel or ashore. No numerals, letters, or devices other  
15 than those used in connection with the identifying number  
16 issued may be placed in the proximity of the identifying  
17 number. No numerals, letters, or devices that might  
18 interfere with the ready identification of the motorboat,  
19 sailboat, or personal watercraft by its identifying number  
20 may be carried as to interfere with the motorboat's,  
21 sailboat's, or personal watercraft's identification. No  
22 number other than the number and license decal assigned to a  
23 motorboat, sailboat, or personal watercraft or granted  
24 reciprocity under this part may be painted, attached, or  
25 otherwise displayed on either side of the forward half of

1 the motorboat, sailboat, or personal watercraft.

2 (b) The certificate of number shall be pocket size and  
3 available to federal, state, or local law enforcement  
4 officers at all reasonable times for inspection on the  
5 motorboat, sailboat, or personal watercraft whenever the  
6 motorboat, sailboat, or personal watercraft is on waters of  
7 this state.

8 (c) Boat liveries are not required to have the  
9 certificate of number on board each motorboat, sailboat, or  
10 personal watercraft, but a rental agreement must be carried  
11 on board livery motorboats, sailboats, or personal  
12 watercraft in place of the certificate of number.

13 (10) Fees, other than the ~~fee-in-lieu-of-tax~~ fees  
14 provided for in 23-2-517, collected under this section shall  
15 be transmitted to the state treasurer, who shall deposit the  
16 fees in the motorboat or sailboat certificate identification  
17 account of the state special revenue fund. These fees shall  
18 be used only for the administration and enforcement of this  
19 part, as amended.

20 (11) An owner of a motorboat, sailboat, or personal  
21 watercraft must within a reasonable time notify the  
22 department of justice, giving the motorboat's, sailboat's,  
23 or personal watercraft's identifying number and the owner's  
24 name when the motorboat, sailboat, or personal watercraft is  
25 transferred, lost, destroyed, abandoned, or frauded or

1 within 60 days after change of state of principal use or if  
2 a motorboat becomes documented as a vessel of the United  
3 States."

4 **Section 169.** Section 23-2-515, MCA, is amended to read:

5 "23-2-515. License decals to be displayed. (1) Every  
6 Montana motorboat, sailboat, or personal watercraft numbered  
7 in accordance with the provisions of 23-2-512 or 23-2-513  
8 shall be required to display license decals. For this  
9 purpose the county treasurer, upon proof of payment of the  
10 fee ~~in-lieu-of-tax~~ as required by 15-16-202 for motorboats  
11 10 feet in length or longer, sailboats 12 feet in length or  
12 longer, or personal watercraft, shall issue a pair of decals  
13 prepared and furnished by the department of justice with all  
14 new certificates of number and renewals thereof.

15 (2) The decals shall be of a style and design  
16 prescribed by the department of justice and shall be a color  
17 differing from the preceding year. The license decal will be  
18 serially numbered and have the expiration date of December  
19 31 of the appropriate year printed thereon.

20 (3) License decals shall be displayed only in the  
21 following manner: one valid license decal on each side of  
22 the forward half, 3 inches aft of the identifying numbers."

23 **Section 170.** Section 23-2-516, MCA, is amended to read:

24 "23-2-516. Fee ~~in-lieu-of-tax~~ for motorboats 10 feet in  
25 length or longer, sailboats 12 feet in length or longer,

1 personal watercraft, motorized canoes, motorized rubber  
2 rafts, and motorized pontoons. (1) There is a fee ~~in-lieu-of~~  
3 ~~property-tax~~ as prescribed in 23-2-517 imposed on motorboats  
4 10 feet in length or longer, sailboats 12 feet in length or  
5 longer, personal watercraft, motorized canoes, motorized  
6 rubber rafts, and motorized pontoons. The fee is in addition  
7 to the annual fee required by 23-2-512 for filing of the  
8 application for a certificate of number.

9 (2) The fee imposed by subsection (1) need not be paid  
10 by a dealer for motorboats, sailboats, personal watercraft,  
11 motorized canoes, motorized rubber rafts, or motorized  
12 pontoons that constitute inventory of the dealership."

13 **Section 171.** Section 23-2-518, MCA, is amended to read:

14 "23-2-518. Disposition of fees ~~in-lieu-of-tax~~. The  
15 county treasurer shall distribute all fees ~~in-lieu-of-tax~~  
16 collected on motorboats 10 feet in length or longer,  
17 sailboats 12 feet in length or longer, personal watercraft,  
18 motorized canoes, motorized rubber rafts, and motorized  
19 pontoons pursuant to 23-2-516 and 23-2-517 in the relative  
20 proportions required by the levies for state, county, school  
21 district, and municipal purposes in the same manner as  
22 ~~personal~~ property taxes are distributed."

23 **Section 172.** Section 23-2-519, MCA, is amended to read:

24 "23-2-519. Penalty -- disposition. (1) Failure to pay  
25 the fee ~~in-lieu-of-tax~~ as provided for in 23-2-517 is a

1 misdemeanor, punishable by a fine equal to five times the  
2 fee ~~in-lieu-of-tax~~ that is due on the motorboat, sailboat,  
3 personal watercraft, motorized canoe, motorized rubber raft,  
4 or motorized pontoon for the current year of registration.

5 (2) All fines collected pursuant to subsection (1) must  
6 be distributed in the following ratio:

7 (a) 50% to the general fund of the county in which the  
8 motorboat, sailboat, personal watercraft, motorized canoe,  
9 motorized rubber raft, or motorized pontoon is issued a  
10 certification number; and

11 (b) 50% to the motorboat account of the state special  
12 revenue fund for use by the department in the enforcement of  
13 this part."

14 **Section 173.** Section 23-2-520, MCA, is amended to read:

15 "23-2-520. **Mail renewal and recertification.** The mail  
16 renewal procedure developed by the department of justice  
17 pursuant to 61-3-535 may be used for mail recertification of  
18 boats, the renewal of license decals, and the payment of the  
19 fee ~~in-lieu-of-tax~~ provided for in 23-2-517."

20 **Section 174.** Section 23-2-612, MCA, is amended to read:

21 "23-2-612. **Transfer of interest.** (1) Except as provided  
22 in subsection (3), upon a transfer of any certificate of  
23 ownership to a snowmobile registered as required under the  
24 provisions of 23-2-601 through 23-2-644, the person whose  
25 title or interest is to be transferred shall write his

1 signature with pen and ink upon the certificate of ownership  
2 issued for the snowmobile in the appropriate space provided  
3 upon the reverse side of the certificate, and the signature  
4 shall be acknowledged before the county treasurer, a deputy  
5 county treasurer, or a notary public.

6 (2) Within 20 calendar days after endorsement, the  
7 transferee shall make application for transfer of the  
8 certificate of ownership with the county treasurer of the  
9 county in which the transferee resides and also make  
10 application for registration of the snowmobile. The county  
11 treasurer shall forward the application to the department of  
12 justice, which shall file the application upon receipt. A  
13 certificate of ownership may not be issued by the department  
14 of justice until the outstanding certificates are  
15 surrendered to that office or their loss is established to  
16 its reasonable satisfaction. The county treasurer shall  
17 collect a fee of \$5 for each application for transfer of  
18 ownership, of which \$3.50 must be forwarded to the  
19 department of justice for deposit in the general fund.

20 (3) A purchaser of a new or used snowmobile from a  
21 licensed snowmobile dealer has a grace period of 20 calendar  
22 days from the date of purchase to register the snowmobile,  
23 make application for a certificate of ownership, and obtain  
24 a decal indicating that the fee ~~in-lieu-of-property-tax~~  
25 provided for in 23-2-615.1 has been paid on the snowmobile



1 for the current year. It is not a violation of 23-2-601  
 2 through 23-2-644 or any other law for the purchaser to  
 3 operate a newly acquired snowmobile without a certificate of  
 4 ownership, certificate of registration, and a decal during  
 5 the 20-day period. During this period the sticker provided  
 6 for in subsection (4) shall remain affixed to the  
 7 snowmobile.

8 (4) Prior to the delivery of the snowmobile to the  
 9 purchaser, the dealer shall issue and affix to the  
 10 snowmobile a sticker (in a form to be prescribed by the  
 11 department of justice). The sticker shall contain the name  
 12 and address of the purchaser, the date of sale, the name and  
 13 address of the dealer, and a description of the snowmobile,  
 14 including its serial number. The dealer shall keep a copy of  
 15 the sticker for his records and shall send a copy of the  
 16 sticker to the department of justice.

17 (5) The provisions of subsection (2) do not apply in  
 18 the event of the transfer of a snowmobile to a duly licensed  
 19 snowmobile dealer intending to resell the snowmobile and who  
 20 operates it only for demonstration purposes, but every  
 21 dealer, upon transferring his interest, shall deliver the  
 22 certificate of ownership with an application for a new  
 23 certificate executed by the new owner in accordance with the  
 24 provisions of 23-2-601 through 23-2-644. The department of  
 25 justice, upon receipt of the certificate of ownership and

1 application for a new certificate containing notice of a  
 2 security interest, if any, shall issue a new certificate of  
 3 ownership, together with a statement of any conditional  
 4 sales contract, mortgage, or other lien.

5 (6) When the names and addresses of more than one owner  
 6 who are members of the same immediate family are listed on  
 7 the certificate of ownership, joint ownership with right of  
 8 survivorship, and not as tenants in common, is presumed.

9 (7) The provisions of 61-3-201(3) through (7) that  
 10 apply to motor vehicles also apply to any certificate of  
 11 ownership transferred under this section."

12 **Section 175.** Section 23-2-615.1, MCA, is amended to  
 13 read:

14 **"23-2-615.1. Fee in--lieu--of--tax on snowmobiles.** (1)  
 15 There is a fee ~~in-lieu-of-tax~~ on snowmobiles.

16 (2) The fee for a snowmobile less than 4 years old is  
 17 \$22. In all other cases the fee is \$15.

18 (3) The age of a snowmobile is determined by  
 19 subtracting the manufacturer's designated model year from  
 20 the current calendar year.

21 (4) The fee need not be paid by a dealer for  
 22 snowmobiles that constitute inventory of the dealership."

23 **Section 176.** Section 23-2-616, MCA, is amended to read:

24 **"23-2-616. Registration and decals -- application and**  
 25 **issuance -- use of certain fees.** (1) No snowmobile may be

1 operated on public lands by any person in Montana unless it  
 2 has been registered and there is displayed in a conspicuous  
 3 place on both sides of the cowl a decal as visual proof that  
 4 the fee ~~in-lieu-of-property-tax~~ provided for in 23-2-615.1  
 5 has been paid on it for the current year and the immediately  
 6 previous year as required by 15-16-202.

7 (2) Application for registration shall be made to the  
 8 county treasurer upon forms to be furnished by the  
 9 department of justice for this purpose, which may be  
 10 obtained at the county treasurer's office in the county  
 11 where the owner resides. The application shall contain the  
 12 following information:

- 13 (a) name and address of the owner;
- 14 (b) certificate of ownership number;
- 15 (c) make of the snowmobile;
- 16 (d) model name of the snowmobile;
- 17 (e) year of manufacture;
- 18 (f) a statement evidencing payment of the fee ~~in-lieu~~  
 19 ~~of-property-tax~~ as required by 15-16-202; and
- 20 (g) such other information as the department of justice  
 21 may require.

22 (3) The application shall be accompanied by a decal fee  
 23 of \$2, a registration fee of 50 cents, and, if the  
 24 snowmobile has previously been registered, by the  
 25 registration certificate for the most recent year in which

1 the snowmobile was registered. The treasurer shall sign the  
 2 application and issue a registration receipt which shall  
 3 contain information considered necessary by the department  
 4 of justice and a listing of fees paid. The owner shall  
 5 retain possession of the registration receipt until it is  
 6 surrendered to the county treasurer for reregistration or to  
 7 a purchaser or subsequent owner pursuant to a transfer of  
 8 ownership.

9 (4) The county treasurer shall forward the signed  
 10 application to the department of justice and shall issue to  
 11 the applicant a decal in the style and design prescribed by  
 12 the department of justice and of a different color than the  
 13 preceding year, numbered in sequence.

14 (5) The county treasurer may not accept any application  
 15 under this section until the applicant has paid the decal  
 16 and registration fees and the fee ~~in-lieu--of--property--tax~~  
 17 provided for in 23-2-615.1 on the snowmobile for the current  
 18 year and the immediately previous year as required by  
 19 15-16-202.

20 (6) All money collected from payment of the decal fees  
 21 and all interest accruing from use of this money shall be  
 22 forwarded to the state treasurer and placed in the state  
 23 special revenue fund to the credit of the department, with  
 24 \$1 designated for use in enforcing the purposes of 23-2-601  
 25 through 23-2-644 and \$1 designated for use in the

1 development, maintenance, and operation of snowmobile  
2 facilities. All money collected from payment of the  
3 registration fee shall be forwarded to the state treasurer  
4 and deposited in the general fund.

5 (7) The county treasurer shall credit all fees ~~in-lieu~~  
6 ~~of-tax~~ collected on snowmobiles pursuant to 23-2-615.1 to  
7 the county motor vehicle suspense fund provided for in  
8 61-3-509."

9 **Section 177.** Section 23-2-617, MCA, is amended to read:

10 "23-2-617. Duplicate decal. In the event any decal  
11 indicating that the fee ~~in-lieu-of-property-tax~~ provided for  
12 in 23-2-615.1 has been paid on a snowmobile for the current  
13 year is lost, mutilated, or becomes illegible, the person to  
14 whom the same was issued shall immediately make application  
15 for and may obtain a duplicate thereof, upon payment of a  
16 fee of \$1 to the county treasurer."

17 **Section 178.** Section 23-2-618, MCA, is amended to read:

18 "23-2-618. Application for registration and decals to  
19 be made annually -- grace periods. Application must be made  
20 annually to the county treasurer for registration and the  
21 issuance of a decal indicating that the fee ~~in-lieu-of~~  
22 ~~property-tax~~ provided for in 23-2-615.1 has been paid for  
23 the current year. All registrations and decals expire on  
24 June 30 of each year."

25 **Section 179.** Section 23-2-620, MCA, is amended to read:

1 "23-2-620. Mail renewal and recertification. The mail  
2 renewal procedure developed by the department of justice  
3 pursuant to 61-3-535 may be used for mail recertification of  
4 snowmobiles, the renewal of license decals, and the payment  
5 of the fee ~~in-lieu-of-tax~~ provided for in 23-2-615.1."

6 **Section 180.** Section 23-2-642, MCA, is amended to read:

7 "23-2-642. Penalties. (1) The failure to display a  
8 current decal indicating that the fee ~~in-lieu-of-property~~  
9 ~~tax~~ provided for in 23-2-615.1 has been paid on the  
10 snowmobile for the current year during the time provided in  
11 23-2-601 through 23-2-644 is a misdemeanor, punishable by a  
12 fine of not less than \$10 or more than \$50.

13 (2) A person who violates any other provision of  
14 23-2-601 through 23-2-644 or a rule adopted pursuant thereto  
15 shall pay a civil penalty of not less than \$15 or more than  
16 \$500 for each separate violation.

17 (3) A person who willfully violates any other provision  
18 of 23-2-601 through 23-2-644 or a rule adopted pursuant  
19 thereto shall pay a civil penalty of not less than \$50 or  
20 more than \$1,000 for each separate violation.

21 (4) A manufacturer who certifies that a new snowmobile  
22 can meet the sound level limitations imposed by 23-2-601  
23 through 23-2-644 shall be subject to the penalty provisions  
24 of subsections (2) and (3) if any machine so certified does  
25 not meet the appropriate sound level limitation. For the

1 purposes of this section, every sale of a new snowmobile  
2 that does not meet the sound level limitations imposed by  
3 23-2-601 through 23-2-644 constitutes a separate violation."

4 **Section 181.** Section 23-2-803, MCA, is amended to read:

5 "23-2-803. Fee in--lieu-of-tax on off-highway vehicles  
6 -- exception -- disposition of fees. (1) There is a fee in  
7 lieu--of-tax on off-highway vehicles, other than off-highway  
8 vehicles constituting the inventory of a dealership licensed  
9 under 23-2-818, to be paid to the county treasurer of the  
10 county in which the owner of the off-highway vehicle  
11 resides.

12 (a) The fee for an off-highway vehicle less than 3  
13 years old is \$19. In all other cases the fee is \$9.

14 (b) The age of an off-highway vehicle is determined by  
15 subtracting the manufacturer's designated model year from  
16 the current calendar year.

17 (2) (a) Except as provided in subsection (2)(b), the  
18 county treasurer shall distribute all fees in--lieu-of-tax  
19 collected on off-highway vehicles pursuant to this section  
20 in the relative proportions required by the levies for  
21 state, county, school district, and municipal purposes in  
22 the same manner as ~~personal~~ property taxes are distributed.

23 (b) The county treasurer shall remit \$1 of the fee in  
24 lieu-of-tax collected on an off-highway vehicle to the  
25 department of agriculture for deposit in the noxious weed

1 management trust fund provided for in 80-7-811."

2 **Section 182.** Section 23-2-804, MCA, is amended to read:

3 "23-2-804. Decal required -- fee -- disposition. (1)  
4 Except as provided in 23-2-802, an off-highway vehicle may  
5 not be operated by any person for off-road recreation on  
6 public lands in Montana unless there is displayed in a  
7 conspicuous place a decal, in a form prescribed by the  
8 department of justice and issued by the county treasurer, as  
9 visual proof that the following fees have been paid for the  
10 current year:

11 (a) (i) the fee in--lieu--of--tax provided for in  
12 23-2-803; and

13 (ii) the registration fee provided for in 23-2-817; or

14 (b) when the vehicle will be used as provided in this  
15 section, the registration and taxation fees for motorcycles  
16 and quadricycles subject to licensure under 61-3-321, as  
17 evidenced by presentation of an owner's certificate of  
18 registration and payment receipt; and

19 (c) the off-highway decal fee provided for in this  
20 section.

21 (2) The decal will be serially numbered and have the  
22 expiration date of December 31 of the appropriate year  
23 printed thereon.

24 (3) The off-highway decal fee is \$5, which the county  
25 treasurer shall collect and transmit to the state treasurer,

1 who shall deposit the money in an interest-bearing account  
 2 in the state special revenue fund to the credit of the  
 3 department of fish, wildlife, and parks. The decal fee and  
 4 the interest and income to the account must be spent as  
 5 follows:

6 (a) 40% must be used to enforce the provisions of this  
 7 section; and

8 (b) 60% must be spent to develop and implement a  
 9 comprehensive program and to plan appropriate off-highway  
 10 vehicle recreation use except that:

11 (i) no money may be spent for this purpose before  
 12 January 1, 1991; and

13 (ii) evaluation for development of a program plan must  
 14 begin January 1, 1991."

15 **Section 183.** Section 23-2-807, MCA, is amended to read:

16 "23-2-807. **Penalty -- disposition.** (1) The failure to  
 17 display a current decal indicating that the fee in-lieu-of  
 18 tax provided for in 23-2-803, registration fees, decal fees,  
 19 and, when applicable, taxes on licensed vehicles have been  
 20 paid on the off-highway vehicle for the current year as  
 21 provided in 23-2-804 is a misdemeanor punishable by a fine  
 22 of \$50.

23 (2) All fines collected under this section must be  
 24 transmitted to the state treasurer, who shall deposit the  
 25 money in the account created under 23-2-804(3). Fifty

1 percent of this money and the interest earned on it must be  
 2 used for off-highway vehicle safety and education. The  
 3 remaining 50% of the money and the interest earned on it  
 4 must be used for enforcement."

5 **Section 184.** Section 23-2-810, MCA, is amended to read:

6 "23-2-810. **Mail renewal and recertification.** The mail  
 7 renewal procedure developed by the department of justice  
 8 pursuant to 61-3-535 may be used for mail recertification of  
 9 off-highway vehicles, the renewal of license decals, and the  
 10 payment of the fee in-lieu-of-tax provided for in 23-2-803."

11 **Section 185.** Section 23-2-817, MCA, is amended to read:

12 "23-2-817. **Registration fee -- application and issuance**  
 13 **-- disposition.** (1) Each off-highway vehicle is subject to  
 14 an annual registration fee of \$2.

15 (2) The county treasurer shall collect the annual fee  
 16 when the fee in-lieu-of-tax provided for in 23-2-803 is  
 17 collected.

18 (3) Application for registration must be made to the  
 19 county treasurer of the county in which the owner resides,  
 20 on a form furnished by the department of justice for that  
 21 purpose. The application must contain:

22 (a) the name and home mailing address of the owner;

23 (b) the certificate of ownership number;

24 (c) the name of the manufacturer of the off-highway  
 25 vehicle;

- 1 (d) the model number or name;
- 2 (e) the year of manufacture;
- 3 (f) a statement evidencing payment of the fee ~~in-lieu~~
- 4 ~~of-property-tax~~ provided for in 23-2-803; and
- 5 (g) such other information as the department of justice
- 6 may require.

7 (4) If the off-highway vehicle was previously  
 8 registered, the application must be accompanied by the  
 9 registration certificate for the most recent year in which  
 10 it was registered. Upon payment of the registration fee, the  
 11 county treasurer shall sign the application and issue a  
 12 registration receipt, which must contain the information  
 13 considered necessary by the department of justice and a  
 14 listing of the fees paid. The owner shall retain possession  
 15 of the registration receipt until it is surrendered to the  
 16 county treasurer for reregistration or to a purchaser or  
 17 subsequent owner pursuant to a transfer of ownership.

18 (5) All registration fees collected must be forwarded  
 19 to the department of justice and deposited in the general  
 20 fund."

21 **Section 186.** Section 33-2-705, MCA, is amended to read:

22 **"33-2-705. Report on premiums and other consideration**  
 23 **-- tax.** (1) Each authorized insurer and each formerly  
 24 authorized insurer with respect to premiums so received  
 25 while an authorized insurer in this state shall file with

1 the commissioner, on or before March 1 each year, a report  
 2 in form as prescribed by the commissioner showing total  
 3 direct premium income, including policy, membership, and  
 4 other fees, premiums paid by application of dividends,  
 5 refunds, savings, savings coupons, and similar returns or  
 6 credits to payment of premiums for new or additional or  
 7 extended or renewed insurance, charges for payment of  
 8 premium in installments, and all other consideration for  
 9 insurance from all kinds and classes of insurance, whether  
 10 designated as a premium or otherwise, received by a life  
 11 insurer or written by an insurer other than a life insurer  
 12 during the preceding calendar year on account of policies  
 13 covering property, subjects, or risks located, resident, or  
 14 to be performed in Montana, with proper proportionate  
 15 allocation of premium as to such property, subjects, or  
 16 risks in Montana insured under policies or contracts  
 17 covering property, subjects, or risks located or resident in  
 18 more than one state, after deducting from such total direct  
 19 premium income applicable cancellations, returned premiums,  
 20 the unabsorbed portion of any deposit premium, the amount of  
 21 reduction in or refund of premiums allowed to industrial  
 22 life policyholders for payment of premiums direct to an  
 23 office of the insurer, all policy dividends, refunds,  
 24 savings, savings coupons, and other similar returns paid or  
 25 credited to policyholders with respect to such policies. As

1 to title insurance, "premium" includes the total charge for  
 2 such insurance. No deduction shall be made of the cash  
 3 surrender values of policies. Considerations received on  
 4 annuity contracts shall not be included in total direct  
 5 premium income and shall not be subject to tax.

6 (2) Coincident with the filing of the tax report  
 7 referred to in subsection (1) above, each such insurer shall  
 8 pay to the commissioner a tax upon such net premiums  
 9 computed at the rate of 2 3/4%.

10 (3) That portion of the tax paid hereunder by an  
 11 insurer on account of premiums received for fire insurance  
 12 shall be separately specified in the report as required by  
 13 the commissioner, for apportionment as provided by law.  
 14 Where insurance against fire is included with insurance of  
 15 property against other perils at an undivided premium, the  
 16 insurer shall make such reasonable allocation from such  
 17 entire premium to the fire portion of the coverage as shall  
 18 be stated in such report and as may be approved or accepted  
 19 by the commissioner.

20 (4) With respect to authorized insurers the premium tax  
 21 provided by this section shall be payment in full and in  
 22 lieu of all other demands for any and all state, county,  
 23 city, district, municipal, and school taxes, licenses, fees,  
 24 and excises of whatever kind or character, excepting only  
 25 those prescribed by this code, taxes on real ~~and-tangible~~

1 ~~personal~~ property and improvements located in this state,  
 2 and taxes payable under 50-3-109.

3 (5) The commissioner may suspend or revoke the  
 4 certificate of authority of any insurer which fails to pay  
 5 its taxes as required under this section.

6 (6) In addition to the penalty provided for in  
 7 subsection (5), the commissioner may impose upon an insurer  
 8 who fails to pay the tax required under this section a fine  
 9 of \$100 a day for each day the tax remains unpaid past the  
 10 due date or 1% of the amount owed in tax, whichever is  
 11 greater.

12 (7) The commissioner may by rule provide a quarterly  
 13 schedule for payment of portions of the premium tax under  
 14 this section during the year in which such tax liability is  
 15 accrued."

16 **Section 187.** Section 33-2-709, MCA, is amended to read:

17 "33-2-709. Retaliatory fees, taxes, and other  
 18 obligations. (1) When by or pursuant to the laws of any  
 19 other state or foreign country any taxes, licenses, and  
 20 other fees, in the aggregate, and any fines, penalties,  
 21 deposit requirements, or other material obligations,  
 22 prohibitions, or restrictions are or would be imposed upon  
 23 Montana insurers or upon the insurance producers or  
 24 representatives of such insurers which are in excess of such  
 25 taxes, licenses, and other fees, in the aggregate, or which

1 (d) the model number or name;  
 2 (e) the year of manufacture;  
 3 (f) a statement evidencing payment of the fee ~~in-lieu~~  
 4 ~~of-property-tax provided for in 23-2-803~~; and  
 5 (g) such other information as the department of justice  
 6 may require.

7 (4) If the off-highway vehicle was previously  
 8 registered, the application must be accompanied by the  
 9 registration certificate for the most recent year in which  
 10 it was registered. Upon payment of the registration fee, the  
 11 county treasurer shall sign the application and issue a  
 12 registration receipt, which must contain the information  
 13 considered necessary by the department of justice and a  
 14 listing of the fees paid. The owner shall retain possession  
 15 of the registration receipt until it is surrendered to the  
 16 county treasurer for reregistration or to a purchaser or  
 17 subsequent owner pursuant to a transfer of ownership.

18 (5) All registration fees collected must be forwarded  
 19 to the department of justice and deposited in the general  
 20 fund."

21 **Section 186.** Section 33-2-705, MCA, is amended to read:

22 "33-2-705. Report on premiums and other consideration  
 23 -- tax. (1) Each authorized insurer and each formerly  
 24 authorized insurer with respect to premiums so received  
 25 while an authorized insurer in this state shall file with

1 the commissioner, on or before March 1 each year, a report  
 2 in form as prescribed by the commissioner showing total  
 3 direct premium income, including policy, membership, and  
 4 other fees, premiums paid by application of dividends,  
 5 refunds, savings, savings coupons, and similar returns or  
 6 credits to payment of premiums for new or additional or  
 7 extended or renewed insurance, charges for payment of  
 8 premium in installments, and all other consideration for  
 9 insurance from all kinds and classes of insurance, whether  
 10 designated as a premium or otherwise, received by a life  
 11 insurer or written by an insurer other than a life insurer  
 12 during the preceding calendar year on account of policies  
 13 covering property, subjects, or risks located, resident, or  
 14 to be performed in Montana, with proper proportionate  
 15 allocation of premium as to such property, subjects, or  
 16 risks in Montana insured under policies or contracts  
 17 covering property, subjects, or risks located or resident in  
 18 more than one state, after deducting from such total direct  
 19 premium income applicable cancellations, returned premiums,  
 20 the unabsorbed portion of any deposit premium, the amount of  
 21 reduction in or refund of premiums allowed to industrial  
 22 life policyholders for payment of premiums direct to an  
 23 office of the insurer, all policy dividends, refunds,  
 24 savings, savings coupons, and other similar returns paid or  
 25 credited to policyholders with respect to such policies. As



1 to title insurance, "premium" includes the total charge for  
 2 such insurance. No deduction shall be made of the cash  
 3 surrender values of policies. Considerations received on  
 4 annuity contracts shall not be included in total direct  
 5 premium income and shall not be subject to tax.

6 (2) Coincident with the filing of the tax report  
 7 referred to in subsection (1) above, each such insurer shall  
 8 pay to the commissioner a tax upon such net premiums  
 9 computed at the rate of 2 3/4%.

10 (3) That portion of the tax paid hereunder by an  
 11 insurer on account of premiums received for fire insurance  
 12 shall be separately specified in the report as required by  
 13 the commissioner, for apportionment as provided by law.  
 14 Where insurance against fire is included with insurance of  
 15 property against other perils at an undivided premium, the  
 16 insurer shall make such reasonable allocation from such  
 17 entire premium to the fire portion of the coverage as shall  
 18 be stated in such report and as may be approved or accepted  
 19 by the commissioner.

20 (4) With respect to authorized insurers the premium tax  
 21 provided by this section shall be payment in full and in  
 22 lieu of all other demands for any and all state, county,  
 23 city, district, municipal, and school taxes, licenses, fees,  
 24 and excises of whatever kind or character, excepting only  
 25 those prescribed by this code, taxes on real and-tangible

1 ~~personal~~ property and improvements located in this state,  
 2 and taxes payable under 50-3-109.

3 (5) The commissioner may suspend or revoke the  
 4 certificate of authority of any insurer which fails to pay  
 5 its taxes as required under this section.

6 (6) In addition to the penalty provided for in  
 7 subsection (5), the commissioner may impose upon an insurer  
 8 who fails to pay the tax required under this section a fine  
 9 of \$100 a day for each day the tax remains unpaid past the  
 10 due date or 1% of the amount owed in tax, whichever is  
 11 greater.

12 (7) The commissioner may by rule provide a quarterly  
 13 schedule for payment of portions of the premium tax under  
 14 this section during the year in which such tax liability is  
 15 accrued."

16 **Section 187.** Section 33-2-709, MCA, is amended to read:

17 "33-2-709. Retaliatory fees, taxes, and other  
 18 obligations. (1) When by or pursuant to the laws of any  
 19 other state or foreign country any taxes, licenses, and  
 20 other fees, in the aggregate, and any fines, penalties,  
 21 deposit requirements, or other material obligations,  
 22 prohibitions, or restrictions are or would be imposed upon  
 23 Montana insurers or upon the insurance producers or  
 24 representatives of such insurers which are in excess of such  
 25 taxes, licenses, and other fees, in the aggregate, or which

1 are in excess of the fines, penalties, deposit requirements,  
 2 or other obligations, prohibitions, or restrictions directly  
 3 imposed upon similar insurers or upon the insurance  
 4 producers or representatives of such insurers of such other  
 5 state or country under the statutes of this state, so long  
 6 as such laws of such other state or country continue in  
 7 force or are so applied, the same taxes, licenses, and other  
 8 fees, in the aggregate, or fines, penalties, or deposit  
 9 requirements or other material obligations, prohibitions, or  
 10 restrictions of whatever kind shall be imposed by the  
 11 commissioner upon the insurers or upon the insurance  
 12 producers or representatives of such insurers of such other  
 13 state or country doing business or seeking to do business in  
 14 Montana. Any tax, license, or other fee or other obligation  
 15 imposed by any city, county, or other political subdivision  
 16 or agency of such other state or country on Montana insurers  
 17 or their insurance producers or representatives shall be  
 18 deemed to be imposed by such state or country within the  
 19 meaning of this section.

20 (2) This section shall not apply as to any fees in  
 21 conjunction with the licensing of insurance producers,  
 22 personal income taxes, ad valorem taxes on real or ~~personal~~  
 23 property or improvements, or special purpose obligations or  
 24 assessments imposed by another state or by an agency of this  
 25 state other than the department in connection with

1 particular kinds of insurance other than property insurance,  
 2 except that deductions from premium taxes or other taxes  
 3 otherwise payable allowed on account of real estate or  
 4 personal property taxes paid shall be taken into  
 5 consideration by the commissioner in determining the  
 6 propriety and extent of retaliatory action under this  
 7 section.

8 (3) (a) For the purposes of this section the domicile  
 9 of an alien insurer, other than insurers formed under the  
 10 laws of Canada, shall be that state designated by the  
 11 insurer in writing filed with the commissioner at time of  
 12 admission to this state or within 6 months after January 1,  
 13 1961, whichever date is the later, and may be any one of the  
 14 following states:

15 (i) that in which the insurer was first authorized to  
 16 transact insurance;

17 (ii) that in which is located the insurer's principal  
 18 place of business in the United States;

19 (iii) that in which is held the larger deposit of  
 20 trusteed assets of the insurer for the protection of its  
 21 policyholders and creditors in the United States.

22 (b) If the insurer makes no such designation, its  
 23 domicile shall be deemed to be that state in which is  
 24 located its principal place of business in the United  
 25 States."

1 **Section 188.** Section 33-4-409, MCA, is amended to read:

2 **"33-4-409. Fees and taxes.** Except for the fees for  
3 filing articles of incorporation as provided in 33-4-202 and  
4 33-4-203, for issuance and continuance of certificate of  
5 authority as provided in 33-4-505, and for costs of  
6 examination by the commissioner as provided in 33-4-315(2),  
7 domestic farm mutual insurers shall not be subject to any  
8 other or additional fees or taxes of any kind except for the  
9 usual ad valorem taxes upon real estate and ~~tangible~~  
10 ~~personal~~-property improvements of the insurer."

11 **Section 189.** Section 33-10-107, MCA, is amended to  
12 read:

13 **"33-10-107. Tax exemption.** The association shall be  
14 exempt from payment of all fees and all taxes levied by this  
15 state or any of its subdivisions except taxes levied on real  
16 ~~or-personal~~ property and improvements."

17 **Section 190.** Section 39-71-2617, MCA, is amended to  
18 read:

19 **"39-71-2617. Tax exemption.** The fund is exempt from  
20 payment of all fees and taxes levied by this state or by any  
21 city, county, or other political subdivision, except taxes  
22 levied on real ~~or-personal~~ property and improvements."

23 **Section 191.** Section 61-3-303, MCA, is amended to read:

24 **"61-3-303. Application for registration.** (1) Every  
25 owner of a motor vehicle operated or driven upon the public

1 highways of this state shall for each motor vehicle owned,  
2 except as herein otherwise expressly provided, file or cause  
3 to be filed in the office of the county treasurer where the  
4 owner makes his permanent residence at the time of making  
5 the application or, if the vehicle is owned by a corporation  
6 or used primarily for commercial purposes, in the taxing  
7 jurisdiction of the county where the vehicle is permanently  
8 assigned, an application for registration or reregistration  
9 upon a blank form to be prepared and furnished by the  
10 department. The application shall contain:

11 (a) name and address of owner, giving county, school  
12 district, and town or city within whose corporate limits the  
13 motor vehicle is taxable, if taxable, or within whose  
14 corporate limits the owner's residence is located if the  
15 motor vehicle is not taxable;

16 (b) name and address of the holder of any security  
17 interest in the motor vehicle;

18 (c) description of motor vehicle, including make, year  
19 model, engine or serial number, manufacturer's model or  
20 letter, gross weight, type of body, and if truck, the rated  
21 capacity; and

22 (d) other information that the department may require.

23 (2) A person who files an application for registration  
24 or reregistration of a motor vehicle, except of a mobile  
25 home as defined in 15-1-101(1), shall upon the filing of the

1 application pay to the county treasurer:

2 (a) the registration fee, as provided in 61-3-311 and  
3 61-3-321; and

4 (b) unless it has been previously paid:

5 (i) the ~~personal--property~~ taxes assessed against the  
6 vehicle for the current year of registration and the  
7 immediately previous year; or

8 (ii) the new motor vehicle sales tax against the vehicle  
9 for the current year of registration.

10 (3) The application may not be accepted by the county  
11 treasurer unless the payments required by subsection (2)  
12 accompany the application. The department or its agent may  
13 not assess and the county treasurer may not collect taxes or  
14 fees for a period other than:

15 (a) the current year; and

16 (b) the immediately previous year, if the vehicle was  
17 not registered or operated on the highways of the state,  
18 regardless of the period of time since the vehicle was  
19 previously registered or operated.

20 (4) The department or its agent may make full and  
21 complete investigation of the tax status of the vehicle. Any  
22 applicant for registration or reregistration must submit  
23 proof from the tax or other appropriate records of the  
24 proper county at the request of the department or its  
25 agent."

1 **Section 192.** Section 61-3-431, MCA, is amended to read:

2 **"61-3-431. Special mobile equipment -- exemption from**  
3 **registration and payment of fees and charges --**  
4 **identification plate -- publicly owned special mobile**  
5 **equipment.** (1) A person, firm, partnership, or corporation  
6 who owns, leases, or rents special mobile equipment as  
7 defined in 61-1-104 and occasionally moves that equipment  
8 on, over, or across the highways of the state is not subject  
9 to registration of that equipment or required to pay the  
10 fees and charges provided for in 61-3-502, 61-4-301 through  
11 61-4-308, or part 2 of chapter 10. Prior to movement on the  
12 highways, however, each piece of equipment shall display an  
13 equipment identification plate or a dealer's license plate  
14 attached to the equipment.

15 (2) Annual application for the identification plate  
16 shall be made to the county treasurer before any piece of  
17 equipment is moved on the highways. Application shall be  
18 made on a form furnished by the department of justice,  
19 together with the payment of a fee of \$5. The equipment for  
20 which a special mobile equipment plate is sought is subject  
21 to the assessment of ~~personal--property~~ taxes on the date  
22 application is made for the plate. The ~~personal--property~~  
23 taxes assessed against the special mobile equipment must be  
24 paid before the issuance of a special mobile equipment  
25 plate. The fees collected under this section belong to the

1 county road fund.

2 (3) The identification plate expires on December 31 of  
3 each year. If the expired identification plate is displayed,  
4 an owner of special mobile equipment registered under the  
5 provisions of this section is entitled to operate the  
6 equipment between January 1 and February 15 following  
7 expiration without displaying the identification plate or  
8 receipt of the current year.

9 (4) Publicly owned special mobile equipment and  
10 implements of husbandry used exclusively by an owner in the  
11 conduct of his own farming operations are exempt from this  
12 section."

13 **Section 193.** Section 61-3-502, MCA, is amended to read:

14 "61-3-502. Sales tax on new motor vehicles --  
15 exemptions. (1) In consideration of the right to use the  
16 highways of the state, there is imposed a tax upon all sales  
17 of new motor vehicles, excluding trailers, semitrailers, and  
18 housetrailer, for which a license is sought and an original  
19 application for title is made. The tax must be paid by the  
20 purchaser when he applies for his original Montana license  
21 through the county treasurer.

22 (2) ~~Except as provided in subsections (4) and (5), the~~  
23 The sales tax is:

24 (a) ~~1 1/2% of the f.o.b. factory list price or~~  
25 f.o.b. port-of-entry list price ~~during the first quarter of~~

1 the year or for a registration period other than a calendar  
2 year or calendar quarter;

3 (b) ~~1 1/8% of the list price during the second quarter~~  
4 of the year;

5 (c) ~~3/4 of 1% during the third quarter of the year;~~

6 (d) ~~3/8 of 1% during the fourth quarter of the year.~~

7 (3) If the manufacturer or importer fails to furnish  
8 the f.o.b. factory list price or f.o.b. port-of-entry list  
9 price, the department may use published price lists.

10 (4) ~~The new car sales tax on vehicles subject to the~~  
11 ~~provisions of 61-3-313 through 61-3-316 is 1 1/2% of the~~  
12 ~~f.o.b. factory list price or f.o.b. port-of-entry list price~~  
13 ~~regardless of the month in which the new vehicle is~~  
14 ~~purchased.~~

15 (5) ~~The sales tax on new motor vehicles registered as~~  
16 ~~part of a fleet under 61-3-318 is 3/4 of 1% of the f.o.b.~~  
17 ~~factory list price or f.o.b. port-of-entry list price.~~

18 (6) (4) The proceeds from this tax must be remitted to  
19 the state treasurer every 30 days for credit to the state  
20 highway account of the state special revenue fund.

21 (7) (5) The new vehicle is not subject to any other  
22 assessment, fee in lieu of tax, or tax during the calendar  
23 year in which the original application for title is made.

24 (8) (6) (a) The applicant for original registration of  
25 any new and unused motor vehicle, or a new motor vehicle

1 furnished without charge by a dealer to a school district  
 2 for use as a traffic education motor vehicle by a school  
 3 district operating a state-approved traffic education  
 4 program within the state, whether or not previously licensed  
 5 or titled to the school district (except a mobile home as  
 6 defined in 15-1-101(1)), acquired by original contract after  
 7 January 1 of any year, is required, whenever the vehicle has  
 8 not been otherwise assessed, to pay the motor vehicle sales  
 9 tax provided by this section irrespective of whether the  
 10 vehicle was in the state of Montana on January 1 of the  
 11 year.

12 (b) No motor vehicle may be registered or licensed  
 13 under the provisions of this subsection unless the  
 14 application for registration is accompanied by a statement  
 15 of origin to be furnished by the dealer selling the vehicle,  
 16 showing that the vehicle has not previously been registered  
 17 or owned, except as otherwise provided herein, by any  
 18 person, firm, corporation, or association that is not a new  
 19 motor vehicle dealer holding a franchise or distribution  
 20 agreement from a new car manufacturer, distributor, or  
 21 importer.

22 ~~(9)~~(7) (a) Motor vehicles operating exclusively for  
 23 transportation of persons for hire within the limits of  
 24 incorporated cities or towns and within 15 miles from such  
 25 limits are exempt from subsection (1).

1 (b) Motor vehicles brought or driven into Montana by a  
 2 nonresident, migratory, bona fide agricultural worker  
 3 temporarily employed in agricultural work in this state  
 4 where those motor vehicles are used exclusively for  
 5 transportation of agricultural workers are also exempt from  
 6 subsection (1).

7 (c) Vehicles lawfully displaying a licensed dealer's  
 8 plate as provided in 61-4-103 are exempt from subsection (1)  
 9 when moving to or from a dealer's place of business when  
 10 unloaded or loaded with dealer's property only, and in the  
 11 case of vehicles having a gross loaded weight of less than  
 12 24,000 pounds, while being demonstrated in the course of the  
 13 dealer's business."

14 **Section 194.** Section 61-3-503, MCA, is amended to read:

15 "61-3-503. (Temporary) Assessment. (1) Except as  
 16 provided in 61-3-520 and subsection (2) of this section, the  
 17 following apply to the taxation of motor vehicles:

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

1 registration is made.

2 (b) Except as provided in subsection (1)(c), motor  
3 vehicles are assessed for taxes on January 1 in each year  
4 irrespective of the time fixed by law for the assessment of  
5 other classes of personal property and irrespective of  
6 whether the levy and tax may be a lien upon real property  
7 within the state. A motor vehicle is not subject to  
8 assessment, levy, and taxation more than once in each year.

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

1 and a lien for taxes and fees due on the vehicle shall occur  
2 on the anniversary date of the registration and shall  
3 continue until the fees and taxes have been paid. If the  
4 value shown in any of the appraisal guides listed in this  
5 section is less than \$500, the department shall value the  
6 vehicle at \$500.

7 (d) Motorcycles and quadricycles must be assessed,  
8 using the greater of the following:

9 (i) \$250; or

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

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

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 or other  
8 approved guides referred to in this subsection. For purposes  
9 of this subsection (1), the age of the vehicle is determined  
10 by subtracting the manufacturer's model year of the vehicle  
11 from the calendar 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 or other approved  
17 guide, the department or its agent shall depreciate the  
18 value of the vehicle at the rate of 10% a year until a  
19 minimum amount of \$500 is attained, and the value shall  
20 remain at that amount so long as the vehicle is registered.

21 (2) The provisions of subsections (1)(a) through (1)(g)  
22 do not apply to motor homes, travel trailers, campers, or  
23 mobile homes as defined in 15-1-101(1). (Terminates December  
24 31, 1993--sec. 11, Ch. 525, L. 1989.)

25 61-3-503. (Effective January 1, 1994) Assessment. (1)

1 Except as provided in subsection (2), the following apply to  
2 the taxation of motor vehicles:

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

12 (b) Except as provided in subsection (1)(c), motor  
13 vehicles are assessed for taxes on January 1 in each year  
14 irrespective of the time fixed by law for the assessment of  
15 other classes of ~~personal~~ property and irrespective of  
16 whether the levy and tax may be a lien upon real property  
17 within the state. In no event may any motor vehicle be  
18 subject to assessment, levy, and taxation more than once in  
19 each year.

20 (c) Vehicles subject to the provisions of 61-3-313  
21 through 61-3-316 must be assessed as of the first day of the  
22 registration period, using the average trade-in or wholesale  
23 value as of January 1 of the year of assessment of the  
24 vehicle as contained in the most recent volume of the  
25 Mountain States Edition of the National Automobile Dealers



1 Association (N.A.D.A.) Official Used Car Guide, the National  
 2 Edition of N.A.D.A. Appraisal Guides Official Older Used Car  
 3 Guide, or another nationally published used vehicle or  
 4 appraisal guide approved by the department of revenue or,  
 5 for a vehicle that was never listed in any edition of the  
 6 preceding guides, the retail value of the vehicle as  
 7 determined by the county assessor, and thereafter  
 8 depreciated 10% per year until a value of \$500 is reached,  
 9 not including additions or reductions for options and  
 10 mileage but including additions or deductions, whether or  
 11 not one of the preceding guides is used, for diesel engines;  
 12 and a lien for taxes and fees due on the vehicle shall occur  
 13 on the anniversary date of the registration and shall  
 14 continue until the fees and taxes have been paid. If the  
 15 value shown in any of the appraisal guides listed in this  
 16 section is less than \$500, the department shall value the  
 17 vehicle at \$500.

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

20 (i) \$250; or

21 (ii) the average trade-in or wholesale value as of  
 22 January 1 of the year of assessment of the vehicle as  
 23 contained in the most recent volume of the applicable  
 24 National Edition of the N.A.D.A. Motorcycle/Moped/ATV  
 25 Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal

1 Guide or another nationally published used vehicle or  
 2 appraisal guide approved by the department of revenue, not  
 3 including additions or deductions for options and mileage.

4 (e) If a vehicle assessed under subsection (1)(c) or  
 5 (1)(d) is not originally listed in the applicable N.A.D.A.  
 6 guide or other approved guide, the department of revenue or  
 7 its agent shall depreciate the original f.o.b. factory list  
 8 price, f.o.b. port-of-entry list price, or the  
 9 manufacturer's suggested list price, using the following  
 10 methods:

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

14 (ii) if the vehicle is 1 year or older in age and it is  
 15 not listed in any of the appraisal guides listed in this  
 16 section, the department of revenue shall determine the  
 17 depreciation percentage to approximate the average wholesale  
 18 or trade-in values in the current N.A.D.A. guides or other  
 19 approved guides referred to in this subsection. For purposes  
 20 of this subsection (1), the age of the vehicle is determined  
 21 by subtracting the manufacturer's model year of the vehicle  
 22 from the calendar year of assessment.

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

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

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

**Section 195.** 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 1 ton or

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

**Section 196.** Section 61-3-521, MCA, is amended to read:

"61-3-521. **Fee in-lieu-of-tax for certain vehicles.** (1) There is a fee ~~in-lieu-of-property-tax~~ imposed on motor homes, travel trailers, and campers. The fee is in addition to annual registration fees.

(2) The provisions of 61-10-208 do not apply to a vehicle that qualifies under subsection (1) above.

(3) The fee imposed by subsection (1) above need not be paid by a dealer for vehicles that constitute inventory of the dealership."

**Section 197.** Section 61-3-535, MCA, is amended to read:

"61-3-535. **Vehicle reregistration by mail -- renewal cards and reregistration notice by mail.** (1) Except as

1 provided in subsection (2), an owner of the following types  
2 of motor vehicles may reregister by mail:

3 (a) light vehicles, motorcycles, quadricycles, and  
4 other vehicles subject to tax under 61-3-504(2); and

5 (b) travel trailers, campers, and motor homes subject  
6 to a fee ~~in-lieu-of-tax~~ under 61-3-521.

7 (2) The option to reregister by mail need only be made  
8 available for vehicles, motor homes, and travel trailers  
9 registered at the close of the expiring registration period  
10 in the name of the applicant for reregistration and only if  
11 the value, age, length, or other criteria used to determine  
12 the tax or fee is available to the department.

13 (3) The department shall develop a procedure to  
14 facilitate the reregistration by mail of the vehicles listed  
15 in subsection (1). The mail reregistration procedure  
16 developed by the department must include a procedure to  
17 facilitate automated handling of mail reregistration or  
18 recertification.

19 (4) In the case of light vehicles, the form to be  
20 returned to the county treasurer by the applicant, with the  
21 appropriate tax and fees, is to contain a statement that the  
22 applicant is in compliance with the financial liability  
23 requirements of 61-6-301.

24 (5) The procedure implemented by the department to  
25 permit reregistration or camper decal application by mail

1 shall provide for a written reminder notice by mail to a  
2 vehicle owner of the requirement to reregister his vehicle  
3 with the county treasurer or to apply for the annual camper  
4 decal.

5 (6) The department shall adopt rules to implement the  
6 mail reregistration and decal application procedure."

7 **Section 198.** Section 61-3-701, MCA, is amended to read:

8 "61-3-701. Foreign vehicles used in gainful occupation  
9 to be registered -- reciprocity. (1) Before any foreign  
10 licensed motor vehicle may be operated on the highways of  
11 this state for hire, compensation, or profit or before the  
12 owner and/or user thereof uses the vehicle if such owner  
13 and/or user is engaged in gainful occupation or business  
14 enterprise in the state, including highway work, the owner  
15 of the vehicle shall make application to a county treasurer  
16 for registration upon an application form furnished by the  
17 department. Upon satisfactory evidence of ownership  
18 submitted to the county treasurer and the payment of  
19 property taxes, if appropriate, as required by 15-8-201,  
20 ~~15-8-202,--15-24-301,~~ 61-3-504, or 61-3-537, the treasurer  
21 shall accept the application for registration and shall  
22 collect the regular license fee required for the vehicle.

23 (2) The treasurer shall thereupon issue to the  
24 applicant a copy of the certificate entitled "Owner's  
25 Certificate of Registration and Payment Receipt" and forward

1 a duplicate copy of the certificate to the department. The  
2 treasurer shall at the same time issue to the applicant the  
3 proper license plates or other identification markers, which  
4 shall at all times be displayed upon the vehicle when  
5 operated or driven upon roads and highways of this state  
6 during the period of the life of the license.

7 (3) The registration receipt shall not constitute  
8 evidence of ownership but shall be used only for  
9 registration purposes. No Montana certificate of ownership  
10 shall be issued for this type of registration.

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

15 **Section 199.** Section 61-4-112, MCA, is amended to read:

16 "61-4-112. **New motor vehicles -- transfers by dealers.**

17 (1) When a motor vehicle dealer transfers a new motor  
18 vehicle to a purchaser or other recipient, the dealer shall:

19 (a) issue and affix a sticker as prescribed in  
20 61-4-111(1)(a) for transfers of used motor vehicles and  
21 retain a copy of the sticker;

22 (b) within 4 working days following the date of  
23 delivery of the new motor vehicle, forward to the county  
24 treasurer of the county where the purchaser or recipient  
25 resides:

1 (i) one copy of the sticker issued under subsection  
2 (1)(a);

3 (ii) an application for certificate of title with a  
4 notice of security interest, if any, executed by the  
5 purchaser or recipient; and

6 (iii) a statement of origin as prescribed in  
7 61-3-502~~(a)~~~~(b)~~(6)(b).

8 (2) Upon receipt from the county treasurer of the  
9 documents required under subsection (1), the department  
10 shall issue a certificate of ownership and certificate of  
11 registration together with a statement of lien as provided  
12 in 61-3-202."

13 **Section 200.** Section 61-4-310, MCA, is amended to read:

14 "61-4-310. **Single movement permit -- fee -- limitation**  
15 **-- county treasurer to issue.** (1) A vehicle, subject to  
16 license under this title, may be moved unladen upon the  
17 highways of this state from a point within the state to a  
18 point of destination. The county treasurer at the point of  
19 the origin of the movement shall issue a special permit  
20 therefor in lieu of fees required under 61-3-321 and part 2  
21 of chapter 10 of this title, upon application presented to  
22 him in such form as shall be provided by the department and  
23 upon exhibiting to said county treasurer proof of ownership  
24 and evidence that the ~~personal--property~~ taxes on such  
25 vehicle, if any are due thereon, have been paid and upon

1 payment therefor of a fee of \$5. Such permit shall not be in  
2 lieu of fees and permits required under 61-4-301 and  
3 61-4-302.

4 (2) Such permit shall be for the transit of the vehicle  
5 only, and the vehicle shall not at the time of such transit  
6 be used for the transportation of any persons, except the  
7 driver, or property whatsoever for compensation or  
8 otherwise, and shall be for one transit only between the  
9 points of origin and destination as set forth in the  
10 application and shown on the permit.

11 (3) A junk vehicle as defined in part 5, chapter 10,  
12 Title 75, being driven or towed to an auto wrecking  
13 graveyard for disposal is exempt from the provisions of this  
14 section."

15 **Section 201.** Section 61-4-501, MCA, is amended to read:

16 "61-4-501. **Definitions.** For purposes of this part, the  
17 following definitions apply:

18 (1) "Collateral charge" means all governmental charges,  
19 including but not limited to sales tax, property tax,  
20 license and registration fees, and other fees in--lieu--of  
21 tax.

22 (2) "Consumer" means the purchaser, other than for  
23 purposes of resale, of a motor vehicle that has not been  
24 brought into nonconformity as the result of abuse, neglect,  
25 or unauthorized modifications or alterations by the

1 purchaser, any person to whom the motor vehicle is  
2 transferred during the duration of an express warranty  
3 applicable to the motor vehicle, or any other person  
4 entitled by the terms of the warranty to the benefits of its  
5 provisions.

6 (3) "Incidental damage" means incidental and  
7 consequential damage as defined in 30-2-715.

8 (4) "Manufacturer" has the meaning applied to that word  
9 in 61-4-201.

10 (5) "Motor vehicle" means a vehicle, including the  
11 nonresidential portion of a motor home as defined in  
12 61-1-130, propelled by its own power, designed primarily to  
13 transport persons or property upon the public highways, and  
14 sold in this state. The term does not include a truck with  
15 10,000 pounds or more gross vehicle weight rating or a  
16 motorcycle as defined in 61-1-105. Motor vehicle does not  
17 include components, systems, fixtures, appliances,  
18 furnishings, accessories, and features that are designed,  
19 used, and maintained primarily for residential purposes.

20 (6) "Reasonable allowance for use" is an amount  
21 directly attributable to use of the motor vehicle by the  
22 consumer and any previous consumers prior to the first  
23 written notice of the nonconformity to the manufacturer or  
24 its agent and during any subsequent period when the vehicle  
25 is not out of service because of nonconformity. The

1 reasonable allowance for use shall be computed by  
 2 multiplying the total contract price of the vehicle by a  
 3 fraction having as its denominator 100,000 and having as its  
 4 numerator the number of miles that the vehicle traveled  
 5 prior to the manufacturer's acceptance of its return.

6 (7) "Warranty period" means the period ending 2 years  
 7 after the date of the original delivery to the consumer of a  
 8 new motor vehicle or during the first 18,000 miles of  
 9 operation, whichever is earlier."

10 **Section 202.** Section 61-10-130, MCA, is amended to  
 11 read:

12 "**61-10-130. Custom combiner's special permit -- fee --**  
 13 **collection -- distribution -- not transferable.** (1) In lieu  
 14 of ~~the taxes required by 15-24-301 and in lieu of~~ motor  
 15 vehicle license fees, gross vehicle weight fees, and  
 16 overwidth, overlength, and overheight permits provided for  
 17 in Title 61, a nonresident engaged in the business of custom  
 18 combining who brings equipment into the state may pay a  
 19 special permit fee of \$40 per unit. A unit shall include:

20 (a) one truck suitable for hauling grain;  
 21 (b) one header trailer or one combine trailer; and  
 22 (c) pickup trucks and all other equipment, except  
 23 combines, used by a nonresident and brought into the state  
 24 as part of his business of custom combining.

25 (2) In lieu of gross vehicle weight fees and overwidth,

1 overlength, and overheight permits, Montana residents  
 2 engaged in the business of custom combining may pay the  
 3 annual farm gross vehicle weight fees and a special permit  
 4 fee of \$20 per unit. A unit includes:

5 (a) one truck suitable for hauling grain;  
 6 (b) one header trailer or one combine trailer; and  
 7 (c) pickup trucks used by the resident in his business  
 8 of custom combining.

9 (3) When used to transport agricultural products, a  
 10 truck authorized to be used under a custom combiner's  
 11 special permit may be operated only within a 50-mile radius  
 12 from the harvested field to the point of first unloading.  
 13 The truck may not haul agricultural products from one  
 14 commercial elevator to another commercial elevator. The  
 15 truck may be operated on any highway, except a highway that  
 16 is part of the federal-aid interstate system, without  
 17 incurring excess weight penalties under 61-10-145 if the  
 18 total gross weight of the truck does not exceed allowable  
 19 weight limitations by more than 20% per axle and the maximum  
 20 load per inch of tire width does not exceed 670 pounds. The  
 21 truck may not be operated in excess of 40 miles per hour. No  
 22 trip permit is required. If the truck exceeds the tolerance  
 23 provided under this subsection, the fine or penalty imposed  
 24 applies to all weight over the legal limit allowed by  
 25 61-10-107.

(4) A combine trailer authorized to be used under subsections (1)(b) or (2)(b) may be operated under the same limitations and until July 1, 1991, may be operated within the same tolerances granted trucks under subsection (3), except that the 50-mile limitation does not apply and the combine trailer may be used upon any highway of the state, including a highway that is part of the federal-aid interstate system. If the combine trailer exceeds the tolerance provided under subsection (3), the fine or penalty imposed applies to all weight over the legal limit allowed by 61-10-107.

(5) The fee required by this section must be collected by the department of transportation. Upon payment of the fee, the department of transportation must provide an identifying device to be displayed on each truck, header trailer, or combine trailer and other equipment used by the nonresident or resident in his business of custom combining in the state, which device is valid for the calendar year in which the fee is collected.

(6) All fees collected under this section must be distributed not later than January 31 immediately following the period of license as follows: 62 1/2% to the county general fund in the county in which the permittee declares the greatest amount of time will be spent to operate, 37 1/2% to the state special revenue fund for the department

of transportation.

(7) The identifying devices and fee paid for each unit are not transferable from one vehicle to another or transferable on the sale or change of ownership.

(8) The department of transportation may adopt rules, as provided in Title 2, chapter 4, to implement the provisions of this section."

**Section 203.** Section 61-10-214, MCA, is amended to read:

"61-10-214. **Exemptions.** (1) Motor vehicles operating exclusively for transportation of persons for hire within the limits of incorporated cities or towns and within 15 miles from such limits are exempt from this part.

(2) Motor vehicles brought or driven into Montana by a nonresident, migratory, bona fide agricultural worker temporarily employed in agricultural work in this state where those motor vehicles are used exclusively for transportation of agricultural workers are exempt from this part.

(3) Vehicles lawfully displaying a licensed dealer's or wholesaler's plate as provided in 61-4-103 are exempt from this part when moving to or from a dealer's or wholesaler's place of business when unloaded or loaded with dealer's or wholesaler's property only or while being demonstrated in the course of the dealer's or wholesaler's business, for a

1 period not to exceed 7 days. Vehicles being demonstrated may  
2 not be leased, rented, or operated for compensation by the  
3 licensed dealer or wholesaler.

4 (4) Vehicles exempt from property tax under  
5 15-6-201~~(1)(a)~~(1)(b), ~~(1)(c)~~ (1)(d) through ~~(1)(f)~~ (1)(E),  
6 ~~(1)(g)~~ (1)(h), ~~(1)(i)~~ (1)(p), and ~~(1)(q)~~ (1)(r) are exempt  
7 from this part. The department of transportation may require  
8 documentation of tax-exempt status from the department of  
9 revenue before granting this exemption."

10 **Section 204.** Section 67-3-203, MCA, is amended to read:

11 "67-3-203. Registration application -- payment of fees  
12 -- deposit of fees. (1) The owner of an aircraft subject to  
13 the fee ~~in-lieu-of-property-tax~~ provided for in 67-3-206  
14 must submit an application for registration or registration  
15 renewal to the department on or before March 1 of each year.  
16 The application must be accompanied by the fee ~~in--lieu--of~~  
17 ~~tax~~ prescribed in 67-3-206.

18 (2) An aircraft subject to the fee ~~in-lieu-of-tax~~  
19 provided for in 67-3-206 may not be registered until payment  
20 of the fee is made to the department.

21 (3) All fees paid to the department for registration  
22 must be deposited to the account established in 67-3-205."

23 **Section 205.** Section 67-3-204, MCA, is amended to read:

24 "67-3-204. Fee ~~in-lieu-of-tax~~ on registered aircraft --  
25 decal. (1) Except as provided in subsection (3), aircraft

1 required to be registered in Montana are subject to a fee.  
2 ~~The-registration-fee-is-in-lieu-of-property-tax.~~

3 (2) The department shall issue a decal to the owner of  
4 the aircraft required to be registered at the time of  
5 payment of the registration fee ~~in-lieu-of-tax~~, as provided  
6 in 67-3-201. No aircraft subject to a fee ~~in-lieu-of-tax~~ may  
7 be operated in this state unless there is displayed on the  
8 aircraft a decal as visual proof that the fee ~~in-lieu-of-tax~~  
9 has been paid for the aircraft and that the aircraft is  
10 registered for the current year.

11 (3) Aircraft that meet the description of property  
12 described in 15-6-145 are exempt from the fee imposed by  
13 subsection (1). Aircraft subject to the fee ~~in-lieu--of--tax~~  
14 are exempt from all other taxation."

15 **Section 206.** Section 67-3-205, MCA, is amended to read:

16 "67-3-205. Aircraft registration account -- source of  
17 funds -- allocation. (1) There is an account in the state  
18 special revenue fund to which must be credited all money  
19 received from fees paid ~~in--lieu--of--tax~~ on aircraft as  
20 required in this part and 15-24-304 and all penalties  
21 collected for registration violations as provided in  
22 67-3-202.

23 (2) Money in the account is allocated as follows:

24 (a) 90% to the counties in the proportion that each  
25 county's collections bear to the total collections



1 statewide; and

2 (b) 10% to the department for the purpose of  
3 administering and enforcing aircraft registration.

4 (3) The allocations required in subsection (2)(a) must  
5 be made twice annually by the department. The first  
6 allocation must be made between March 15 and March 30 and  
7 the second allocation must be made between July 1 and July  
8 15.

9 (4) The allocation required in subsection (2)(b) must  
10 be made on July 1 of each year.

11 (5) On receipt of the money allocated as provided in  
12 subsection (2)(a), the county treasurer shall distribute the  
13 money in the relative proportions required by the levies for  
14 state, county, school district, and municipal purposes in  
15 the same manner as personal property taxes are distributed.

16 (6) The allocations required in subsection (2)(a) are  
17 considered statutory appropriations as described in  
18 17-7-502."

19 **Section 207.** Section 67-3-206, MCA, is amended to read:

20 "67-3-206. Schedule of fees in-lieu-of-tax for  
21 aircraft. (1) The appropriate fee in-lieu-of-tax imposed on  
22 aircraft must be determined from the following schedule:

YEARS				
0 - 5	6 - 10	11 - 20	21 - 30	31 - 40
23 Single engine, fixed gear, 200 horsepower and under				

1	\$ 300	\$ 175	\$100	\$ 50	\$ 25
2	Single engine, fixed gear, over 200 horsepower				
3	500	250	150	75	50
4	Single engine, retractable gear, 200 horsepower and under				
5	600	300	175	100	75
6	Single engine, retractable gear, over 200 horsepower				
7	700	400	200	125	100
8	Multi-engine, piston engine				
9	800	500	250	175	150
10	Helicopter, piston engine				
11	700	450	225	150	125
12	Single engine jet helicopter, prop jet				
13	1,500	700	450	300	175
14	Multi-engine jet helicopter, prop jet				
15	2,000	1,000	600	400	200
16	Jet engine, no propeller				
17	3,000	1,500	800	500	250

18 (2) The fee in-lieu-of-tax imposed on any glider,  
19 ultralight, gyrocopter, balloon, homebuilt aircraft,  
20 antiques, or any aircraft over 40 years old is \$20."

21 **Section 208.** Section 77-6-114, MCA, is amended to read:

22 "77-6-114. Lessee responsible for assessments and taxes  
23 for weed control. It shall be the duty of the board in  
24 leasing any agricultural state land to provide in such lease  
25 that the lessee of lands so leased lying within the

1 boundaries of any noxious weed control district shall assume  
 2 and pay all assessments and taxes levied by the board of  
 3 county commissioners for such district on such state lands,  
 4 and such assessments and tax levy shall be imposed on such  
 5 lessee as a ~~personal~~ property tax and shall be collected by  
 6 the county treasurer in the same manner as regular ~~personal~~  
 7 property taxes are collected. All such state lessees shall  
 8 be required under the terms of such lease to pay such  
 9 assessment and tax levy at the same time and manner as other  
 10 regular-~~personal~~ taxes are paid."

11 **Section 209.** Section 81-6-104, MCA, is amended to read:

12 "81-6-104. Tax levy -- special fund. The county  
 13 livestock protective committee may recommend to the board of  
 14 county commissioners the levy of a tax in an amount not to  
 15 exceed 50 cents per head on all cattle 9 months of age or  
 16 older in the county on January 1, and the board of county  
 17 commissioners shall thereupon be empowered to levy such tax,  
 18 to be collected as other taxes on ~~personal~~ property and when  
 19 collected to be deposited by the county treasurer in a  
 20 special fund to be known as the stockmen's special deputy  
 21 fund, together with any other funds made available from  
 22 county, state, federal, or private sources for the purposes  
 23 of this part."

24 **Section 210.** Section 81-6-204, MCA, is amended to read:

25 "81-6-204. Tax levy -- deposit of proceeds. The

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

14 **Section 211.** Section 81-6-209, MCA, is amended to read:

15 "81-6-209. Tax levy -- deposit of proceeds. The  
 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 cattle 9 months of  
 19 age or older in the district on January 1, and the board of  
 20 county commissioners shall thereupon be empowered to levy  
 21 such tax, to be collected as other taxes on ~~personal~~  
 22 property and when collected to be deposited in the county  
 23 treasury in a special fund to be known as the stockmen's  
 24 special deputy fund, together with any other funds made  
 25 available from county, state, federal, or private sources

1 for the purposes of this part."

2 **Section 212.** Section 81-7-303, MCA, is amended to read:

3 **"81-7-303. County commissioners permitted to require**  
 4 **per capita license fee on sheep.** (1) To defray the expense  
 5 of such protection the board of county commissioners of any  
 6 county shall have the power to require all owners or persons  
 7 in possession of any sheep coming 1 year old or over in the  
 8 county on ~~the regular assessment date~~ January 1 of each year  
 9 to pay a license fee in an amount to be determined by the  
 10 board on a per head basis for sheep so owned or possessed by  
 11 him in the county. All owners or persons in possession of  
 12 any sheep coming 1 year old or over coming into the county  
 13 ~~after the regular assessment date and subject to taxation~~  
 14 ~~under the provisions of 15-24-301~~ January 1 shall also be  
 15 subject to payment of the license fee herein prescribed.

16 (2) Upon the order of the board of county commissioners  
 17 such license fees may be imposed by the entry thereof in the  
 18 name of the licensee upon the property tax rolls of the  
 19 county by the county assessor. Said license fees shall be  
 20 payable to and collected by the county treasurer, and when  
 21 so levied, shall be a lien upon the property, ~~both real and~~  
 22 ~~personal~~ of the licensee. In case the person against whom  
 23 said license fee is levied owns no real estate against which  
 24 said license fee is or may become a lien, then said license  
 25 fee shall be payable immediately upon its levy and the

1 treasurer shall collect the same in the manner provided by  
 2 law for the collection of ~~personal~~ property taxes ~~which are~~  
 3 ~~not a lien upon real estate.~~

4 (3) When collected, said fees shall be placed by the  
 5 treasurer in the predatory animal control fund and the  
 6 moneys in said fund shall be expended on order of the board  
 7 of county commissioners of the county for predatory animal  
 8 control only."

9 **Section 213.** Section 90-5-110, MCA, is amended to read:

10 **"90-5-110. Taxation of projects.** (1) Notwithstanding  
 11 that title to a project may be in a municipality or county,  
 12 such projects shall be subject to taxation to the same  
 13 extent, in the same manner, and under the same procedures as  
 14 privately owned property in similar circumstances if such  
 15 projects are leased to or held by private interests on both  
 16 the assessment date and the date the levy is made in any  
 17 year, but such projects shall not be subject to taxation in  
 18 any year if they are not leased to or held by private  
 19 interests on both the assessment date and the date the levy  
 20 is made in any year.

21 (2) Where ~~personal~~ property improvements owned by a  
 22 municipality or county is are taxed under this section and  
 23 such ~~personal~~ property taxes are delinquent, levy by warrant  
 24 for distraint for collection of such delinquent taxes may  
 25 only be made on ~~personal~~ property improvements against which

1 such taxes were levied."

2 **NEW SECTION. Section 214. Repealer.** Sections 15-1-111,  
3 15-6-136, 15-6-202, 15-6-204, 15-6-207, 15-8-202, 15-8-204,  
4 15-8-205, 15-8-401, 15-8-404, 15-8-408, 15-10-401,  
5 15-10-402, 15-10-406, 15-10-411, 15-10-412, 15-16-111,  
6 15-16-112, 15-16-113, 15-16-114, 15-16-115, 15-16-402,  
7 15-16-404, 15-16-503, 15-16-613, 15-16-701, 15-16-702,  
8 15-16-703, 15-24-210, 15-24-301, 15-24-302, 15-24-303,  
9 15-24-305, 15-24-901, 15-24-902, 15-24-903, 15-24-904,  
10 15-24-905, 15-24-906, 15-24-920, 15-24-926, 15-24-931,  
11 20-9-360, 61-3-707, and 87-4-420, MCA, are repealed.

12 **NEW SECTION. Section 215. Codification instruction.**  
13 (1) [Sections 1 through 48] are intended to be codified as  
14 an integral part of Title 15, and the provisions of Title 15  
15 apply to [sections 1 through 48].

16 (2) [Section 49] is intended to be codified as an  
17 integral part of Title 15, chapter 6, part 1, and the  
18 provisions of Title 15, chapter 6, part 1, apply to [section  
19 49].

20 **NEW SECTION. Section 216. Saving clause.** [This act]  
21 does not affect rights and duties that matured, penalties  
22 that were incurred, or proceedings that were begun before  
23 [the effective date of this act].

24 **NEW SECTION. Section 217. Effective dates --**  
25 **applicability.** (1) Except as provided in subsection (2),

1 this act is effective January 1, 1993, and applies to tax  
2 years beginning January 1, 1993.

3 (2) [Section 43] is effective on passage and approval.

-End-