

*House* BILL NO. *498*

INTRODUCED BY *Brainard*  
*Simpkins* *Clark* *Monroe* THOMAS *Wells* *DENNY*

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE TAXATION OF CERTAIN VEHICLES; REPLACING THE CURRENT SYSTEM OF TAXATION OF AUTOMOBILES, VANS, SPORT UTILITY VEHICLES, AND LIGHT TRUCKS WITH A FEE IN LIEU OF TAX ON LIGHT VEHICLES; ALLOWING THE OWNER OF A LIGHT VEHICLE TO REGISTER THE VEHICLE FOR A 24-MONTH PERIOD; REPLACING SEVERAL FEES IMPOSED ON LIGHT VEHICLES WITH A CONSOLIDATED REGISTRATION FEE; REPLACING THE LOCAL OPTION VEHICLE TAX WITH A LOCAL OPTION FEE BASED ON FEES IN LIEU OF TAX; REPLACING THE TAX ON QUADRICYCLES WITH A FEE IN LIEU OF TAX; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-6-201, 15-8-201, 15-8-202, 15-24-101, 15-24-104, 15-24-105, 15-24-301, 15-24-302, 15-30-121, 15-50-207, 19-6-709, 20-9-141, 20-9-331, 20-9-333, 20-9-360, 20-9-501, 20-10-144, 20-10-146, 61-3-101, 61-3-208, 61-3-301, 61-3-303, 61-3-314, 61-3-315, 61-3-316, 61-3-317, 61-3-321, 61-3-325, 61-3-332, 61-3-456, 61-3-501, 61-3-503, 61-3-504, 61-3-506, 61-3-509, 61-3-510, 61-3-511, 61-3-520, 61-3-527, 61-3-535, 61-3-537, 61-3-701, 61-3-707, 61-4-310, 61-10-201, 80-7-810, 80-7-815, AND 80-7-816, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because 61-3-506 gives rulemaking authority to the department of justice to implement the new method for the imposition of fees in lieu of tax on light vehicles. The legislature contemplates that the rules adopted by the department should address, at a minimum, the following:

(1) the imposition and collection of fees on light vehicles; and

(2) the procedures for determining the age of a light vehicle when the manufacturer's model year is not available.

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

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 3], the following definitions apply:

1 (1) "Light vehicle" means a motor vehicle commonly referred to as an automobile, van, or sport  
2 utility vehicle or a truck having a manufacturer's rated capacity of 1 ton or less.

3 (2) "Vehicle age" means the age of the vehicle determined by subtracting the manufacturer's model  
4 year of the vehicle from the calendar year for which the tax is due.

5

6 **NEW SECTION. Section 2. Light vehicle fee in lieu of tax -- exemptions -- 24-month registration**

7 -- **refund.** (1) Except as provided in subsection (2), there is a fee in lieu of property tax imposed on light  
8 vehicles. The fee is in addition to the tax on new motor vehicles and annual registration fees.

9 (2) (a) Light vehicles that meet the description of property exempt from taxation under  
10 15-6-201(1)(a), (1)(c) through (1)(e), (1)(g), (1)(m), (1)(o), (1)(q), and (1)(w), 15-6-203, or 15-6-215,  
11 except as provided in 61-3-520, are exempt from the fee imposed in subsection (1).

12 (b) A motor vehicle owned by a disabled veteran qualifying for special license plates under  
13 61-3-332(10) or a motor vehicle registered under 61-3-456 is exempt from the fee imposed by this section.

14 (c) A dealer for light vehicles is not required to pay the license fee for light vehicles that constitute  
15 inventory of the dealership.

16 (3) The owner of a motor vehicle subject to the provisions of 61-3-313 through 61-3-316 may  
17 register the motor vehicle for a period not to exceed 24 months. The application for registration or  
18 reregistration must be accompanied by the fee in lieu of tax and all other fees required in this chapter for  
19 each 12-month period of the 24-month period.

20

21 **NEW SECTION. Section 3. Schedule of fees for light vehicles -- payment of fee required for**

22 **operation.** (1) The following schedule, based on vehicle age, is used to determine the annual fee imposed  
23 by [section 2]:

24 <u>Vehicle Age (in years)</u>	<u>Annual Fee</u>
25 1 or less	\$254
26 2-3	221
27 4-5	175
28 6-7	133
29 8-9	83
30 10 or more	34

1 (2) A light vehicle subject to the fee imposed by [section 2] may not be operated unless the fee  
 2 has been paid and the vehicle is licensed. A lien for fees due on the vehicle occurs on the anniversary date  
 3 of the registration and continues until the fees have been paid.

4  
 5 **NEW SECTION.** **Section 4. Consolidated registration fee -- distribution.** (1) A consolidated  
 6 registration fee of \$19 is imposed on the annual registration or reregistration of each motor vehicle subject  
 7 to the provisions of 61-3-313 through 61-3-316 and to the fee in lieu of tax under [section 2]. A vehicle  
 8 subject to the fee under this section is exempt from the fees imposed by 61-3-321(1) and (5), 61-3-510,  
 9 61-3-511, and 61-10-201.

10 (2) The fee must be collected by the county treasurer and distributed as follows:

11 (a) \$8.50 to the county road fund;

12 (b) \$10.50 to the state treasurer, to be distributed according to the following percentages:

13 (i) 47.6% to the state general fund;

14 (ii) 2.4% for payment of supplemental benefits provided for in 19-6-709;

15 (iii) 14.25% for the purposes of the weed control fee provided for in 61-3-510;

16 (iv) 9.5% for the purposes of the county motor vehicle computer fee provided for in 61-3-511;

17 (v) 26.25% to the department of transportation for the purposes of Title 61, chapter 10, part 2.

18 (3) If a vehicle is registered for a 24-month period as provided in 61-3-303(4), the fee imposed by  
 19 this section must be paid for each 12-month period of the 24-month period.

20 (4) The fee imposed by this section does not apply to vehicles registered through a proportional  
 21 registration agreement.

22  
 23 **NEW SECTION.** **Section 5. Sport utility vehicle.** "Sport utility vehicle" means a light vehicle  
 24 designed to transport 10 or fewer persons that is constructed on a truck chassis or that has special features  
 25 for occasional off-road use. The term does not include trucks having a manufacturer's rated capacity of 1  
 26 ton or less.

27  
 28 **Section 6.** Section 15-6-201, MCA, is amended to read:

29 "**15-6-201. Exempt categories.** (1) The following categories of property are exempt from taxation:

30 (a) except as provided in 15-24-1203, the property of:

- 1 (i) the United States, except:
- 2 (A) if congress passes legislation that allows the state to tax property owned by the federal  
3 government or an agency created by congress; or
- 4 (B) as provided in 15-24-1103;
- 5 (ii) the state, counties, cities, towns, and school districts;
- 6 (iii) irrigation districts organized under the laws of Montana and not operating for profit;
- 7 (iv) municipal corporations;
- 8 (v) public libraries; and
- 9 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;
- 10 (b) buildings, with land they occupy and furnishings in the buildings, owned by a church and used  
11 for actual religious worship or for residences of the clergy, together with adjacent land reasonably  
12 necessary for convenient use of the buildings;
- 13 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,  
14 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health  
15 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed  
16 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not  
17 exempt.
- 18 (d) property that is:
- 19 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or  
20 21;
- 21 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent  
22 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and
- 23 (iii) not maintained and operated for private or corporate profit;
- 24 (e) property owned or property that is leased from a federal, state, or local governmental entity by  
25 institutions of purely public charity if the property is directly used for purely public charitable purposes;
- 26 (f) evidence of debt secured by mortgages of record upon real or personal property in the state of  
27 Montana;
- 28 (g) public museums, art galleries, zoos, and observatories not used or held for private or corporate  
29 profit;
- 30 (h) all household goods and furniture, including but not limited to clocks, musical instruments,

1 sewing machines, and wearing apparel of members of the family, used by the owner for personal and  
2 domestic purposes or for furnishing or equipping the family residence;

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

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

6 (k) motor homes, travel trailers, and campers;

7 (l) all watercraft;

8 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association  
9 or nonprofit corporation organized to furnish potable water to its members or customers for uses other than  
10 the irrigation of agricultural land;

11 (n) the right of entry that is a property right reserved in land or received by mesne conveyance  
12 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by  
13 another to explore, prospect, or dig for oil, gas, coal, or minerals;

14 (o) property that is owned and used by a corporation or association organized and operated  
15 exclusively for the care of persons with developmental disabilities, the mentally ill, or the vocationally  
16 handicapped as defined in 18-5-101 and that is not operated for gain or profit and property owned and used  
17 by an organization owning and operating facilities that are for the care of the retired, aged, or chronically  
18 ill and that are not operated for gain or profit;

19 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and  
20 machinery with a market value of less than \$100;

21 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for  
22 training and practice for or competition in international sports and athletic events and not held or used for  
23 private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means  
24 an organization exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated  
25 and admitted under the Montana Nonprofit Corporation Act.

26 (r) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily  
27 hand-held and that are used to:

28 (i) construct, repair, and maintain improvements to real property; or

29 (ii) repair and maintain machinery, equipment, appliances, or other personal property;

30 (s) harness, saddlery, and other tack equipment;

1 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in  
2 33-25-105;

3 (u) timber as defined in 15-44-102;

4 (v) all trailers and semitrailers that have a licensed gross weight of 26,000 pounds or more or that  
5 are registered through a proportional registration agreement under 61-3-721. For purposes of this  
6 subsection (1)(v), the terms "trailer" and "semitrailer" mean a vehicle with or without motive power that  
7 is:

8 (i) designed and used only for carrying property;

9 (ii) designed and used to be drawn by a motor vehicle; and

10 (iii) either constructed so that no part of its weight rests upon the towing vehicle or constructed  
11 so that some part of its weight and the weight of its load rests upon or is carried by another vehicle.

12 (w) all vehicles registered under 61-3-456;

13 (x) light vehicles as defined in [section 1]; and

14 (y) motorcycles and quadricycles.

15 (2) (a) For the purposes of subsection (1)(e), the term "institutions of purely public charity" includes  
16 any organization that meets the following requirements:

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

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

22 (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and  
23 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold  
24 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property  
25 includes all real and personal property reasonably necessary for use in connection with the public display  
26 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit  
27 organization by an individual or for-profit organization, real and personal property owned by other persons  
28 is exempt if it is:

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

30 (ii) held for future display; or

1 (iii) used to house or store a public display.

2 (3) The following portions of the appraised value of a capital investment in a recognized nonfossil  
3 form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102,  
4 are exempt from taxation for a period of 10 years following installation of the property:

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

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

7  
8 **Section 7.** Section 15-8-201, MCA, is amended to read:

9 **"15-8-201. General assessment day.** (1) The department shall, between January 1 and the second  
10 Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject  
11 to taxation in each county. The department shall assess property to the person by whom it was owned or  
12 claimed or in whose possession or control it was at midnight of the preceding January 1. The department  
13 shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding  
14 January 1. A mistake in the name of the owner or supposed owner of real property does not invalidate the  
15 assessment.

16 (2) The procedure provided by this section does not apply to:

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

19 (b) light vehicles as defined in [section 1];

20 (c) motor homes, travel trailers, and campers;

21 ~~(d)~~ watercraft;

22 ~~(e)~~ livestock;

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

25 ~~(g)~~ mobile homes held by a distributor or dealer of mobile homes as stock in trade; and

26 ~~(h)~~ property subject to the provisions of 15-16-203.

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

28  
29 **Section 8.** Section 15-8-202, MCA, is amended to read:

30 **"15-8-202. Motor vehicle assessment.** (1) (a) The department shall, in each year, ascertain and

1 assess all motor vehicles, other than light vehicles, motor homes, travel trailers, and campers or mobile  
 2 homes, in each county subject to taxation as of January 1 ~~or as of the anniversary registration date of~~  
 3 ~~these vehicles as provided by law~~, subject to ~~61-3-313 through 61-3-316 and 61-3-501~~. The assessment  
 4 ~~for all~~ of taxable motor vehicles must be made in accordance with 61-3-503.

5 (b) The department of justice shall impose the fee in lieu of tax for light vehicles pursuant to  
 6 [sections 2 and 3].

7 (c) The motor vehicles Taxes or fees in lieu of tax on motor vehicles under this subsection (1) must  
 8 be assessed or imposed in each year ~~to~~ on the persons ~~by whom~~ who owned or claimed or in whose  
 9 possession or control ~~they~~ the motor vehicles were at midnight of January 1 or the anniversary registration  
 10 date, whichever is applicable.

11 (2) A tax or fee in lieu of tax may not be assessed or imposed against motor vehicles subject to  
 12 taxation or a fee in lieu of tax that constitute inventory of motor vehicle dealers as of January 1. These  
 13 vehicles and all other motor vehicles subject to taxation or a fee in lieu of tax that are brought into the state  
 14 ~~subsequent to~~ after January 1 as motor vehicle dealers' inventories must be assessed to their respective  
 15 purchasers as of the dates the vehicles are registered by the purchasers.

16 (3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles,  
 17 except as otherwise provided by 61-3-502.

18 (4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and  
 19 new mobile homes, must be assessed at market value as of January 1."

20

21 **Section 9.** Section 15-24-101, MCA, is amended to read:

22 **"15-24-101. Assessment of proportionally registered interstate motor vehicle fleets -- ~~tax~~ payment**  
 23 **of tax or fee required for registration.** (1) The department of revenue shall assess, for the purpose of  
 24 personal property taxes, the taxable vehicles in interstate motor vehicle fleets proportionally registered  
 25 under the provisions of 61-3-711 through 61-3-733, and the assessment must be apportioned on the ratio  
 26 of total miles traveled to in-state miles traveled as prescribed by 61-3-721. Interstate motor vehicle fleets  
 27 are assessable for taxation purposes upon application for proportional registration and are assessed to the  
 28 persons who own or claim the fleet or in whose possession or control the fleet is at the time of the  
 29 application.

30 (2) With respect to any fleet contained in an original application that has a situs for the purpose



1 of property taxation in Montana by the terms of this part or any other provision of the laws of Montana,  
2 the taxes on taxable vehicles are apportioned as provided in 15-24-303.

3 (3) With respect to any fleet contained in a renewal application, the taxable vehicles are assessed  
4 and taxed for a full year.

5 (4) ~~Automobiles and trucks having a rated capacity of 1 ton or less~~ Light vehicles that are part of  
6 an interstate motor vehicle fleet are subject to ~~property tax~~ the fee in lieu of tax imposed by [section 2].  
7 If the fleet is proportionally registered, the ~~tax~~ fee is apportioned in the same fashion as the registration fee  
8 under 61-3-721.

9 (5) Vehicles contained in a fleet for which current taxes or fees, or both, have been assessed and  
10 paid may not be assessed or charged fees under this section upon presentation to the department of proof  
11 of payment of taxes, fees, or both for the current registration year. The payment of personal property  
12 taxes, fees, or both is a condition precedent to proportional registration or reregistration of an interstate  
13 motor vehicle fleet."

14

15 **Section 10.** Section 15-24-104, MCA, is amended to read:

16 "**15-24-104. Situs in state of proportionally registered fleets -- collection of taxes and fees.** (1)  
17 For the purposes of this part, any vehicle previously registered or that has had application for registration  
18 made under the provisions of 61-3-711 through 61-3-733 has a situs in the state for the purposes of  
19 taxation or the fee in lieu of tax.

20 (2) The department or its designated agent shall collect the personal property taxes or ~~license~~ fees,  
21 or both, prescribed in this part."

22

23 **Section 11.** Section 15-24-105, MCA, is amended to read:

24 "**15-24-105. Deposit and distribution of taxes and fees on proportionally registered fleets.** The  
25 personal property taxes and ~~license~~ fees in lieu of tax collected under this part ~~shall~~ must be deposited with  
26 the state treasurer for distribution to the general fund of each county on the following basis:

27 (1) for personal property taxes, according to the ratio of the taxable valuation of each county to  
28 the total state taxable valuation; and

29 (2) for vehicle ~~license~~ fees in lieu of tax, according to the ratio of vehicle ~~license~~ fees in lieu of tax,  
30 other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all ~~such~~

1 the fees collected in all the counties."

2

3 **Section 12.** Section 15-24-301, MCA, is amended to read:

4 "**15-24-301. Personal property brought into the state -- assessment -- exceptions -- custom**  
5 **combine equipment.** (1) Except as provided in subsections (2) through (5), property in the following cases  
6 is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

7 (a) any personal property, ~~{including livestock}~~, brought, ~~driven, or coming~~ into this state at any  
8 time during the year that is used in the state for hire, compensation, or profit;

9 (b) property whose owner or user is engaged in gainful occupation or business enterprise in the  
10 state; or

11 (c) property ~~which~~ that comes to rest and becomes a part of the general property of the state.

12 (2) The taxes on this property are levied in the same manner ~~and to the same extent~~, except as  
13 otherwise provided, as though the property had been in the county on the regular assessment date,  
14 provided that the property has not been regularly assessed for the year in some other county of the state.

15 (3) ~~Nothing in this~~ This section ~~shall be~~ may not be construed to levy a tax against a merchant or  
16 dealer within this state on goods, wares, or merchandise brought into the county to replenish the stock of  
17 the merchant or dealer.

18 (4) ~~Any~~ A motor vehicle not subject to a fee in lieu of tax, except for a motor vehicle subject to  
19 the fee in lieu of tax imposed by [section 2], brought, ~~driven, or coming~~ into this state by ~~any~~ a nonresident  
20 person temporarily employed in Montana and used exclusively for transportation of ~~such~~ the person is  
21 subject to ~~taxation and~~ assessment for taxes or fees in lieu of tax as follows:

22 (a) The motor vehicle is ~~taxed~~ or the fee in lieu of tax on the motor vehicle is imposed by the  
23 county in which it is located.

24 (b) One-fourth of the annual tax liability or fee in lieu of tax of the motor vehicle must be paid for  
25 each quarter or portion of a quarter of the year that the motor vehicle is located in Montana.

26 (c) The quarterly taxes or fees in lieu of tax are due the first day of the quarter.

27 (5) Agricultural harvesting machinery classified under class eight, licensed in ~~other states~~ another  
28 state, and operated on the ~~lands~~ land of ~~persons~~ a person other than the owner of the machinery under  
29 contracts a contract for hire ~~shall be~~ is subject to a fee in lieu of ~~taxation~~ tax of \$35 per machine for the  
30 calendar year in which the fee is collected. The machines ~~shall be~~ are subject to taxation under class eight

1 only if they are sold in Montana."

2

3 **Section 13.** Section 15-24-302, MCA, is amended to read:

4 **"15-24-302. Collection procedure.** All property mentioned in 15-24-301 is assessed at the same  
5 value as property of like kind and character, and the assessment, levy, and collection of the tax are  
6 governed by the provisions of 15-8-408, 15-16-115, 15-16-119, 15-16-404, 15-17-911, and 15-24-202,  
7 as amended, except:

8 (1) taxation of or the imposition of fees in lieu of tax on motor vehicles under 15-24-301(4) to the  
9 extent that subsection varies from the general provisions cited in this section; and

10 (2) livestock taxation governed by 81-7-104 and Title 81, chapter 7, part 2."

11

12 **Section 14.** Section 15-30-121, MCA, is amended to read:

13 **"15-30-121. Deductions allowed in computing net income.** In computing net income, there are  
14 allowed as deductions:

15 (1) the items referred to in sections 161, including the contributions referred to in 33-15-201(5)(b),  
16 and 211 of the Internal Revenue Code of 1954, or as sections 161 and 211 are labeled or amended, subject  
17 to the following exceptions, which are not deductible:

18 (a) items provided for in 15-30-123;

19 (b) state income tax paid;

20 (c) one-half of premium payments for medical care as provided in subsection ~~(9)~~ (10);

21 (2) federal income tax paid within the tax year;

22 (3) expenses of household and dependent care services as outlined in subsections (3)(a) through  
23 (3)(c) and ~~(9)~~ (11) and subject to the limitations and rules as set out in subsections (3)(d) through (3)(f),  
24 as follows:

25 (a) expenses for household and dependent care services necessary for gainful employment incurred  
26 for:

27 (i) a dependent under 15 years of age for whom an exemption can be claimed;

28 (ii) a dependent as allowable under 15-30-112(5), except that the limitations for age and gross  
29 income do not apply, who is unable to provide self-care because of physical or mental illness; and

30 (iii) a spouse who is unable to provide self-care because of physical or mental illness;

- 1 (b) employment-related expenses incurred for the following services, but only if the expenses are  
2 incurred to enable the taxpayer to be gainfully employed:
- 3 (i) household services that are attributable to the care of the qualifying individual; and  
4 (ii) care of an individual who qualifies under subsection (3)(a);
- 5 (c) expenses incurred in maintaining a household if over half of the cost of maintaining the  
6 household is furnished by an individual or, if the individual is married during the applicable period, is  
7 furnished by the individual and the individual's spouse;
- 8 (d) the amounts deductible in subsections (3)(a) through (3)(c), subject to the following limitations:
- 9 (i) a deduction is allowed under subsection (3)(a) for employment-related expenses incurred during  
10 the year only to the extent that the expenses do not exceed \$4,800;
- 11 (ii) expenses for services in the household are deductible under subsection (3)(a) for  
12 employment-related expenses only if they are incurred for services in the taxpayer's household, except that  
13 employment-related expenses incurred for services outside the taxpayer's household are deductible, but  
14 only if incurred for the care of a qualifying individual described in subsection (3)(a)(i) and only to the extent  
15 that the expenses incurred during the year do not exceed:
- 16 (A) \$2,400 in the case of one qualifying individual;  
17 (B) \$3,600 in the case of two qualifying individuals; and  
18 (C) \$4,800 in the case of three or more qualifying individuals;
- 19 (e) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the tax year  
20 during which the expenses are incurred, the amount of the employment-related expenses incurred, to be  
21 reduced by one-half of the excess of the combined adjusted gross income over \$18,000;
- 22 (f) for purposes of this subsection (3):
- 23 (i) married couples shall file a joint return or file separately on the same form;  
24 (ii) if the taxpayer is married during any period of the tax year, employment-related expenses  
25 incurred are deductible only if:
- 26 (A) both spouses are gainfully employed, in which case the expenses are deductible only to the  
27 extent that they are a direct result of the employment; or  
28 (B) the spouse is a qualifying individual described in subsection (3)(a)(iii);  
29 (iii) an individual legally separated from the individual's spouse under a decree of divorce or of  
30 separate maintenance may not be considered as married;

- 1 (iv) the deduction for employment-related expenses must be divided equally between the spouses  
2 when filing separately on the same form;
- 3 (v) payment made to a child of the taxpayer who is under 19 years of age at the close of the tax  
4 year and payments made to an individual with respect to whom a deduction is allowable under  
5 15-30-112(5) are not deductible as employment-related expenses;
- 6 (4) in the case of an individual, political contributions determined in accordance with the provisions  
7 of section 218(a) and (b) of the Internal Revenue Code that were in effect for the tax year ended December  
8 31, 1978;
- 9 (5) that portion of expenses for organic fertilizer allowed as a deduction under 15-32-303 that was  
10 not otherwise deducted in computing taxable income;
- 11 (6) contributions to the child abuse and neglect prevention program provided for in 41-3-701,  
12 subject to the conditions set forth in 15-30-156;
- 13 (7) one-half of premium payments, except premiums deducted in determining Montana adjusted  
14 gross income, for:
- 15 (a) insurance for medical care made directly by the taxpayer; and
- 16 (b) long-term care insurance with benefits that meet or exceed the minimum standards as  
17 established by the state insurance commissioner; ~~and~~
- 18 (8) contributions to the Montana drug abuse resistance education program provided for in  
19 44-2-702, subject to the conditions set forth in 15-30-159; and
- 20 (9) light vehicle fees in lieu of tax, as provided by [section 2], paid during the tax year.
- 21 ~~(9)(10)~~ For the purpose of subsection (7)(a), deductible medical insurance premiums are those  
22 premiums that provide payment for medical care as defined by 26 U.S.C. 213(d).
- 23 ~~(10)(11)~~ (a) Subject to the conditions of subsection (3), a taxpayer who operates a family day-care  
24 home or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's  
25 own child and at least one unrelated child in the ordinary course of business may deduct  
26 employment-related expenses considered to have been paid for the care of the child.
- 27 (b) The amount of employment-related expenses considered to have been paid by the taxpayer is  
28 equal to the amount that the taxpayer charges for the care of a child of the same age for the same number  
29 of hours of care. The employment-related expenses apply regardless of whether any expenses actually have  
30 been paid. Employment-related expenses may not exceed the amounts specified in subsection (3)(d)(ii).

1 (c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the  
 2 deduction under this subsection ~~(4)~~ (11). (Subsection (8) terminates on occurrence of contingency--sec.  
 3 12, Ch. 808, L. 1991.)"

4

5 **Section 15.** Section 15-50-207, MCA, is amended to read:

6 **"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees.** (1)

7 The additional license fees withheld or otherwise paid as provided ~~herein~~ in this chapter may be used as  
 8 a credit on the contractor's corporation license tax provided for in chapter 31 of this title or on the  
 9 contractor's income tax provided for in chapter 30, depending upon the type of tax the contractor is  
 10 required to pay under the laws of the state.

11 (2) Personal property taxes or light vehicle fees in lieu of tax, as provided in [section 2], paid in  
 12 Montana on any personal property or light vehicle of the contractor ~~which that~~ is used in the business of  
 13 the contractor and is located within this state may be credited against the license fees required under this  
 14 chapter. However, in computing the tax credit allowed by this section against the contractor's corporation  
 15 license tax or income tax, the personal property tax or light vehicle fee in lieu of tax ~~credit~~ credited against  
 16 the license fees ~~herein~~ required under this chapter ~~shall~~ may not be considered as license fees paid for the  
 17 purpose of ~~such~~ the income tax or corporation license tax credit."

18

19 **Section 16.** Section 19-6-709, MCA, is amended to read:

20 **"19-6-709. (Temporary) Supplemental benefits for certain retirees.** (1) In addition to any retirement  
 21 benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible  
 22 under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and  
 23 each succeeding year as long as the member remains eligible.

24 (2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit  
 25 before July 1, 1991, and must be:

26 (a) a retired member who is 55 years of age or older and who has been receiving a service  
 27 retirement benefit for at least 5 years prior to the date of distribution;

28 (b) a survivor of a member who would have been eligible under subsection (2)(a); or

29 (c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

30 (3) A retired member otherwise qualified under this section who is employed in a position covered

1 by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for  
2 in this section until the member's service in the covered position is terminated. Upon termination of the  
3 member's covered service, the retired member becomes eligible in the next fiscal year succeeding the  
4 member's termination.

5 (4) (a) Twenty-five cents of each motor vehicle registration fee provided for in 61-3-321 and the  
6 amount of the fee distributed under [section 4(2)(b)(ii)] must be deposited in the pension trust fund at the  
7 end of each fiscal year. ~~The fee is~~ fees are statutorily appropriated, as provided in 17-7-502, for payment  
8 of benefits to eligible recipients. The total funds must be distributed by the division in lump-sum payments  
9 to eligible recipients along with their normal retirement benefit payment.

10 (b) The lump-sum payment must be distributed proportionally to all eligible recipients based on  
11 service credit at the time of retirement, subject to the following:

12 (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes  
13 of the distributions;

14 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under  
15 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

16 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual  
17 under this section after August 31, 1993, is the percentage increase for the previous calendar year in the  
18 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor  
19 statistics of the United States department of labor or its successor agency.

20 (c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of  
21 supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used  
22 to amortize unfunded liabilities of the retirement system.

23 (5) Every 10 years following July 1, 1991, the division shall review the size of the additional ~~fee~~  
24 fees collected under 61-3-321(5) and distributed pursuant to [section 4(2)(b)(ii)] and deposited in the  
25 account in accordance with subsection (4)(a) and recommend to each legislature following the division's  
26 review any legislation necessary to reduce the ~~fee~~ fees to the minimum amount necessary to provide the  
27 supplemental benefits provided by this section."  
28

29 **Section 17.** Section 20-9-141, MCA, is amended to read:

30 **"20-9-141. Computation of general fund net levy requirement by county superintendent.** (1) The

1 county superintendent shall compute the levy requirement for each district's general fund on the basis of  
2 the following procedure:

3 (a) Determine the funding required for the district's final general fund budget less the sum of direct  
4 state aid and the special education allowable cost payment for the district by totaling:

5 (i) the district's nonisolated school BASE budget requirement to be met by a district levy as  
6 provided in 20-9-303; and

7 (ii) any general fund budget amount adopted by the trustees of the district under the provisions  
8 of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the  
9 maximum general fund budget.

10 (b) Determine the money available for the reduction of the property tax on the district for the  
11 general fund by totaling:

12 (i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

13 (ii) amounts received in the last fiscal year for which revenue reporting was required for each of  
14 the following:

15 (A) tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323;

16 (B) revenue from ~~property~~ taxes and fees imposed under 23-2-517, 23-2-803, ~~61-3-504(2)~~,  
17 61-3-521, 61-3-527, 61-3-537, section 3, and 67-3-204;

18 (C) oil and natural gas production taxes;

19 (D) interest earned by the investment of general fund cash in accordance with the provisions of  
20 20-9-213(4);

21 (E) revenue from corporation license taxes collected from financial institutions under the provisions  
22 of 15-31-702; and

23 (F) any other revenue received during the school fiscal year that may be used to finance the general  
24 fund, excluding any guaranteed tax base aid; and

25 (iii) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703.

26 (c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the  
27 property tax required to finance the general fund that has been determined in subsection (1)(b) from any  
28 general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to  
29 determine the general fund BASE budget levy requirement.

30 (d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional



1 funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303,  
2 and any additional financing as provided in 20-9-353 to determine any additional general fund levy  
3 requirements.

4 (2) The county superintendent shall calculate the number of mills to be levied on the taxable  
5 property in the district to finance the general fund levy requirement for any amount that does not exceed  
6 the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum  
7 of:

8 (a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as  
9 certified by the superintendent of public instruction; and

10 (b) the taxable valuation of the district divided by 1,000.

11 (3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be  
12 reported to the county commissioners on the fourth Monday of August by the county superintendent as  
13 the general fund net levy requirement for the district, and a levy must be set by the county commissioners  
14 in accordance with 20-9-142.

15 (4) For each school district, the department of revenue shall calculate and report to the county  
16 superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross  
17 proceeds under 15-23-703."

18

19 **Section 18.** Section 20-9-331, MCA, is amended to read:

20 **"20-9-331. Basic county tax and other revenues for county equalization of the elementary district**  
21 **BASE funding program.** (1) The county commissioners of each county shall levy an annual basic tax of 33  
22 mills on the dollar of the taxable value of all taxable property within the county, except for property subject  
23 to a tax or fee under 23-2-517, 23-2-803, ~~61-3-504(2)~~, 61-3-521, 61-3-527, 61-3-537, [section 3], and  
24 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from  
25 this levy must be apportioned to the support of the elementary BASE funding programs of the school  
26 districts in the county and to the state general fund in the following manner:

27 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,  
28 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE  
29 funding programs of all elementary districts of the county.

30 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is

1 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds  
 2 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus  
 3 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the  
 4 fiscal year for which the levy has been set.

5 (2) The revenue realized from the county's portion of the levy prescribed by this section and the  
 6 revenue from the following sources must be used for the equalization of the elementary BASE funding  
 7 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue  
 8 by the county treasurer in accordance with 20-9-212(1):

9 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for  
 10 the common school fund under the provisions of 17-3-222;

11 (b) the portion of the federal flood control act funds distributed to a county and designated for  
 12 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

13 (c) all money paid into the county treasury as a result of fines for violations of law, except money  
 14 paid to a justice's court, and the use of which is not otherwise specified by law;

15 (d) any money remaining at the end of the immediately preceding school fiscal year in the county  
 16 treasurer's accounts for the various sources of revenue established or referred to in this section;

17 (e) any federal or state money distributed to the county as payment in lieu of property taxation,  
 18 including federal forest reserve funds allocated under the provisions of 17-3-213;

19 (f) gross proceeds taxes from coal under 15-23-703;

20 (g) oil and natural gas production taxes;

21 (h) anticipated local government severance tax payments for calendar year 1995 production as  
 22 provided in 15-36-325; and

23 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
 24 ~~61-3-504(2)~~, 61-3-521, 61-3-527, 61-3-537, section 3, and 67-3-204."

25

26 **Section 19.** Section 20-9-333, MCA, is amended to read:

27 "**20-9-333. Basic special levy and other revenue for county equalization of high school district**  
 28 **BASE funding program.** (1) The county commissioners of each county shall levy an annual basic special tax  
 29 for high schools of 22 mills on the dollar of the taxable value of all taxable property within the county,  
 30 except for property subject to a tax or fee under 23-2-517, 23-2-803, ~~61-3-504(2)~~, 61-3-521, 61-3-527,

1 61-3-537, section 3, and 67-3-204, for the purposes of local and state BASE funding program support.  
 2 The revenue collected from this levy must be apportioned to the support of the BASE funding programs of  
 3 high school districts in the county and to the state general fund in the following manner:

4 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,  
 5 the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the  
 6 county's high school tuition obligation and the total of the BASE funding programs of all high school  
 7 districts of the county.

8 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is  
 9 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds  
 10 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus  
 11 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the  
 12 fiscal year for which the levy has been set.

13 (2) The revenue realized from the county's portion of the levy prescribed in this section and the  
 14 revenue from the following sources must be used for the equalization of the high school BASE funding  
 15 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue  
 16 by the county treasurer in accordance with 20-9-212(1):

17 (a) any money remaining at the end of the immediately preceding school fiscal year in the county  
 18 treasurer's accounts for the various sources of revenue established in this section;

19 (b) any federal or state money distributed to the county as payment in lieu of property taxation,  
 20 including federal forest reserve funds allocated under the provisions of 17-3-213;

21 (c) gross proceeds taxes from coal under 15-23-703;

22 (d) oil and natural gas production taxes;

23 (e) anticipated local government severance tax payments for calendar year 1995 production as  
 24 provided in 15-36-325; and

25 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
 26 ~~61-3-504(2)~~, 61-3-521, 61-3-527, 61-3-537, section 3, and 67-3-204."

27

28 **Section 20.** Section 20-9-360, MCA, is amended to read:

29 "20-9-360. **State equalization aid levy.** (1) There is a levy of 40 mills imposed by the county  
 30 commissioners of each county on all taxable property within the state, except property for which a tax or

1 fee is required under 23-2-517, 23-2-803, ~~61-3-504(2)~~, 61-3-521, 61-3-527, 61-3-537, section 3, and  
2 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state treasurer  
3 and must be deposited to the credit of the state general fund for state equalization aid to the public schools  
4 of Montana.

5 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax  
6 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall  
7 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal  
8 to the product of the incremental taxable value of the urban renewal area times the reduced school levy  
9 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference  
10 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,  
11 expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax  
12 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state  
13 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal  
14 installments on December 31 and June 30 of the fiscal year."

15

16 **Section 21.** Section 20-9-501, MCA, is amended to read:

17 "20-9-501. **Retirement fund.** (1) The trustees of a district employing personnel who are members  
18 of the teachers' retirement system or the public employees' retirement system or who are covered by  
19 unemployment insurance or who are covered by any federal social security system requiring employer  
20 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's  
21 contributions to the systems. The district's contribution for each employee who is a member of the  
22 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The  
23 district's contribution for each employee who is a member of the public employees' retirement system must  
24 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any  
25 federal social security system must be paid in accordance with federal law and regulation. The district's  
26 contribution for each employee who is covered by unemployment insurance must be paid in accordance  
27 with Title 39, chapter 51, part 11.

28 (2) The trustees of a district required to make a contribution to a system referred to in subsection  
29 (1) shall include in the retirement fund of the preliminary budget the estimated amount of the employer's  
30 contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer

1 contributions to the systems in accordance with the financial administration provisions of this title.

2 (3) When the final retirement fund budget has been adopted, the county superintendent shall  
3 establish the levy requirement by:

4 (a) determining the sum of the money available to reduce the retirement fund levy requirement by  
5 adding:

6 (i) any anticipated money that may be realized in the retirement fund during the ensuing school  
7 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
8 ~~61-3-504(2)~~, 61-3-521, 61-3-527, 61-3-537, section 3, and 67-3-204;

9 (ii) oil and natural gas production taxes;

10 (iii) anticipated local government severance tax payments for calendar year 1995 production as  
11 provided in 15-36-325;

12 (iv) coal gross proceeds taxes under 15-23-703;

13 (v) any fund balance available for reappropriation as determined by subtracting the amount of the  
14 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school  
15 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund  
16 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school  
17 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under  
18 the final retirement fund budget.

19 (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing  
20 school fiscal year, excluding any guaranteed tax base aid.

21 (b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction  
22 of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in  
23 the final retirement fund budget.

24 (4) The county superintendent shall:

25 (a) total the net retirement fund levy requirements separately for all elementary school districts,  
26 all high school districts, and all community college districts of the county, including any prorated joint  
27 district or special education cooperative agreement levy requirements; and

28 (b) report each levy requirement to the county commissioners on the fourth Monday of August as  
29 the respective county levy requirements for elementary district, high school district, and community college  
30 district retirement funds.

1 (5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.

2 (6) The net retirement fund levy requirement for a joint elementary district or a joint high school  
3 district must be prorated to each county in which a part of the district is located in the same proportion as  
4 the district ANB of the joint district is distributed by pupil residence in each county. The county  
5 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement  
6 for each county as provided in 20-9-151.

7 (7) The net retirement fund levy requirement for districts that are members of special education  
8 cooperative agreements must be prorated to each county in which the district is located in the same  
9 proportion as the special education cooperative budget is prorated to the member school districts. The  
10 county superintendents of the counties affected shall jointly determine the net retirement fund levy  
11 requirement for each county in the same manner as provided in 20-9-151, and the county commissioners  
12 shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

13 (8) The county superintendent shall calculate the number of mills to be levied on the taxable  
14 property in the county to finance the retirement fund net levy requirement by dividing the amount  
15 determined in subsection (4)(a) by the sum of:

16 (a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as  
17 certified by the superintendent of public instruction; and

18 (b) the taxable valuation of the district divided by 1,000."  
19

20 **Section 22.** Section 20-10-144, MCA, is amended to read:

21 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**  
22 **budget.** Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent  
23 shall compute the revenue available to finance the transportation fund budget of each district. The county  
24 superintendent shall compute the revenue for each district on the following basis:

25 (1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate  
26 schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

27 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes  
28 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate  
29 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus  
30 route approved by the county transportation committee and maintained by the district); plus

1 (b) the total of all individual transportation per diem reimbursement rates for the district as  
2 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days  
3 scheduled for the ensuing school attendance year; plus

4 (c) any estimated costs for supervised home study or supervised correspondence study for the  
5 ensuing school fiscal year; plus

6 (d) the amount budgeted on the preliminary budget for the contingency amount permitted in  
7 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,  
8 whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation  
9 amount and used in this determination of the schedule amount; plus

10 (e) any estimated costs for transporting a child out of district when the child has mandatory  
11 approval to attend school in a district outside the district of residence.

12 (2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation  
13 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county  
14 revenue to be budgeted on the following basis:

15 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation  
16 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be  
17 50% of the schedule amount attributed to the transportation of special education pupils; and

18 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the  
19 manner provided in 20-10-146.

20 (b) When the district has a sufficient amount of cash for reappropriation and other sources of  
21 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,  
22 any remaining amount of district revenue and cash reappropriated must be used to reduce the county  
23 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to  
24 reduce the state financial obligation in subsection (2)(a)(i).

25 (c) The county revenue requirement for a joint district, after the application of any district money  
26 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same  
27 proportion as the ANB of the joint district is distributed by pupil residence in each county.

28 (3) The total of the money available for the reduction of property tax on the district for the  
29 transportation fund must be determined by totaling:

30 (a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other

1 anticipated federal money received in lieu of that federal act;

2 (b) anticipated payments from other districts for providing school bus transportation services for  
3 the district;

4 (c) anticipated payments from a parent or guardian for providing school bus transportation services  
5 for a child;

6 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund  
7 cash in accordance with the provisions of 20-9-213(4);

8 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,  
9 23-2-803, ~~61-3-504(2)~~, 61-3-521, 61-3-527, 61-3-537, section 3, and 67-3-204;

10 (f) anticipated revenue from coal gross proceeds under 15-23-703;

11 (g) anticipated oil and natural gas production taxes;

12 (h) anticipated local government severance tax payments for calendar year 1995 production;

13 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320  
14 through 20-5-324;

15 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year  
16 that may be used to finance the transportation fund; and

17 (k) any fund balance available for reappropriation as determined by subtracting the amount of the  
18 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school  
19 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating  
20 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year  
21 and is for the purpose of paying transportation fund warrants issued by the district under the final  
22 transportation fund budget.

23 (4) The district levy requirement for each district's transportation fund must be computed by:

24 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary  
25 transportation budget amount; and

26 (b) subtracting the amount of money available to reduce the property tax on the district, as  
27 determined in subsection (3), from the amount determined in subsection (4)(a).

28 (5) The transportation fund levy requirements determined in subsection (4) for each district must  
29 be reported to the county commissioners on the fourth Monday of August by the county superintendent  
30 as the transportation fund levy requirements for the district, and the levy must be made by the county



1 commissioners in accordance with 20-9-142."

2

3 **Section 23.** Section 20-10-146, MCA, is amended to read:

4 **"20-10-146. County transportation reimbursement.** (1) The apportionment of the county  
5 transportation reimbursement by the county superintendent for school bus transportation or individual  
6 transportation that is actually rendered by a district in accordance with this title, board of public education  
7 transportation policy, and the transportation rules of the superintendent of public instruction must be the  
8 same as the state transportation reimbursement payment, except that:

9 (a) if any cash was used to reduce the budgeted county transportation reimbursement under the  
10 provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

11 (b) when the county transportation reimbursement for a school bus has been prorated between two  
12 or more counties because the school bus is conveying pupils of more than one district located in the  
13 counties, the apportionment of the county transportation reimbursement must be adjusted to pay the  
14 amount computed under the proration; and

15 (c) when county transportation reimbursement is required under the mandatory attendance  
16 agreement provisions of 20-5-321.

17 (2) The county transportation net levy requirement for the financing of the county transportation  
18 fund reimbursements to districts is computed by:

19 (a) totaling the net requirement for all districts of the county, including reimbursements to a special  
20 education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory  
21 attendance agreement provisions of 20-5-321;

22 (b) determining the sum of the money available to reduce the county transportation net levy  
23 requirement by adding:

24 (i) anticipated money that may be realized in the county transportation fund during the ensuing  
25 school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517,  
26 23-2-803, ~~61-3-504(2)~~, 61-3-521, 61-3-527, 61-3-537, section 3, and 67-3-204;

27 (ii) oil and natural gas production taxes;

28 (iii) anticipated local government severance tax payments for calendar year 1995 production;

29 (iv) coal gross proceeds taxes under 15-23-703;

30 (v) any fund balance available for reappropriation from the end-of-the-year fund balance in the

- 1 county transportation fund;
- 2 (vi) federal forest reserve funds allocated under the provisions of 17-3-213; and
- 3 (vii) other revenue anticipated that may be realized in the county transportation fund during the
- 4 ensuing school fiscal year; and
- 5 (c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy
- 6 requirement from the county transportation net levy requirement.
- 7 (3) The net levy requirement determined in subsection (2)(c) must be reported to the county
- 8 commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by
- 9 the county commissioners in accordance with 20-9-142.
- 10 (4) The county superintendent shall apportion the county transportation reimbursement from the
- 11 proceeds of the county transportation fund. The county superintendent shall order the county treasurer to
- 12 make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state
- 13 transportation reimbursement payments."

14

15 **Section 24.** Section 61-3-101, MCA, is amended to read:

16 **"61-3-101. Duties of department -- records.** (1) The department shall keep a record as specified

17 in this section of all motor vehicles, trailers, and semitrailers of every kind, ~~and~~ of certificates of registration

18 and ownership of those vehicles, and of all manufacturers and dealers in motor vehicles.

- 19 (2) The record must show the following:
- 20 (a) name of owner, residence address by street or rural route, town, and county, and mailing
- 21 address if different than residence address;
- 22 (b) name and address of conditional sales vendor, mortgagee, or other lienholder and amount due
- 23 under contract or lien;
- 24 (c) manufacturer of vehicle;
- 25 (d) manufacturer's designation of style of vehicle;
- 26 (e) identifying number;
- 27 (f) year of manufacture;
- 28 (g) character of motive power and shipping weight of vehicle as shown by the manufacturer;
- 29 (h) the distinctive license number assigned to the vehicle, if any;
- 30 (i) if a truck or trailer, the number of tons' capacity or GVW if imprinted on manufacturer's

1 identification plate;

2 (j) except as provided in 61-3-103, the name and complete address of any holder of a perfected  
3 security interest in the vehicle; and

4 (k) other information that may from time to time be found desirable.

5 (3) The department shall file applications for registration received by it from ~~the~~ county treasurers  
6 ~~of the state~~ and register the vehicles and the vehicle owners as follows:

7 (a) under the distinctive license number assigned to the vehicle by the county treasurer;

8 (b) alphabetically under the name of the owner;

9 (c) numerically under make and identifying number of the vehicle; and

10 (d) ~~either~~ another index of registration as the department considers expedient.

11 (4) The department shall determine the amount of light vehicle fees in lieu of tax to be collected  
12 at the time of registration for each light vehicle pursuant to [sections 2 and 3]. The county treasurer shall  
13 collect the fee in lieu of tax on each light vehicle at the time of its registration.

14 (5) Vehicle registration records and indexes and driver's license records and indexes may be  
15 maintained by electronic recording and storage media.

16 ~~(5)(6)~~ In the case of dealers, the records must show the information contained in the application  
17 for a dealer's license as required by 61-4-101 through 61-4-105, as well as the distinctive license number  
18 assigned to the dealer.

19 ~~(6)(7)~~ In order to prevent an accumulation of unneeded records and files, regardless of any other  
20 statutory requirements, the department may destroy all records and files that relate to vehicles that have  
21 not been registered within the preceding 4 years and that do not have an active lien.

22 ~~(7)(8)~~ All records must be open to inspection during ~~all~~ reasonable business hours, and the  
23 department shall furnish any information from the records upon payment by the applicant of the cost of the  
24 information requested. Prior to providing the information, the department may require the applicant to  
25 provide identification. However, the department may, by rule, reasonably restrict disclosure of information  
26 on an owner or the owner's vehicle if the owner has requested in writing that the department not disclose  
27 the information."

28

29 **Section 25.** Section 61-3-208, MCA, is amended to read:

30 **"61-3-208. Affidavit and bond for certificate.** (1) If an applicant for a motor vehicle certificate of

1 title cannot provide the department with a certificate of title transferred to the applicant, the department  
2 may issue a certificate of title for the vehicle if the applicant furnishes an affidavit in a form prescribed by  
3 the department.

4 (2) The affidavit must be signed and sworn to before an officer authorized to administer oaths and  
5 affirmations. The affidavit must accompany the application for the certificate of title and include:

6 (a) the facts and circumstances through which the applicant acquired ownership and possession  
7 of the motor vehicle;

8 (b) information as required by the department to enable it to determine what security interests,  
9 liens, and encumbrances ~~against the motor vehicle~~, if any, are outstanding against the motor vehicle;

10 (c) the date and the amount secured by the security interests, liens, and encumbrances, if any; and

11 (d) a statement that the applicant has the right to have a certificate of title issued.

12 (3) If after examination of the application, affidavit, and any other evidence the department  
13 determines that a certificate of title for the motor vehicle should be issued to the applicant, the department  
14 shall require the applicant to file with the department a good and sufficient bond before issuing the  
15 certificate of title. The bond must be:

16 (a) in an amount equal to the average trade-in or wholesale value of the motor vehicle as  
17 determined ~~under the provisions of 61-3-503(1)(e)~~ by the applicable national appraisal guide for the vehicle  
18 as of January 1 for the year in which the application for certificate of title is made; When a national  
19 appraisal guide is not available for a vehicle, the department shall determine an alternative value for the  
20 vehicle.

21 (b) conditioned to indemnify a prior owner, lienholder, subsequent purchaser, secured creditor, or  
22 encumbrancer of the motor vehicle, and any respective successors in interest, against expenses, losses,  
23 or damages caused by the issuance of the certificate or by a defect in or undisclosed security interest upon  
24 the right, title, and interest of the applicant in the motor vehicle; and

25 (c) issued by a surety company authorized to do business in the state.

26 (4) Any interested person has a right of action to recover on the bond for a breach of its  
27 conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

28 (5) Unless the department has been notified of a pending action to recover the bond, the  
29 department shall return the bond at the earlier of:

30 (a) 3 years from the date of issuance of the certificate of title; or

1 identification plate;

2 (j) except as provided in 61-3-103, the name and complete address of any holder of a perfected  
3 security interest in the vehicle; and

4 (k) other information that may from time to time be found desirable.

5 (3) The department shall file applications for registration received by it from ~~the~~ county treasurers  
6 ~~of the state~~ and register the vehicles and the vehicle owners as follows:

7 (a) under the distinctive license number assigned to the vehicle by the county treasurer;

8 (b) alphabetically under the name of the owner;

9 (c) numerically under make and identifying number of the vehicle; and

10 (d) ~~either~~ another index of registration as the department considers expedient.

11 (4) The department shall determine the amount of light vehicle fees in lieu of tax to be collected  
12 at the time of registration for each light vehicle pursuant to [sections 2 and 3]. The county treasurer shall  
13 collect the fee in lieu of tax on each light vehicle at the time of its registration.

14 (5) Vehicle registration records and indexes and driver's license records and indexes may be  
15 maintained by electronic recording and storage media.

16 ~~(5)(6)~~ In the case of dealers, the records must show the information contained in the application  
17 for a dealer's license as required by 61-4-101 through 61-4-105, as well as the distinctive license number  
18 assigned to the dealer.

19 ~~(6)(7)~~ In order to prevent an accumulation of unneeded records and files, regardless of any other  
20 statutory requirements, the department may destroy all records and files that relate to vehicles that have  
21 not been registered within the preceding 4 years and that do not have an active lien.

22 ~~(7)(8)~~ All records must be open to inspection during ~~all~~ reasonable business hours, and the  
23 department shall furnish any information from the records upon payment by the applicant of the cost of the  
24 information requested. Prior to providing the information, the department may require the applicant to  
25 provide identification. However, the department may, by rule, reasonably restrict disclosure of information  
26 on an owner or the owner's vehicle if the owner has requested in writing that the department not disclose  
27 the information."

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29 **Section 25.** Section 61-3-208, MCA, is amended to read:

30 **"61-3-208. Affidavit and bond for certificate.** (1) If an applicant for a motor vehicle certificate of

1 title cannot provide the department with a certificate of title transferred to the applicant, the department  
2 may issue a certificate of title for the vehicle if the applicant furnishes an affidavit in a form prescribed by  
3 the department.

4 (2) The affidavit must be signed and sworn to before an officer authorized to administer oaths and  
5 affirmations. The affidavit must accompany the application for the certificate of title and include:

6 (a) the facts and circumstances through which the applicant acquired ownership and possession  
7 of the motor vehicle;

8 (b) information as required by the department to enable it to determine what security interests,  
9 liens, and encumbrances ~~against the motor vehicle~~, if any, are outstanding against the motor vehicle;

10 (c) the date and the amount secured by the security interests, liens, and encumbrances, if any; and

11 (d) a statement that the applicant has the right to have a certificate of title issued.

12 (3) If after examination of the application, affidavit, and any other evidence the department  
13 determines that a certificate of title for the motor vehicle should be issued to the applicant, the department  
14 shall require the applicant to file with the department a good and sufficient bond before issuing the  
15 certificate of title. The bond must be:

16 (a) in an amount equal to the average trade-in or wholesale value of the motor vehicle as  
17 determined ~~under the provisions of 61-3-503(1)(c)~~ by the applicable national appraisal guide for the vehicle  
18 as of January 1 for the year in which the application for certificate of title is made; When a national  
19 appraisal guide is not available for a vehicle, the department shall determine an alternative value for the  
20 vehicle.

21 (b) conditioned to indemnify a prior owner, lienholder, subsequent purchaser, secured creditor, or  
22 encumbrancer of the motor vehicle, and any respective successors in interest, against expenses, losses,  
23 or damages caused by the issuance of the certificate or by a defect in or undisclosed security interest upon  
24 the right, title, and interest of the applicant in the motor vehicle; and

25 (c) issued by a surety company authorized to do business in the state.

26 (4) Any interested person has a right of action to recover on the bond for a breach of its  
27 conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

28 (5) Unless the department has been notified of a pending action to recover the bond, the  
29 department shall return the bond at the earlier of:

30 (a) 3 years from the date of issuance of the certificate of title; or

1 (b) the date of surrender of the valid certificate of title to the department if the vehicle is no longer  
2 registered in this state."

3  
4 **Section 26.** Section 61-3-301, MCA, is amended to read:

5 **"61-3-301. Registration -- license plate required -- display.** (1) Except as otherwise provided in this  
6 chapter, ~~no~~ a person may not operate a motor vehicle upon the public highways of Montana unless the  
7 vehicle is properly registered and has the proper number plates conspicuously displayed, one on the front  
8 and one on the rear of the vehicle, each securely fastened to prevent it from swinging and unobstructed  
9 from plain view, except that trailers, semitrailers, quadricycles, motorcycles, and vehicles authorized in  
10 61-4-102(6) to display demonstrator plates may have ~~but~~ only one number plate conspicuously displayed  
11 on the rear. ~~No~~ A person may not display on a vehicle at the same time a number assigned to it under any  
12 motor vehicle law except as provided in this chapter. A junk vehicle, as defined in Title 75, chapter 10, part  
13 5, being driven or towed to an auto wrecking graveyard for disposal is exempt from the provisions of this  
14 section.

15 (2) ~~No~~ A person may not purchase or display on a vehicle a license plate bearing the number  
16 assigned to any county as provided in 61-3-332 other than the county of ~~his~~ the person's permanent  
17 residence at the time of application for registration. However, the owner of any motor vehicle requiring a  
18 license plate on any motor vehicle used in the public transportation of persons or property may make  
19 application for the license in any county through which the motor vehicle passes in its regularly scheduled  
20 route, and the license plate issued bearing the number assigned to that county may be displayed on the  
21 motor vehicle in any other county of the state.

22 (3) It is unlawful to use license plates issued to one vehicle on any other vehicle, trailer, or  
23 semitrailer unless legally transferred as provided by statute, or to repaint old license plates to resemble  
24 current license plates.

25 (4) This section does not apply to a vehicle exempt from taxation under 15-6-215 or subject to  
26 taxation or the fee in lieu of tax under 61-3-520.

27 (5) Any person violating these provisions is guilty of a misdemeanor and subject to the penalty  
28 prescribed in 61-3-601."

29  
30 **Section 27.** Section 61-3-303, MCA, is amended to read:

1           **"61-3-303. Application for registration.** (1) Each owner of a motor vehicle operated or driven upon  
 2 the public highways of this state shall for each motor vehicle owned, except as otherwise provided in this  
 3 section, file or cause to be filed in the office of the county treasurer ~~where~~ of the county in which the  
 4 owner permanently resides at the time of making the application or, if the vehicle is owned by a corporation  
 5 or used primarily for commercial purposes, in the taxing jurisdiction of the county ~~where~~ in which the  
 6 vehicle is permanently assigned; an application for registration or reregistration ~~upon a blank on a form to~~  
 7 ~~be prepared and furnished~~ prescribed by the department. The application must contain:

8           (a) the name and address of the owner, giving the county, school district, and town or city within  
 9 whose corporate limits the motor vehicle is taxable, if taxable, or within whose corporate limits the owner's  
 10 residence is located if the motor vehicle is not taxable;

11           (b) the name and address of the holder of any security interest in the motor vehicle;

12           (c) a description of the motor vehicle, including make, year model, engine or serial number,  
 13 manufacturer's model or letter, gross weight, declared weight on all trucks for which the rated capacity is  
 14 1 ton or less, and type of body and, if a truck, rated capacity;

15           (d) the declared weight on all trailers operating intrastate, except travel trailers or trailers and  
 16 semitrailers registered as provided in 61-3-711 through 61-3-733; and

17           (e) other information that the department may require.

18           (2) A person who files an application for registration or reregistration of a motor vehicle, except  
 19 of a mobile home as defined in 15-1-101(1), shall upon the filing of the application pay to the county  
 20 treasurer:

21           (a) the registration fee, as provided in 61-3-311 and 61-3-321 or 61-3-456; and

22           (b) except as provided in 61-3-456 or unless it has been previously paid:

23           (i) the personal property taxes or fees in lieu of tax assessed or imposed against the vehicle for the  
 24 current year of registration and the immediately previous year; or

25           (ii) the new motor vehicle sales tax against the vehicle for the current year of registration.

26           (3) The application may not be accepted by the county treasurer unless the payments required by  
 27 subsection (2) accompany the application. ~~The~~ Except as provided in subsection (4), the department of  
 28 revenue may not assess, the department of justice may not impose, and the county treasurer may not  
 29 collect taxes or fees for a period other than:

30           (a) the current year; and



1 (b) the immediately previous year if the vehicle was not registered or operated on the highways  
2 of the state, regardless of the period of time since the vehicle was previously registered or operated.

3 (4) The owner of a motor vehicle subject to the provisions of 61-3-313 through 61-3-316 and  
4 subject to the fee in lieu of tax as provided in [section 2] may register the motor vehicle for a period not  
5 to exceed 24 months. The application for registration or reregistration must be accompanied by the fee in  
6 lieu of tax and all other fees required in this chapter for each 12-month period of the 24-month period.

7 (5) The department of revenue may make full and complete investigation of the tax status of the  
8 vehicle. An applicant for registration or reregistration shall submit proof from the tax or other appropriate  
9 records of the proper county at the request of the department of revenue."

10  
11 **Section 28.** Section 61-3-314, MCA, is amended to read:

12 **"61-3-314. Registration period.** (1) ~~Notwithstanding any other provisions of this title regarding the~~  
13 ~~registration of motor vehicles~~ Except as provided in 61-3-315, each vehicle subject to the provisions of  
14 61-3-313 through 61-3-316 must be registered for a 12-month period based upon the date it is first  
15 registered in this state pursuant to 61-3-313 through 61-3-316.

16 (2) There are 12 registration periods, each of which commences on the first day of a calendar  
17 month. The periods are:

- 18 (a) January 1 through January 31 1st period
- 19 (b) February 1 through February 28/29 2nd period
- 20 (c) March 1 through March 31 3rd period
- 21 (d) April 1 through April 30 4th period
- 22 (e) May 1 through May 31 5th period
- 23 (f) June 1 through June 30 6th period
- 24 (g) July 1 through July 31 7th period
- 25 (h) August 1 through August 31 8th period
- 26 (i) September 1 through September 30 9th period
- 27 (j) October 1 through October 31 10th period
- 28 (k) November 1 through November 30 11th period
- 29 (l) December 1 through December 31 12th period"

1           **Section 29.** Section 61-3-315, MCA, is amended to read:

2           "**61-3-315. Reregistration on anniversary date -- department to make rules.** (1) A vehicle that has  
3 ~~once~~ been registered for any of the periods designated in 61-3-314 must ~~thereafter~~ be reregistered for a  
4 ~~like the same~~ period on or before the anniversary date of the initial registration unless that period is changed  
5 as provided in ~~this section~~ subsections (2) and (4). The anniversary date for reregistration is the last day  
6 of the month for the designated registration period.

7           (2) The owner of a motor vehicle subject to the provisions of 61-3-613 through 61-3-616 and  
8 subject to the fee in lieu of tax as provided in [section 2] may register the motor vehicle for a period not  
9 to exceed 24 months. The registration expires on the last day of the 24th month commencing from the date  
10 of the designated registration period under 61-3-314 for which the vehicle is registered.

11           (3) The department shall adopt rules for the implementation and administration of 61-3-313 through  
12 61-3-316 and for the identification of the registration on the vehicles.

13           (4) The department shall provide for simultaneous registration of multiple vehicles that have  
14 common ownership. The rules must provide for a change of the registration period to coincide with the date  
15 an owner desires to register his ~~the~~ vehicles."

16

17           **Section 30.** Section 61-3-316, MCA, is amended to read:

18           "**61-3-316. New registrations under staggered registration.** ~~Vehicles which are~~ A vehicle that is  
19 registered for the first time in this state shall ~~shall~~ must be assigned a registration period corresponding to when  
20 they are ~~the vehicle is~~ first registered in this state. ~~The~~ Except as provided in 61-3-315(2), the registration  
21 period for a vehicle ~~shall thereafter~~ must remain the same from year to year."

22

23           **Section 31.** Section 61-3-317, MCA, is amended to read:

24           "**61-3-317. New registration required for transferred vehicle -- grace period -- penalty -- display**  
25 **of proof of purchase.** Except as otherwise provided ~~herein~~ in this section, the new owner of a transferred  
26 motor vehicle ~~shall have~~ has a grace period of 20 calendar days from the date of purchase to make  
27 application and pay the taxes or fees, or both, provided by part 5 of this chapter, unless the tax or fee has  
28 been paid for the year, as if the vehicle were being registered for the first time in that registration year. If  
29 the motor vehicle was not purchased from a ~~duy~~ licensed motor vehicle dealer as provided in this chapter,  
30 it is not a violation of this chapter or any other law for the purchaser to operate the vehicle upon the streets

1 and highways of this state without a certificate of registration during the 20-day period, provided that at  
 2 all times during that period a vehicle purchase sticker in a form prescribed and furnished by the department,  
 3 obtained from the county treasurer or a law enforcement officer as authorized by the department, reciting  
 4 the date of purchase is clearly displayed in the rear window of the motor vehicle. Registration and license  
 5 fees collected under 61-3-321 and [section 4] are not required to be paid when a license plate is transferred  
 6 under this section and 61-3-335. Failure to make application within the time provided ~~herein~~ in this section  
 7 subjects the purchaser to a penalty of \$10. The penalty ~~shall~~ must be collected by the county treasurer at  
 8 the time of registration and ~~shall be~~ is in addition to the fees otherwise provided by law."

9  
 10 **Section 32.** Section 61-3-321, MCA, is amended to read:

11 **"61-3-321. Registration fees of vehicles -- public-owned vehicles exempt from license or**  
 12 **registration fees -- disposition of fees.** (1) Registration or license fees must be paid upon registration or  
 13 reregistration of motor vehicles, trailers, housetrailers, and semitrailers, in accordance with this chapter,  
 14 as follows:

15 (a) motor vehicles weighing 2,850 pounds or under (other than motortrucks), except light vehicles  
 16 subject to the fee imposed under [section 4], \$5;

17 (b) motor vehicles weighing over 2,850 pounds (other than motortrucks), except light vehicles  
 18 subject to the fee imposed under [section 4], \$10;

19 (c) electrically driven passenger vehicles, except light vehicles subject to the fee imposed under  
 20 [section 4], \$10;

21 (d) all motorcycles and quadricycles, \$2;

22 (e) tractors or trucks, \$10;

23 (f) buses, which are classed as motortrucks, licensed accordingly;

24 (g) trailers and semitrailers less than 2,500 pounds declared weight and housetrailers of all weights,  
 25 \$2;

26 (h) trailers, except housetrailers, and semitrailers over 2,500 up to 6,000 pounds declared weight  
 27 ~~(except housetrailers)~~, \$5;

28 (i) trailers and semitrailers over 6,000 pounds declared weight, \$10, except trailers and semitrailers  
 29 registered in other jurisdictions and registered through a proportional registration agreement;

30 (j) trailers used exclusively in the transportation of logs in the forest or in the transportation of oil

1 and gas well machinery, road machinery, or bridge materials, new and secondhand, \$15 annually,  
2 regardless of size or capacity.

3 (2) All rates are 25% higher for motor vehicles, trailers, and semitrailers that are not equipped with  
4 pneumatic tires.

5 (3) "Tractor", as specified in this section, means any motor vehicle, except a passenger car, that  
6 is used for towing a trailer or semitrailer.

7 (4) If any motor vehicle, housetrailer, trailer, or semitrailer is originally registered 6 months after  
8 the time of registration as set by law, the registration or license fee for the remainder of the year is one-half  
9 of the regular fee.

10 (5) An additional fee of \$5.25 a year for each registration of a vehicle, except light vehicles subject  
11 to the fee imposed under [section 4] and trailers and semitrailers registered in other jurisdictions and  
12 registered through a proportional registration agreement, must be collected as a registration fee. Revenue  
13 from this fee must be forwarded by the respective county treasurers to the state treasurer for deposit in  
14 the general fund. The department shall distribute 25 cents from the motor vehicle registration fee for  
15 payment of supplemental benefits provided for in 19-6-709.

16 (6) A fee of \$2 for each set of new number plates must be collected when number plates provided  
17 for under 61-3-332(3) are issued. Revenue from this fee must be deposited as provided in subsection (5).

18 (7) The provisions of this part with respect to the payment of registration fees do not apply to ~~and~~  
19 ~~are not binding upon~~ motor vehicles, trailers, semitrailers, or tractors owned or controlled by the United  
20 States of America or any state, county, city, or special district, as defined in 18-8-202.

21 (8) The provisions of this section relating to the payment of registration fees or new number plate  
22 fees do not apply when number plates are transferred to a replacement vehicle under 61-3-317, 61-3-332,  
23 or 61-3-335. (See compiler's comments for contingent termination of certain text.)"  
24

25 **Section 33.** Section 61-3-325, MCA, is amended to read:

26 **"61-3-325. Vehicles subject to staggered registration -- fees and taxes -- disposition.** (1) Any  
27 motor vehicle in the fleet that is subject to staggered registration under 61-3-313 through 61-3-316 may  
28 be registered as part of the fleet on the following fleet renewal date. The department of transportation shall  
29 collect the remaining fees and taxes due for the registration year after crediting the registrant for the period  
30 that was previously paid.

1 (2) (a) The department of transportation shall compute fees and taxes due on each motor vehicle  
2 in the fleet as provided in part 5 of this chapter, based on its domicile.

3 (b) (i) ~~The~~ Except as provided in subsection (2)(b)(ii), the department of transportation shall also  
4 collect a registration fee of \$7.50 for each motor vehicle in the fleet in lieu of the registration fee provided  
5 for in 61-3-321. The department shall retain \$4.50 of each registration fee for administrative costs and  
6 forward the remaining \$3 to the state treasurer for deposit in the general fund in lieu of the fee provided  
7 in 61-3-321(5).

8 (ii) The department shall also collect the registration fee provided for in [section 4] for each motor  
9 vehicle subject to the fee in lieu of tax as provided in [section 2].

10 (c) All fees and taxes must be paid no later than February 15 each year.

11 (d) The fees and taxes collected must be distributed by the department of transportation as  
12 provided in 61-3-321, [section 4], and part 5 of this chapter, based on the domicile of each motor vehicle."  
13

14 **Section 34.** Section 61-3-332, MCA, is amended to read:

15 **"61-3-332. Number plates.** (1) A motor vehicle that is driven upon the streets or highways of  
16 Montana must display both front and rear number plates, bearing the distinctive number assigned to the  
17 vehicle. The number plates are in 10 series: one series for owners of motorcars, one for owners of motor  
18 vehicles of the motorcycle or quadricycle type, one for trailers, one for trucks, one for dealers in vehicles  
19 of the motorcycle or quadricycle type that bear the distinctive letters "MCD" or the letters "MC" and the  
20 word "DEALER", one for franchised dealers in new motorcars (including trucks and trailers) or new and  
21 used motorcars (including trucks and trailers) that bear the distinctive letter "D" or the word "DEALER",  
22 one for dealers in used motorcars only (including used trucks and trailers) that bear the distinctive letters  
23 "UD" or the letter "U" and the word "DEALER", one for dealers in trailers and/or semitrailers (new or used)  
24 that bear the distinctive letters "DTR" or the letters "TR" and the word "DEALER", one for dealers in  
25 recreational vehicles that bear the distinctive letters "RV" or the letter "R" and the word "DEALER", and  
26 one for special license plates. All markings for the various kinds of dealers' plates must be placed on the  
27 number plates assigned to the dealer, in the position that the department designates.

28 (2) All number plates for motor vehicles must be issued for a minimum period of 4 years, bear a  
29 distinctive marking, and be furnished by the state. In years when number plates are not issued, the  
30 department shall provide nonremovable stickers bearing appropriate registration numbers that must be

1 affixed to the license plates in use.

2 (3) Subject to the provisions of this section, the department shall create a new design for number  
3 plates as provided in this section.

4 (4) In the case of motorcars and trucks, plates must be of metal 6 inches wide and 12 inches in  
5 length. The outline of the state of Montana must be used as a distinctive border on the license plates, and  
6 the word "Montana" and the year must be placed across the plates. Registration plates must be treated  
7 with a reflectorized background material according to specifications prescribed by the department.

8 (5) The distinctive registration numbers must begin with a number one or with a letter-number  
9 combination, such as "A 1" or "AA 1", or any other similar combination of letters and numbers. The  
10 distinctive registration number or letter-number combination assigned to the vehicle must appear on the  
11 plate preceded by the number of the county and appearing in horizontal order on the same horizontal  
12 baseline. The county number must be separated from the distinctive registration number by a separation  
13 mark unless a letter-number combination is used. The dimensions of the numerals and letters must be  
14 determined by the department, and all county and registration numbers must be of equal height.

15 (6) For the use of tax-exempt motor vehicles and motor vehicles that are exempt from the fee in  
16 lieu of tax as provided in [section 2(2)(a)], in addition to the markings provided in this section, number  
17 plates must bear the following distinctive markings:

18 (a) For vehicles owned by the state, the department may designate the prefix number for the  
19 various state departments. All numbered plates issued to state departments must bear the words "State  
20 Owned", and a year number may not be indicated on the plates because these numbered plates are of a  
21 permanent nature and will be replaced by the department only when the physical condition of numbered  
22 plates requires it.

23 (b) For vehicles that are owned by the counties, municipalities, and special districts, as defined in  
24 18-8-202, organized under the laws of Montana and not operating for profit, and that are used and  
25 operated by officials and employees in the line of duty and for vehicles on loan from the United States  
26 government or the state of Montana to, or owned by, the civil air patrol and used and operated by officials  
27 and employees in the line of duty, there must be placed on the number plates assigned, in a position that  
28 the department may designate, the letter "X" or the word "EXEMPT". Distinctive registration numbers for  
29 plates assigned to motor vehicles of each of the counties in the state and those of the municipalities and  
30 special districts that obtain plates within each county must begin with number one and be numbered

1 consecutively. Because these number plates are of a permanent nature, they are subject to replacement  
2 by the department only when the physical condition of the number plates requires it and a year number may  
3 not be displayed on the number plates.

4 (7) On all number plates assigned to motor vehicles of the truck and trailer type, other than  
5 tax-exempt trucks that are also exempt from the light vehicle fee in lieu of tax as provided in [section  
6 2(2)(a)] and tax-exempt trailers, there must appear the letter "T" or the word "TRUCK" on plates assigned  
7 to trucks and the letters "TR" or the word "TRAILER" on plates assigned to trailers and housetrailers. The  
8 letters "MC" or the word "CYCLE" must appear on plates assigned to vehicles of the motorcycle or  
9 quadricycle type.

10 (8) Number plates issued to a passenger car, truck, trailer, or vehicle of the motorcycle or  
11 quadricycle type may be transferred only to a replacement passenger car, truck, trailer, or motorcycle- or  
12 quadricycle-type vehicle. A registration or license fee may not be assessed upon a transfer of a number  
13 plate under 61-3-317 and 61-3-335.

14 (9) For the purpose of this chapter, the several counties of the state are assigned numbers as  
15 follows: Silver Bow, 1; Cascade, 2; Yellowstone, 3; Missoula, 4; Lewis and Clark, 5; Gallatin, 6; Flathead,  
16 7; Fergus, 8; Powder River, 9; Carbon, 10; Phillips, 11; Hill, 12; Ravalli, 13; Custer, 14; Lake, 15; Dawson,  
17 16; Roosevelt, 17; Beaverhead, 18; Chouteau, 19; Valley, 20; Toole, 21; Big Horn, 22; Musselshell, 23;  
18 Blaine, 24; Madison, 25; Pondera, 26; Richland, 27; Powell, 28; Rosebud, 29; Deer Lodge, 30; Teton, 31;  
19 Stillwater, 32; Treasure, 33; Sheridan, 34; Sanders, 35; Judith Basin, 36; Daniels, 37; Glacier, 38; Fallon,  
20 39; Sweet Grass, 40; McCone, 41; Carter, 42; Broadwater, 43; Wheatland, 44; Prairie, 45; Granite, 46;  
21 Meagher, 47; Liberty, 48; Park, 49; Garfield, 50; Jefferson, 51; Wibaux, 52; Golden Valley, 53; Mineral,  
22 54; Petroleum, 55; Lincoln, 56. Any new counties must be assigned numbers by the department as they  
23 may be formed, beginning with the number 57.

24 (10) Each type of special license plate approved by the legislature, except collegiate license plates  
25 authorized in 61-3-463, must be a separate series of plates, numbered as provided in subsection (5), except  
26 that the county number must be replaced by a nonremovable design or decal designating the group or  
27 organization to which the applicant belongs. Unless otherwise specifically stated in this section, the special  
28 plates are subject to the same rules and laws as govern the issuance of regular license plates, must be  
29 placed or mounted on a vehicle owned by the person who is eligible to receive them, and must be removed  
30 upon sale or other disposition of the vehicle. The special license plates must be issued to national guard

1 members, former prisoners of war, handicapped persons, reservists, disabled veterans, survivors of the  
2 Pearl Harbor attack, veterans of the armed services, or veterans of the armed services who were awarded  
3 the purple heart medal, who comply with the following provisions:

4 (a) An active member of the Montana national guard may be issued special license plates with a  
5 design or decal displaying the letters "NG". The adjutant general shall issue to each active member of the  
6 Montana national guard a certificate authorizing the department to issue national guard plates, numbered  
7 in sets of two with a different number on each set, and the member shall surrender the plates to the  
8 department upon becoming ineligible to use them.

9 (b) An active member of the reserve armed forces of the United States of America who is a  
10 resident of this state may be issued special license plates with a design or decal displaying the following:  
11 United States army reserve, AR (symbol); United States naval reserve, NR (anchor); United States air force  
12 reserve, AFR (symbol); and United States marine corps reserve, MCR (globe and anchor). The commanding  
13 officer of each armed forces reserve unit shall issue to each eligible member of the reserve unit a certificate  
14 authorizing the issuance of special license plates, numbered in sets of two with a different number on each  
15 set. The member shall surrender the plates to the department upon becoming ineligible to use them.

16 (c) (i) A resident of Montana who is a veteran of the armed forces of the United States and who  
17 is 100% disabled because of an injury that has been determined by the department of veterans affairs to  
18 be service-connected may, upon presentation to the department of proof of the 100% disability, be issued:

19 (A) a special license plate under this section with a design or decal displaying the letters "DV"; or

20 (B) one set of any other military-related plates that the disabled veteran is eligible to receive under  
21 this section.

22 (ii) The fee for original or renewal registration by a 100% disabled veteran for a passenger vehicle  
23 or a truck with a GVW-rated capacity of 1 ton or less is \$5 and is in lieu of all other fees and taxes for that  
24 vehicle under this chapter.

25 (iii) Special license plates issued to a disabled veteran are not transferable to another person.

26 (iv) A disabled veteran is not entitled to a special disabled veteran's license plate for more than one  
27 vehicle.

28 (v) A vehicle lawfully displaying a disabled veteran's plate and that is conveying a 100% disabled  
29 veteran is entitled to the parking privileges allowed a handicapped person's vehicle under this title.

30 (d) A Montana resident who is a veteran of the armed forces of the United States and was



1 captured and held prisoner by a military force of a foreign nation, documented by the veteran's service  
2 record, may upon application and presentation of proof be issued special license plates, numbered in sets  
3 of two with a different number on each set, with a design or decal displaying the words "ex-prisoner of  
4 war" or an abbreviation the department considers appropriate.

5 (e) Except as provided in subsection (10)(c), upon payment of all taxes and fees required by parts  
6 3 and 5 of this chapter and upon furnishing proof satisfactory to the department that the applicant meets  
7 the requirements of this subsection (10)(e), the department shall issue to a Montana resident who is a  
8 veteran of the armed services of the United States special license plates, numbered in sets of two with a  
9 different number on each set, designed to indicate that the applicant is a survivor of the Pearl Harbor attack  
10 if the applicant was a member of the United States armed forces on December 7, 1941, was on station on  
11 December 7, 1941, during the hours of 7:55 a.m. to 9:45 a.m. (Hawaii time) at Pearl Harbor, the island  
12 of Oahu, or offshore at a distance of not more than 3 miles, and received an honorable discharge from the  
13 United States armed forces. If special license plates issued under this subsection are lost, stolen, or  
14 mutilated, the recipient of the plates is entitled to replacement plates upon request and without charge.

15 (f) A motor vehicle owner and resident of this state who is a veteran or the surviving spouse of  
16 a veteran of the armed services of the United States may be issued license plates inscribed as provided in  
17 subsection (10)(f)(i) if the veteran was separated from the armed services under other than dishonorable  
18 circumstances or was awarded the purple heart medal:

19 (i) Upon submission of a department of defense form 214(DD-214) or its successor or documents  
20 showing an other-than-dishonorable discharge or a reenlistment, proper identification, and other relevant  
21 documents to show an applicant's qualification under this subsection, there must be issued to the applicant,  
22 in lieu of the regular license plates prescribed by law, special license plates numbered in sets of two with  
23 a different number on each set. The plates must display:

24 (A) the word "VETERAN" and a symbol signifying the United States army, United States navy,  
25 United States air force, United States marine corps, or United States coast guard, according to the record  
26 of service verified in the application; or

27 (B) a symbol representing the purple heart medal.

28 (ii) Plates must be furnished by the department to the county treasurer, who shall issue them to a  
29 qualified veteran or to the veteran's surviving spouse. The plates must be placed or mounted on the vehicle  
30 owned by the veteran or the veteran's surviving spouse designated in the application and must be removed

1 upon sale or other disposition of the vehicle.

2 (iii) Except as provided in subsection (10)(c), a veteran or surviving spouse who receives special  
3 license plates under this subsection (10)(f) is liable for payment of all taxes and fees required under parts  
4 3 and 4 of this chapter and a special veteran's or purple heart medal license plate fee of \$10. Upon an  
5 original application for a license under this subsection (10)(f), the county treasurer shall:

6 (A) deposit \$3 of the special fee in the county general fund;

7 (B) remit \$1 for deposit in the state general fund; and

8 (C) deposit the remainder of the special fee in the state special revenue account established in  
9 10-2-603 for administration, construction, operation, and maintenance of the state veterans' cemetery.

10 (iv) Upon subsequent annual renewal of registration, the county treasurer shall deposit all of the  
11 special fee as provided in subsection (10)(f)(iii)(C).

12 (g) A Montana resident who is eligible to receive a special parking permit under 49-4-301 may,  
13 upon written application on a form prescribed by the department, be issued a special license plate with a  
14 design or decal bearing a representation of a wheelchair as the symbol of the handicapped person."  
15

16 **Section 35.** Section 61-3-456, MCA, is amended to read:

17 **"61-3-456. Registration of motor vehicle owned and operated by Montana resident on active**  
18 **military duty stationed outside Montana.** (1) An owner of a motor vehicle who is a Montana resident on  
19 active military duty and stationed outside Montana may file with the department an application for the  
20 registration of the motor vehicle. The application must be sworn to before an officer authorized to  
21 administer oaths. The application must state:

22 (a) the name and address of the owner;

23 (b) the make, the gross weight, the year and number of the model, and the manufacturer's  
24 identification number and serial number of the motor vehicle; and

25 (c) that the vehicle is owned and operated by a Montana resident who is on active military duty  
26 and stationed outside Montana.

27 (2) The registration fee for a motor vehicle registered under subsection (1) is as provided in  
28 61-3-311 and 61-3-321.

29 (3) A vehicle registered under this section is not subject to:

30 (a) the taxes described in 61-3-303(2)(b);

1 (b) assessment under 15-8-202 or 61-3-503, the fee in lieu of tax under [section 2], or the fee  
 2 imposed under [section 4]; or

3 (c) any of the fees provided in part 5 of this chapter."  
 4

5 **Section 36.** Section 61-3-501, MCA, is amended to read:

6 "**61-3-501. When vehicle taxes and fees are due.** (1) Property taxes, fees in lieu of tax, new car  
 7 taxes, and other registration fees must be paid on the date of registration or reregistration of the vehicle.

8 (2) If the anniversary date for reregistration of a vehicle passes while the vehicle is owned and held  
 9 for sale by a licensed new or used car dealer, property taxes or fees in lieu of tax abate on ~~such~~ the vehicle  
 10 properly reported with the ~~department of revenue~~ county treasurer until the vehicle is sold ~~and thereafter,~~  
 11 After the sale, the purchaser shall pay the pro rata balance of the taxes or fees in lieu of tax due and owing  
 12 on the vehicle.

13 (3) In the event that a vehicle's registration period is changed under 61-3-315, all taxes or fees  
 14 in lieu of tax and other fees due ~~thereon shall~~ must be prorated and paid from the last day of the old period  
 15 until the first day of the new period in which the vehicle ~~shall be~~ is registered. ~~Thereafter~~ The taxes or fees  
 16 in lieu of tax and other fees must be paid from the first day of the new period for a minimum period of 1  
 17 year. When the change is to a later registration period, taxes and fees ~~shall~~ must be prorated and paid  
 18 based on the same tax year as the original registration period. Thereafter, during the appropriate ~~anniversary~~  
 19 registration period, each vehicle ~~shall~~ must again ~~register or reregister~~ be registered or reregistered and shall  
 20 ~~pay~~ all taxes and fees ~~due thereon~~ must be paid for a 12-month period."  
 21

22 **Section 37.** Section 61-3-503, MCA, is amended to read:

23 "**61-3-503. Assessment.** (1) Except as provided in 61-3-520 and subsection (2) of this section,  
 24 the following apply to the taxation of motor vehicles:

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

30 (b) ~~Except as provided in subsection (1)(e),~~ motor Motor vehicles are assessed for taxes on January

1 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property  
2 and irrespective of whether the levy and tax may be a lien upon real property within the state. A motor  
3 vehicle is not subject to assessment, levy, and taxation more than once in each year.

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

16 ~~(d) Quadricycles must be assessed, using the greater of the following:~~

17 ~~(i) \$250; or~~

18 ~~(ii) the average trade-in or wholesale value as of January 1 of the year of assessment of the vehicle~~  
19 ~~as contained in the most recent volume of the applicable National Edition of the N.A.D.A.~~  
20 ~~Motorcycle/Moped/ATV Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal Guide or another~~  
21 ~~nationally published used vehicle or appraisal guide approved by the department of revenue, not including~~  
22 ~~additions or deductions for options and mileage.~~

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

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

29 ~~(ii) if the vehicle is 1 year or older in age and it is not listed in any of the appraisal guides listed in~~  
30 ~~this section, the department of revenue shall determine the depreciation percentage to approximate the~~

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

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

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

10 (2) The provisions of subsections (1)(a) ~~through (1)(g)~~ and (1)(b) do not apply to light vehicles,  
 11 motorcycles, motor homes, travel trailers, campers, or mobile homes as defined in 15-1-101(1)."

12  
 13 **Section 38.** Section 61-3-504, MCA, is amended to read:

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

18 ~~(2) The amount of tax on an automobile or truck having a rated capacity of 1 ton or less, except~~  
 19 ~~for vehicles registered under 61-3-456 or owned by disabled veterans qualifying for special license plates~~  
 20 ~~under 61-3-332(10)(c)(i)(A) or 61-3-426(2), and on a quadricycle is 2% of the value determined under~~  
 21 ~~61-3-503.~~

22 ~~(3) The amount of tax on fleet vehicles subject to the provisions of 61-3-318 is 1% of the value~~  
 23 ~~determined under 61-3-503.~~

24 ~~(4) For all taxable motor vehicles, the amount of tax is entered on the application form in a space~~  
 25 ~~provided for that purpose."~~

26  
 27 **Section 39.** Section 61-3-506, MCA, is amended to read:

28 "**61-3-506. Rules.** (1) (a) The department of revenue shall adopt rules for the payment of property  
 29 taxes ~~and the department of transportation shall adopt rules for the payment of new car taxes under the~~  
 30 ~~provisions of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520.~~

1           **(b)** The department of revenue may adopt rules for the proration of taxes for the implementation  
2 and administration of ~~61-3-313 through 61-3-316~~, 61-3-501, and 61-3-520, ~~but shall specifically provide~~  
3 ~~that new car taxes shall be for a 12 month period.~~

4           (2) The department of transportation shall adopt rules for the payment of new motor vehicle taxes  
5 under the provisions of 61-3-501 and 61-3-502.

6           (3) The department of justice may adopt rules for the implementation and administration of  
7 [sections 1 through 4] and the proration of fees under 61-3-520."

8  
9           **Section 40.** Section 61-3-509, MCA, is amended to read:

10           **"61-3-509. Disposition of taxes and fees in lieu of tax.** (1) Except as provided in ~~subsection~~  
11 ~~subsections (2) and (3)~~, the county treasurer shall, after deducting the district court fee, credit all taxes on  
12 motor vehicles and fees in lieu of tax on light vehicles, motorcycles, motor homes, quadricycles, travel  
13 trailers, and campers collected under 61-3-504, 61-3-521, 61-3-527, ~~and~~ 61-3-537, and [section 2] to a  
14 motor vehicle suspense fund, and at some time between March 1 and March 10 of each year and every  
15 60 days after that date, the county treasurer shall distribute the money in the motor vehicle suspense fund  
16 in the relative proportions required by the levies for state, county, school district, and municipal purposes  
17 in the same manner as personal property taxes are distributed.

18           (2) The county treasurer shall deduct as a district court fee 7% of the amount of the ~~2% tax fee~~  
19 in lieu of tax collected on an automobile or truck having a rated capacity of 1 ton or less a light vehicle. The  
20 county treasurer shall credit the fee for district courts to a separate suspense account and shall forward  
21 the amount in the account to the state treasurer at the time that the county treasurer distributes the motor  
22 vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the  
23 general fund to be used for purposes of state funding of the district court expenses as provided in 3-5-901.

24           (3) (a) The county treasurer shall credit all fees in lieu of tax on light vehicles collected under  
25 [section 2], fees collected under [section 4], and other fees imposed by this chapter for a registration period  
26 of 24 months to a separate suspense account. The county treasurer shall distribute one-half of the amount  
27 in the account at the same time and in the same manner as the county treasurer distributes the motor  
28 vehicle suspense fund.

29           (b) The county treasurer shall distribute the other one-half of the amount in the account at the  
30 same time and in the same manner as the county treasurer distributes the motor vehicle suspense fund in

1 the following year."

2

3 **Section 41.** Section 61-3-510, MCA, is amended to read:

4 **"61-3-510. Weed control fee.** (1) A Except as provided in subsection (3), a special weed control  
5 fee of \$1.50 must be assessed on the annual registration or reregistration of each motor vehicle subject  
6 to registration. The fee must be collected by the county treasurer.

7 (2) For purposes of this section, motor vehicle includes:

8 (a) a motor vehicle as defined in 61-1-102;

9 (b) a motorcycle as defined in 61-1-105;

10 (c) a motor-driven cycle as defined in 61-1-106; and

11 (d) a quadricycle as defined in 61-1-133.

12 (3) The following vehicles are exempt from the fee:

13 (a) vehicles owned or controlled by the United States or a state, county, city, or special district,  
14 as defined in 18-8-202;

15 (b) vehicles exempt from payment of registration fees by 61-3-321(8); ~~and~~

16 (c) vehicles or equipment that is not self-propelled or that requires towing when moved upon a  
17 highway of this state; and

18 (d) light vehicles subject to the fee imposed by [section 4]."

19

20 **Section 42.** Section 61-3-511, MCA, is amended to read:

21 **"61-3-511. County motor vehicle computer fee.** (1) A Except for light vehicles subject the fee  
22 imposed by [section 4], a county motor vehicle computer fee of \$1 must be assessed on the annual  
23 registration or reregistration for each of the following:

24 (a) motor vehicles subject to registration or reregistration under Title 61, chapter 3;

25 (b) boats subject to registration or reregistration under Title 23, chapter 2, part 5;

26 (c) snowmobiles subject to registration or reregistration under Title 23, chapter 2, part 6; and

27 (d) off-highway vehicles subject to registration or reregistration under Title 23, chapter 2, part 8.

28 (2) The fee must be collected by the county treasurer and forwarded to the state treasurer for  
29 deposit in the state general fund."

30

1           **Section 43.** Section 61-3-520, MCA, is amended to read:

2           "**61-3-520. ~~Taxation of Taxes and fees on vehicles used exclusively in filming motion pictures or~~**  
3 **television commercials.** (1) A vehicle used exclusively in the filming of motion pictures or television  
4 commercials that has been in the state for a period exceeding 180 consecutive days in a calendar year ~~must~~  
5 ~~be assessed~~ is subject to assessment or a fee in lieu of tax as if the vehicle were not used exclusively for  
6 filming motion pictures or television commercials, but the assessment or fee in lieu of tax must be prorated  
7 as provided in subsection (2).

8           (2) The taxes assessed or the fees in lieu of tax imposed under subsection (1) must be prorated  
9 by dividing the number of days in excess of 180 consecutive days in the calendar year by 365.

10           (3) (a) Taxes on a vehicle imposed pursuant to this section must be collected as provided in Title  
11 15, chapter 16, part 1, for the collection of personal property taxes generally.

12           (b) Fees on a vehicle imposed pursuant to this section must be collected as provided in this  
13 chapter."

14

15           **Section 44.** Section 61-3-527, MCA, is amended to read:

16           "**61-3-527. Fee in lieu of tax for motorcycles and quadricycles -- schedule of fees.** (1) (a) There  
17 is a fee in lieu of property tax imposed on motorcycles and quadricycles. The fee is in addition to annual  
18 registration fees.

19           (b) The fee imposed by subsection (1)(a) ~~need is not required to~~ is not required to be paid by a dealer for motorcycles  
20 or quadricycles that constitute inventory of the dealership.

21           (2) The owner of a motorcycle or quadricycle shall pay a fee based on the age of the motorcycle  
22 or quadricycle and the size of the engine, as follows:

23           (a) The fee schedule for a motorcycle or quadricycle with an engine that measures from 1 cubic  
24 centimeter to 600 cubic centimeters is as follows:

25           (i) less than 2 years old, \$30;

26           (ii) 2 years old and less than 5 years old, \$25;

27           (iii) 5 years old and less than 11 years old, \$15; and

28           (iv) 11 years old and older, \$10.

29           (b) The fee schedule for a motorcycle or quadricycle with an engine that measures from 601 cubic  
30 centimeters to 1,000 cubic centimeters is as follows:



- 1 (i) less than 2 years old, \$70;
- 2 (ii) 2 years old and less than 5 years old, \$55;
- 3 (iii) 5 years old and less than 11 years old, \$40; and
- 4 (iv) 11 years old and older, \$30.
- 5 (c) The fee schedule for a motorcycle or quadricycle with an engine that measures 1,001 cubic
- 6 centimeters and larger is as follows:
- 7 (i) less than 2 years old, \$110;
- 8 (ii) 2 years old and less than 5 years old, \$90;
- 9 (iii) 5 years old and less than 11 years old, \$65; and
- 10 (iv) 11 years old and older, \$40.
- 11 (d) The age of a motorcycle or quadricycle is determined by subtracting the manufacturer's
- 12 designated model year from the current calendar year."

13

14 **Section 45.** Section 61-3-535, MCA, is amended to read:

15 **"61-3-535. Vehicle reregistration by mail -- renewal cards and reregistration notice by mail.** (1)

16 Except as provided in subsection (2), an owner of the following types of motor vehicles may reregister by

17 mail:

18 (a) light vehicles, ~~quadricycles, and other vehicles subject to tax under 61-3-504(2)~~ the fee in lieu

19 of tax under [section 2]; and

20 (b) motorcycles, quadricycles, travel trailers, campers, and motor homes subject to a fee in lieu of

21 tax under 61-3-521 and 61-3-527.

22 (2) The option to reregister by mail need only be made available for vehicles, motor homes, and

23 travel trailers registered at the close of the expiring registration period in the name of the applicant for

24 reregistration and only if the value, age, length, or other criteria used to determine the tax or fee is available

25 to the department.

26 (3) The department shall develop a procedure to facilitate the reregistration by mail of the vehicles

27 listed in subsection (1). The mail reregistration procedure developed by the department must include a

28 procedure to facilitate automated handling of mail reregistration or recertification.

29 (4) The procedure implemented by the department to permit reregistration or camper decal

30 application by mail must provide for a written reminder notice by mail to a vehicle owner of the requirement

1 to reregister the owner's vehicle with the county treasurer or to apply for the annual camper decal.

2 (5) The department shall adopt rules to implement the mail reregistration and decal installation  
3 procedure."

4

5 **Section 46.** Section 61-3-537, MCA, is amended to read:

6 "**61-3-537. (Temporary) Local option vehicle tax fee.** (1) A county may impose a local vehicle tax  
7 fee on vehicles subject to ~~a property tax~~ the fee in lieu of tax under ~~61-3-504(2) [section 2]~~ at a rate of up  
8 to ~~0.5%~~ 25% of the ~~value determined~~ fee imposed under ~~61-3-503 [section 3(1)]~~, in addition to the tax  
9 fee imposed under ~~61-3-504(2) [section 3(1)]~~.

10 (2) A local vehicle ~~tax~~ fee is payable at the same time and in the same manner as the ~~tax~~ fee  
11 imposed under ~~61-3-504(2) [section 3(1)]~~. The first priority of the local vehicle ~~tax~~ fee is for district court  
12 funding, and the ~~tax~~ fee is distributed as follows:

13 (a) 50% to the county; and

14 (b) the remaining 50% to the county and the incorporated cities and towns within the county,  
15 apportioned on the basis of population. The distribution to a city or town is determined by multiplying the  
16 amount of money available by the ratio of the population of the city or town to the total county population.  
17 The distribution to the county is determined by multiplying the amount of money available by the ratio of  
18 the population of unincorporated areas within the county to the total county population.

19 (3) The governing body of a county may impose, revise, or revoke a local vehicle ~~tax~~ fee by  
20 adopting a resolution before July 1, after conducting a public hearing on the proposed resolution. The  
21 resolution may provide for the distribution of the local vehicle tax. A resolution that imposed a local option  
22 vehicle tax under this section, as this section read on December 31, 1997, does not apply to the imposition  
23 of a local option vehicle fee. (Terminates June 30, 2005--sec. 2, 3, Ch. 217, L. 1995.)

24 **61-3-537. (Effective July 1, 2005) Local option vehicle tax.** (1) A county may impose a local  
25 vehicle ~~tax~~ fee on vehicles subject to ~~a property tax~~ the fee in lieu of tax under ~~61-3-504(2) [section 2]~~ at  
26 a rate of up to ~~0.5%~~ 25% of the ~~value determined~~ fee imposed under ~~61-3-503 [section 3(1)]~~, in addition  
27 to the ~~tax~~ fee imposed under ~~61-3-504(2) [section 3(1)]~~.

28 (2) A local vehicle ~~tax~~ fee is payable at the same time and in the same manner as the ~~tax~~ fee  
29 imposed under ~~61-3-504(2) [section 3(1)]~~ and is distributed in the same manner, based on the registration  
30 address of the owner of the motor vehicle.

1 (3) The governing body of a county may impose, revise, or revoke a local vehicle ~~tax~~ fee by  
 2 adopting a resolution before July 1, after conducting a public hearing on the proposed resolution. A  
 3 resolution that imposed a local option vehicle tax under this section, as this section read on December 31,  
 4 1997, does not apply to the imposition of a local option vehicle fee."

5  
 6 **Section 47.** Section 61-3-701, MCA, is amended to read:

7 **"61-3-701. Foreign vehicles used in gainful occupation to be registered -- reciprocity.** (1) Before  
 8 ~~any~~ a foreign licensed motor vehicle may be operated on the highways of this state for hire, compensation,  
 9 or profit or before the owner ~~and/or~~ or user ~~thereof~~ of the vehicle uses the vehicle if ~~such~~ the owner ~~and/or~~  
 10 or user is engaged in gainful occupation or business enterprise in the state, including highway work, the  
 11 owner of the vehicle shall ~~make application~~ apply to a county treasurer for registration upon an application  
 12 form furnished by the department. Upon satisfactory evidence of ownership submitted to the county  
 13 treasurer and the payment of property taxes or fees in lieu of tax, if appropriate, as required by 15-8-201,  
 14 15-8-202, 15-24-301, 61-3-504, ~~or~~ 61-3-537, or [section 2], the treasurer shall accept the application for  
 15 registration and shall collect the regular license fee required for the vehicle.

16 (2) ~~The~~ Upon payment of the taxes or fees, the treasurer shall thereupon issue to the applicant a  
 17 copy of the certificate entitled "Owner's Certificate of Registration and Payment Receipt" and forward a  
 18 duplicate copy of the certificate to the department. The treasurer shall at the same time issue to the  
 19 applicant the proper license plates or other identification markers, which ~~shall~~ must at all times be displayed  
 20 upon the vehicle when operated or driven upon roads and highways of this state during the effective period  
 21 ~~of the life~~ of the license.

22 (3) The registration receipt ~~shall~~ does not constitute evidence of ownership but ~~shall~~ must be used  
 23 only for registration purposes. ~~No~~ A Montana certificate of ownership ~~shall~~ may not be issued for this type  
 24 of registration.

25 (4) This section is not applicable to ~~any~~ a vehicle covered by a valid and existing reciprocal  
 26 agreement or declaration entered into under the provisions of the laws of Montana."

27  
 28 **Section 48.** Section 61-3-707, MCA, is amended to read:

29 **"61-3-707. Foreign vehicles used for transportation in connection with employment.** (1) Before  
 30 a motor vehicle taxed or assessed a fee pursuant to 15-24-301(4) may be operated in Montana for a

1 calendar quarter, the person responsible for payment of taxes ~~must~~ or fees shall apply for and obtain a  
2 window decal.

3 (2) Decals must be color-coded to distinguish the four quarterly registration periods of the year.

4 (3) An applicant may purchase a decal for more than one registration quarter at a time by paying  
5 the appropriate amount.

6 (4) There is a \$2 fee for each decal, and money collected from this fee ~~shall~~ must be deposited to  
7 the county general fund. The \$2 fee is in addition to the tax.

8 (5) A current window decal must be displayed on the lower right-hand corner of the windshield."  
9

10 **Section 49.** Section 61-4-310, MCA, is amended to read:

11 **"61-4-310. Single movement permit -- fee -- limitation -- county treasurer to issue.** (1) A vehicle,  
12 subject to license under this title, may be moved unladen upon the highways of this state from a point  
13 within the state to a point of destination. The county treasurer at the point of the origin of the movement  
14 shall issue a special permit for the vehicle in lieu of fees required under 61-3-321, [section 4], and part 2  
15 of chapter 10 of this title, upon application presented to the county treasurer in a form provided by the  
16 department, upon exhibiting to the county treasurer proof of ownership and evidence that the personal  
17 property taxes on the vehicle or fees in lieu of tax, if any are due, have been paid, and upon payment of  
18 a fee of \$5. The permit ~~must~~ may not be in lieu of fees and permits required under 61-4-301 and 61-4-302.

19 (2) The permit must be for the transit of the vehicle only, and the vehicle may not at the time of  
20 the transit be used for the transportation of any persons, except the driver, or property for compensation  
21 or otherwise and must be for one transit only between the points of origin and destination as set forth in  
22 the application and shown on the permit.

23 (3) A junk vehicle being driven or towed to a motor vehicle wrecking facility or a motor vehicle  
24 graveyard for disposal is exempt from the provisions of this section. The definitions in 75-10-501 apply to  
25 this subsection."  
26

27 **Section 50.** Section 61-10-201, MCA, is amended to read:

28 **"61-10-201. Weight fees on motortrucks, truck tractors, and buses.** In addition to other fees for  
29 the licensing of vehicles and except as provided in 61-10-203, there must be paid and collected annually  
30 for each truck, except a truck having a manufacturer's rated capacity of 1 ton or less and subject to the

1 fee imposed under [section 4], each truck tractor, and each bus, based upon the manufacturer's rated  
 2 capacity for trucks with a capacity of 1 ton or less and upon the maximum gross loaded weight and the  
 3 maximum gross weight of any towed unit of each truck and truck tractor as set by the licensee in the  
 4 licensee's application, the following fees:

Schedule I

6	Manufacturer's rated capacity up to 1/2 ton . . . . .	\$ 7.00
7	Manufacturer's rated capacity of 3/4 ton . . . . .	12.50
8	Manufacturer's rated capacity of 1 ton . . . . .	17.50
9	Up to 16,000 lbs . . . . .	21.00
10	16,001 through 18,000 lbs . . . . .	28.00
11	18,001 through 20,000 lbs . . . . .	37.50
12	20,001 through 22,000 lbs . . . . .	47.00
13	22,001 through 24,000 lbs . . . . .	70.00
14	24,001 through 26,000 lbs . . . . .	90.00
15	26,001 through 28,000 lbs . . . . .	110.00
16	28,001 through 30,000 lbs . . . . .	130.00
17	30,001 through 32,000 lbs . . . . .	150.00
18	32,001 through 34,000 lbs . . . . .	170.00
19	34,001 through 36,000 lbs . . . . .	190.00
20	36,001 through 38,000 lbs . . . . .	215.00
21	38,001 through 40,000 lbs . . . . .	235.00
22	40,001 through 42,000 lbs . . . . .	255.00
23	42,001 through 44,000 lbs . . . . .	275.00
24	44,001 through 46,000 lbs . . . . .	300.00
25	46,001 through 48,000 lbs . . . . .	320.00
26	48,001 through 50,000 lbs . . . . .	340.00
27	50,001 through 52,000 lbs . . . . .	360.00
28	52,001 through 54,000 lbs . . . . .	380.00
29	54,001 through 56,000 lbs . . . . .	400.00
30	56,001 through 58,000 lbs . . . . .	420.00

1	58,001 through 60,000 lbs . . . . .	440.00
2	60,001 through 62,000 lbs . . . . .	460.00
3	62,001 through 64,000 lbs . . . . .	482.50
4	64,001 through 66,000 lbs . . . . .	502.50
5	66,001 through 68,000 lbs . . . . .	522.50
6	68,001 through 70,000 lbs . . . . .	545.75
7	70,001 through 72,000 lbs . . . . .	566.50
8	72,001 through 74,000 lbs . . . . .	607.50
9	74,001 through 76,000 lbs . . . . .	655.00
10	76,001 through 78,000 lbs . . . . .	695.00
11	78,001 through 80,000 lbs . . . . .	750.00
12	Over 80,000 lbs. and within the weight limits	
13	specified in 61-10-101 through 61-10-104 and	
14	61-10-106 through 61-10-110 . . . . .	750.00
15		plus an additional 46.00
16		for each ton or fraction of a ton
17		in excess of 80,000 lbs."

19 **Section 51.** Section 80-7-810, MCA, is amended to read:

20 **"80-7-810. Disposition of proceeds.** Three percent of the proceeds from the fee imposed in  
21 61-3-510 or 3% of the amount of the fee distributed pursuant to [section 4(2)(b)(iii)] may be retained by  
22 the county treasurer for costs of collection. The remainder must be deposited in the special revenue fund  
23 and must be expended as provided in 80-7-814. Twenty-five percent of the money deposited in the special  
24 revenue fund under this section must be used for research and development of nonchemical methods of  
25 weed management."

27 **Section 52.** Section 80-7-815, MCA, is amended to read:

28 **"80-7-815. Noxious weed emergency -- expenditure authorized.** (1) If a new and potentially  
29 harmful noxious weed is discovered growing in the state and is verified by the department, the governor  
30 may declare a noxious weed emergency. In the absence of necessary funding from other sources, this

1 declaration authorizes the department to allocate up to \$150,000 of the principal of the noxious weed  
2 management trust fund to government agencies for emergency relief to eradicate or confine the new  
3 noxious weed species.

4 (2) If the expenditure causes the principal of the trust fund to fall below \$2.5 million, it must be  
5 replenished by the interest or revenue generated by the trust fund, by the other revenue provided by this  
6 part, or by revenue obtained from the fee imposed by 61-3-510 or distributed under [section 4(2)(b)(iii)],  
7 as determined by the department."

8  
9 **Section 53.** Section 80-7-816, MCA, is amended to read:

10 **"80-7-816. Account -- deposit -- investment.** (1) There is an account in the state special revenue  
11 fund established in 17-2-102. The interest from the noxious weed trust fund and the fee imposed in  
12 61-3-510 or distributed under [section 4(2)(b)(iii)] must be deposited in the account and must be expended  
13 as provided in 80-7-814.

14 (2) The department may direct the board of investments to invest the funds collected under  
15 subsection (1) pursuant to the provisions of 17-6-201. The income from the investments must be credited  
16 to the account in the state special revenue fund."

17  
18 **NEW SECTION. Section 54. Codification instruction.** (1) [Sections 1 through 3] are intended to  
19 be codified as an integral part of Title 61, chapter 3, part 5, and the provisions of Title 61, chapter 3, part  
20 5, apply to [sections 1 through 3].

21 (2) [Section 4] is intended to be codified as an integral part of Title 61, chapter 3, and the  
22 provisions of Title 61, chapter 3, apply to [section 4].

23 (3) [Section 5] is intended to be codified as an integral part of Title 61, chapter 1, part 1, and the  
24 provisions of Title 61, chapter 1, part 1, apply to [section 5].

25  
26 **NEW SECTION. Section 55. Saving clause.** [This act] does not affect rights and duties that  
27 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this  
28 act].

29  
30 **NEW SECTION. Section 56. Effective dates -- applicability -- rulemaking.** (1) Except as provided

1 in subsection (2), [this act] is effective January 1, 1998, and applies to tax years beginning after December  
2 31, 1997.

3 (2) For the purposes of promulgating administrative rules under 61-3-506, [section 39 and this  
4 section] are effective on passage and approval.

5 -END-



STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0498, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

A bill generally revising the taxation of certain vehicles, and replacing the current system of taxation of automobiles, vans, sport utility vehicles, and light trucks with a fee in lieu of tax on light vehicles.

ASSUMPTIONS:

1. It is assumed that the Legislative Audit Division was successful in their effort to make the revenue from the fee approximately equal to the 2% tax. However, it is noted that some counties may experience increases and others decreases in revenues for fees in lieu of taxes, but the statewide revenue impact is zero.
2. The only revenue impact of the bill affects GVW receipts to the highway state special account. Current law provides a per vehicle GVW fee that is graduated based on weight, and produces an estimated \$2.75 million in annual revenue. HB 498 provides about \$2.75 to the highway account for every vehicle registered, including passenger cars. This is estimated to produce \$2.386 million, or an annual decrease of \$364 thousand.
3. The Department of Justice (DOJ) has a number of operating expense changes, both positive and negative, as a result of this bill. The net difference per year is estimated at a savings of \$35,000, which approximates the cost of annually purchasing a vehicle valuation tape.
4. The system designed in the bill to smooth out 24 month registration purchases will produce the desired results. The interest earned on the funds sitting in the county account for a year, and the disposition thereof is not addressed in the fiscal impact.


FISCAL IMPACT:

**Department of Justice:**

	<u>FY98</u>	<u>FY99</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Operating Expenses	(\$35,000)	(\$35,000)
 <u>Funding:</u>		
General Fund	(35,000)	(35,000)
 <u>Revenue:</u>		
GVW fees (02)	(364,000)	(364,000)
 <u>Net Impact on Fund Balance: (revenue minus expense)</u>		
General Fund (01)	35,000	35,000
Highway State Special (02)	(364,000)	(364,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Due to the mix of new vs. old cars not being equal in all counties, some counties may experience increases and others decreases in revenues for fees in lieu of taxes. Statewide, the total would approximately remain equal.

  
 DAVID LEWIS, BUDGET DIRECTOR      DATE 2.15.97  
 Office of Budget and Program Planning

\_\_\_\_\_  
 MATT BRAINARD, PRIMARY SPONSOR      DATE  
 Fiscal Note for HB0498, as introduced

**HB 498**