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*House* BILL NO. *597*

INTRODUCED BY Rose Kevin Oshkosh McCann  
Delanychy Dredy Hayne Bankhead Storall Holland  
Hanson Anderson Severing Billings

A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING THE PERSONAL PROPERTY TAX ON LIVESTOCK;  
 REVISING THE PER CAPITA LEVY ON LIVESTOCK; AMENDING SECTIONS 7-1-2111, 15-6-136, 15-6-207,  
 15-24-301, 15-24-303, 15-24-902, 15-24-903, 15-24-904, 15-24-922, 81-7-303, AND 81-7-603, MCA;  
 REPEALING SECTIONS 15-24-901, 15-24-920, 15-24-926, 15-24-927, AND 15-24-931, MCA; AND  
 PROVIDING A DELAYED EFFECTIVE DATE."

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

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

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

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

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

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

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

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

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

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

(2) As used in this section, ~~taxable valuation~~ "taxable valuation" means the taxable value of taxable

1 property in the county as of the time of determination plus:

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

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

7 (c) (i) that portion of the taxable value of the county on December 31, 1997, attributable to  
8 livestock, except swine that were 24 months of age or older as of February 1, 1997, or, if assessed on the  
9 average inventory basis, the value determined for the 1997 tax year under 15-24-927 as that section read  
10 on December 31, 1997; and

11 (ii) that portion of the taxable value of the county on December 31, 1997, attributable to swine that  
12 were 6 months of age or older as of January 1, 1997;

13 (d) the value provided by the department of revenue under 15-36-324(10); and

14 ~~4~~(e) 6% of the taxable value of the county on January 1 of each tax year."

15

16 **Section 2.** Section 15-6-136, MCA, is amended to read:

17 **"15-6-136. Class six property -- description -- taxable percentage.** (1) Class six property includes:

18 (a) ~~livestock and other species of domestic animals and wildlife raised in domestication or a captive~~  
19 ~~environment, except for cats, dogs, and other household pets not raised for profit;~~

20 ~~(b) items of personal property intended for rent or lease in the ordinary course of business,~~  
21 ~~provided if each item of personal property satisfies all of the following:~~

22 (i) the ~~full and true~~ assessed value of the personal property is less than \$5,000;

23 (ii) the personal property is owned by a business whose primary business income is from rental or  
24 lease of personal property to individuals ~~wherein no, except that~~ one customer of the business ~~accounts~~  
25 may not account for more than 10% of the total rentals or leases during a calendar year; and

26 (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and

27 ~~(b)~~ machinery and equipment used in canola seed oil processing facilities if:

28 (i) the operators of ~~each~~ those facilities employ a minimum of 15 full-time employees; and

29 (ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989.

30 (2) "Canola seed oil processing facility" means a facility that:

1 (a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and  
2 packages the edible oil into food products, or engages in any one or more of those processes; and

3 (b) employs at least 15 employees in a full-time capacity.

4 (3) Class six property is taxed at 4% of its market value."  
5

6 **Section 3.** Section 15-6-207, MCA, is amended to read:

7 "**15-6-207. Agricultural exemptions.** (1) The following agricultural products are exempt from  
8 taxation:

9 (a) all unprocessed agricultural products on the farm or in storage and owned by the producer;

10 (b) all producer-held grain in storage;

11 (c) all unprocessed agricultural products, ~~except livestock;~~

12 (d) ~~except as provided in subsection (1)(e), all livestock that have not attained the age of 24~~  
13 ~~months as of February 1 or as of the last day of any month of the prior tax year if assessed on the average~~  
14 ~~inventory basis as provided in 15-24-902(2) and the unprocessed products of livestock;~~

15 (e) ~~swine that have not attained the age of 6 months as of January 1;~~

16 (f) poultry and the unprocessed products of poultry; and

17 (g)(f) bees and the unprocessed product of bees.

18 (2) Any beet digger, beet topper, beet defoliator, beet thinner, beet cultivator, beet planter, or beet  
19 top saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if the  
20 implement has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately  
21 preceding the current assessment date and there are no available sugar beet contracts in the sugar beet  
22 grower's marketing area."  
23

24 **Section 4.** Section 15-24-301, MCA, is amended to read:

25 "**15-24-301. Personal property brought into the state -- assessment -- exceptions -- custom**  
26 **combine equipment.** (1) Except as provided in subsections (2) through (5), property in the following cases  
27 is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

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

30 (b) property whose owner or user is engaged in gainful occupation or business enterprise in the

1 state; or

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

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

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

9 (4) ~~Any~~ A motor vehicle not subject to a fee in lieu of tax brought, driven, or coming into this state  
10 by any nonresident person temporarily employed in Montana and used exclusively for transportation of ~~such~~  
11 the person is subject to taxation and assessment for taxes as follows:

12 (a) The motor vehicle is taxed by the county in which it is located.

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

15 (c) The quarterly taxes are due the first day of the quarter.

16 (5) Agricultural harvesting machinery classified under class eight, licensed in ~~other states~~ another  
17 state, and operated on the ~~lands~~ land of ~~persons~~ a person other than the owner of the machinery under  
18 ~~contracts~~ a contract for hire ~~shall be~~ is subject to a fee in lieu of ~~taxation~~ tax of \$35 ~~per~~ for each machine  
19 for the calendar year in which the fee is collected. The ~~machines~~ machinery ~~shall be~~ is subject to taxation  
20 under class eight only if ~~they are~~ the machinery is sold in Montana."

21

22 **Section 5.** Section 15-24-303, MCA, is amended to read:

23 **"15-24-303. Proration of tax on personal property -- refund.** (1) The tax on personal property  
24 brought, driven, coming into, or otherwise located in the state on or after the assessment date must be  
25 prorated according to the ratio that the remaining number of months in the year bears to the total number  
26 of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part  
27 5, or to livestock ~~assessed~~ subject to the per capita levy under ~~15-24-902(2)~~ 15-24-921.

28 (2) If property upon which taxes have been paid is removed from the state, the taxpayer may  
29 obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613."

30

1           **Section 6.** Section 15-24-902, MCA, is amended to read:

2           "**15-24-902. Assessment of livestock** ~~—election for assessment on average inventory basis for~~  
3 ~~per capita levy.~~ ~~(1) Except as provided in subsection (2), the~~ The department of revenue shall assess all  
4 ~~nonexempt livestock for the purposes of the per capita levy imposed under 15-24-921 in each county~~  
5 ~~where they are located on February 1 of each year. The livestock must be assessed to the person by whom~~  
6 ~~they were owned or claimed or in whose possession or control they were at midnight of February 1 in that~~  
7 ~~year.~~

8           ~~(2) An owner of livestock may elect to have nonexempt livestock assessed on the average~~  
9 ~~inventory basis as provided in 15-24-927. The owner shall file an election with the department on the~~  
10 ~~statement required under 15-24-903. An owner of livestock making an election to have nonexempt~~  
11 ~~livestock assessed on the average inventory basis is bound by that election for 6 years. After 6 years, the~~  
12 ~~election to have nonexempt livestock assessed on the average inventory basis remains in effect unless the~~  
13 ~~owner otherwise notifies the department before February 1."~~

14  
15           **Section 7.** Section 15-24-903, MCA, is amended to read:

16           "**15-24-903. Duty of owner to assist in assessment.** (1) ~~(a) Except as provided in subsection~~  
17 ~~(1)(b), the~~ The owner of livestock, as defined in 15-24-901 15-24-921, or the owner's agent shall at the  
18 ~~time of assessment make and deliver to the department of revenue for the county or counties where the~~  
19 ~~owner's livestock were located on February 1 a written statement, under oath, listing the owner's different~~  
20 ~~kinds of livestock within the county or counties, together with a listing of their marks and brands.~~

21           ~~(b) If the owner of livestock is assessed on the average inventory basis, as provided in 15-24-927,~~  
22 ~~the owner or the owner's agent shall, in the manner and time frame provided in subsection (1)(a), report~~  
23 ~~to the department the county or counties where the livestock were located in the prior tax year and show~~  
24 ~~the months during the prior tax year that the livestock were within the county or counties.~~

25           (2) As used in this section, "agent" means any person, persons, company, or corporation, including  
26 a feedlot operator or owner of grazing land, who has charge of livestock on the assessment date."

27  
28           **Section 8.** Section 15-24-904, MCA, is amended to read:

29           "**15-24-904. Penalty for violation of law.** If any person, persons, company, or corporation who  
30 is the owner or is in charge of any livestock within this state fails to make the statement or statements as

1 provided in 15-24-903, the department may, after 10 days' notice to the person who failed to file the  
 2 report, increase the ~~assessment~~ per capita levy, as provided in 15-24-921, by 10% as a penalty."

3  
 4 **Section 9.** Section 15-24-922, MCA, is amended to read:

5 **"15-24-922. Board of livestock to prescribe per capita levy -- refunds —~~per capita levy on average~~**  
 6 **~~inventory.~~** (1) The board of livestock shall annually prescribe the amount of the per capita levy to be made  
 7 against livestock of all classes for the purpose indicated in 15-24-921.

8 (2) The per capita tax levy must be calculated each year to provide not more than 110% of the  
 9 average annual revenue that was generated in the 3 previous years. The calculation must apply a  
 10 reasonable factor for nonpayment and late payment of taxes and for reimbursement to the counties  
 11 pursuant to 15-24-925 for collection of the levy.

12 (3) (a) A livestock owner ~~taxed under 15-24-920~~ who moves livestock between states is entitled  
 13 to a refund of the per capita levy collected under 15-24-921 based on the number of months that the  
 14 livestock have taxable situs in ~~the state~~ Montana. The amount of the refund is equal to the ratio of the  
 15 number of months that the livestock do not have taxable situs in the state to the number of months in the  
 16 tax year, multiplied by the original per capita levy due. A taxpayer shall apply to the board of livestock on  
 17 a form prescribed by the board for a refund allowed under this subsection by January 31 following the  
 18 taxable year. The application must include a statement showing the date when the livestock were moved  
 19 out of the state.

20 (b) ~~Except as provided in subsection (3)(c), for~~ For the purposes of 15-24-921 and this section,  
 21 the per capita levy may not be prorated.

22 ~~(c) A taxpayer whose livestock are taxed on the average inventory basis for property tax purposes~~  
 23 ~~must also be taxed on an average inventory basis for the purposes of 15-24-921 and this section. All other~~  
 24 ~~livestock subject to the per capita tax levy must be reported on February 1 of each year."~~

25  
 26 **Section 10.** Section 81-7-303, MCA, is amended to read:

27 **"81-7-303. County commissioners permitted to require per capita license fee on sheep.** (1) To  
 28 defray the expense of protection, the board of county commissioners of any county may require all owners  
 29 or persons in possession of any sheep 1 year old or older in the county on the regular assessment date of  
 30 each year to pay a per capita license fee in an amount to be determined by the board. All owners or persons

1 in possession of any sheep 1 year old or older coming into the county after the regular assessment date  
2 and subject to ~~taxation~~ the per capita levy under the provisions of ~~15-24-301~~ Title 15, chapter 24, part 9,  
3 are subject to payment of the license fee.

4 (2) Upon the order of the board of county commissioners, the license fees may be imposed by  
5 entering the name of the licensee upon the ~~property tax~~ assessment record of the county by the department  
6 of revenue. The license fees are payable to and must be collected by the county treasurer. When levied,  
7 the fees are a lien upon the property, both real and personal, of the licensee. If the person against whom  
8 the license fee is levied does not own real estate against which the license fee is or may become a lien,  
9 then the license fee is payable immediately upon its levy and the treasurer shall collect the fee in the  
10 manner provided by law for the collection of personal property taxes that are not a lien upon real estate.

11 (3) When collected, the fees must be placed in the predatory animal control fund, and the fund may  
12 be expended on order of the board of county commissioners of the county for predatory animal control  
13 only."

14  
15 **Section 11.** Section 81-7-603, MCA, is amended to read:

16 **"81-7-603. County commissioners permitted to levy per capita license fee on cattle.** (1) To defray  
17 the expense of protection, the board of county commissioners may require all owners or persons in  
18 possession of any cattle 9 months old or older in the county on the regular assessment date of each year  
19 to pay a per capita license fee in an amount to be determined by the board. All owners or persons in  
20 possession of cattle 9 months old or older coming into the county after the regular assessment date and  
21 subject to ~~taxation~~ the per capita levy under the provisions of ~~15-24-301~~ Title 15, chapter 24, part 9, are  
22 subject to payment of the license fee.

23 (2) Upon the order of the board of county commissioners, the license fee may be imposed by  
24 entering the name of the licensee upon the ~~property tax~~ assessment record of the county by the department  
25 of revenue. The license fee is payable to the county treasurer. When levied, the fee is a lien upon the  
26 property, both real and personal, of the licensee. If the person against whom the license fee is levied does  
27 not own real estate against which the license fee is or may become a lien, then the license fee is payable  
28 immediately upon its levy and the treasurer shall collect the fee in the manner provided by law for the  
29 collection of personal property taxes that are not a lien upon real estate.

30 (3) The fees must be placed in a predatory animal control fund separate from the fund provided

1 for in 81-7-303. The money in the predatory animal control fund may be expended by the board of county  
2 commissioners only for the predatory animal control program."

3

4 **NEW SECTION. Section 12. Repealer.** Sections 15-24-901, 15-24-920, 15-24-926, 15-24-927,  
5 and 15-24-931, MCA, are repealed.

6

7 **NEW SECTION. Section 13. Saving clause.** [This act] does not affect rights and duties that  
8 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this  
9 act].

10

11 **NEW SECTION. Section 14. Effective date.** [This act] is effective January 1, 1998.

12

-END-



STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0597, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act repealing the personal property tax on livestock; revising the per capita levy on livestock; and providing a delayed effective date.

ASSUMPTIONS:

1. The taxable value of livestock was \$24,300,000 in tax year 1996. For the purpose of this fiscal note it is assumed that the taxable value of livestock will not change for FY98 and FY99 (MDOR).
2. The portion of the total taxable value of livestock that is not liened to real property is 38% (MDOR). Because of this, exempting livestock beginning January 1, 1998 will result in a revenue loss in FY98.
3. Of the total taxable value of livestock, \$4,100,000 is in counties that levy the 9 mill levy for state assumption of welfare, and \$2,000,000 is in counties that levy the 1.5 mill levy for vo-techs (MDOR).

FISCAL IMPACT:

General Fund Impact:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
1.5 Mills	\$ (1,000)	\$ (3,000)
95 Mills	<u>(874,000)</u>	<u>(2,300,000)</u>
<b>General Fund Impact Total</b>	<b>\$ (875,000)</b>	<b>\$ (2,303,000)</b>

Other Fund Impacts:

6 Mills (Universities)	\$ (57,000)	\$ (150,000)
9 Mills (Assumption of Welfare)	<u>(14,000)</u>	<u>(37,000)</u>
<b>Other Fund Impact Total</b>	<b>\$ (71,000)</b>	<b>\$ (187,000)</b>

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposal results in a reduction of revenue to counties of \$777,000 in FY98 and \$2,044,000 in FY99. Local school districts would lose \$1,403,000 in FY98 and \$3,691,000 in FY99.

*Dave Lewis* 3-10-97

DAVE LEWIS, BUDGET DIRECTOR                      DATE  
Office of Budget and Program Planning

SAM ROSE, PRIMARY SPONSOR                      DATE

Fiscal Note for HB0597, as introduced

**HB 597**

## HOUSE BILL NO. 597

INTRODUCED BY ROSE, DEVLIN, OHS, TASH, MCCANN, DEBRUYCKER, GRADY, HAYNE,  
BANKHEAD, STOVALL, HOLLAND, M. HANSON, ANDERSON, DEVANEY, BOHLINGER

A BILL FOR AN ACT ENTITLED: "AN ACT ~~REPEALING~~ LOWERING THE PERSONAL PROPERTY TAX ON LIVESTOCK; ~~REVISING THE PER CAPITA LEVY ON LIVESTOCK;~~ AMENDING SECTIONS ~~7-1-2111, SECTION 15-6-136, 15-6-207, 15-24-301, 15-24-303, 15-24-902, 15-24-903, 15-24-904, 15-24-922, 81-7-303, AND 81-7-603, MCA; REPEALING SECTIONS 15-24-901, 15-24-920, 15-24-926, 15-24-927, AND 15-24-931, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."~~

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

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

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

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

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

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

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

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

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

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

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

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

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

8 ~~(c) (i) that portion of the taxable value of the county on December 31, 1997, attributable to~~  
 9 ~~livestock, except swine that were 24 months of age or older as of February 1, 1997, or, if assessed on the~~  
 10 ~~average inventory basis, the value determined for the 1997 tax year under 15-24-927 as that section read~~  
 11 ~~on December 31, 1997; and~~

12 ~~(ii) that portion of the taxable value of the county on December 31, 1997, attributable to swine that~~  
 13 ~~were 6 months of age or older as of January 1, 1997;~~

14 ~~(d) the value provided by the department of revenue under 15-36-324(10); and~~

15 ~~(d)(e) 6% of the taxable value of the county on January 1 of each tax year."~~

16  
 17 **Section 1.** Section 15-6-136, MCA, is amended to read:

18 **"15-6-136. Class six property -- description -- taxable percentage.** (1) Class six property includes:

19 (a) ~~livestock and other species of domestic animals and wildlife raised in domestication or a captive~~  
 20 ~~environment, except for cats, dogs, and other household pets not raised for profit; LIVESTOCK AND OTHER~~  
 21 ~~SPECIES OF DOMESTIC ANIMALS AND WILDLIFE RAISED IN DOMESTICATION OR A CAPTIVE~~  
 22 ~~ENVIRONMENT, EXCEPT FOR CATS, DOGS, AND OTHER HOUSEHOLD PETS NOT RAISED FOR PROFIT;~~

23 ~~(b)(B) items of personal property intended for rent or lease in the ordinary course of business,~~  
 24 ~~provided if each item of personal property satisfies all of the following:~~

25 (i) ~~the full and true assessed~~ value of the personal property is less than \$5,000;

26 (ii) the personal property is owned by a business whose primary business income is from rental or  
 27 lease of personal property to individuals ~~wherein no, except that~~ one customer of the business ~~accounts~~  
 28 ~~may not account~~ for more than 10% of the total rentals or leases during a calendar year; and

29 (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and

30 ~~(c)(b)(C) machinery and equipment used in canola seed oil processing facilities if:~~

- 1 (i) the operators of ~~such~~ those facilities employ a minimum of 15 full-time employees; and  
 2 (ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989.

3 (2) "Canola seed oil processing facility" means a facility that:

- 4 (a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and  
 5 packages the edible oil into food products, or engages in any one or more of those processes; and  
 6 (b) employs at least 15 employees in a full-time capacity.

7 (3) Class six property is taxed at 4% 2.47% of its market value."  
 8

9 ~~Section 3. Section 15-6-207, MCA, is amended to read:~~

10 ~~"15-6-207. Agricultural exemptions. (1) The following agricultural products are exempt from~~  
 11 ~~taxation:~~

- 12 ~~(a) all unprocessed agricultural products on the farm or in storage and owned by the producer;~~  
 13 ~~(b) all producer hold grain in storage;~~  
 14 ~~(c) all unprocessed agricultural products, except livestock;~~  
 15 ~~(d) except as provided in subsection (1)(e), all livestock that have not attained the age of 24~~  
 16 ~~months as of February 1 or as of the last day of any month of the prior tax year if assessed on the average~~  
 17 ~~inventory basis as provided in 15-24-902(2) and the unprocessed products of livestock;~~  
 18 ~~(e) swine that have not attained the age of 6 months as of January 1;~~  
 19 ~~(f) poultry and the unprocessed products of poultry; and~~  
 20 ~~(g)(f) bees and the unprocessed product of bees.~~

21 ~~(2) Any beet digger, beet toppler, beet defoliator, beet thinner, beet cultivator, beet planter, or beet~~  
 22 ~~top-saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if the~~  
 23 ~~implement has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately~~  
 24 ~~preceding the current assessment date and there are no available sugar beet contracts in the sugar beet~~  
 25 ~~grower's marketing area."~~

26

27 ~~Section 4. Section 15-24-301, MCA, is amended to read:~~

28 ~~"15-24-301. Personal property brought into the state -- assessment -- exceptions -- custom~~  
 29 ~~combine equipment. (1) Except as provided in subsections (2) through (5), property in the following cases~~  
 30 ~~is subject to taxation and assessment for all taxes levied that year in the county in which it is located:~~

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

3 ~~(b) property whose owner or user is engaged in gainful occupation or business enterprise in the~~  
 4 ~~state; or~~

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

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

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

12 ~~(4) Any A motor vehicle not subject to a fee in lieu of tax brought, driven, or coming into this state~~  
 13 ~~by any nonresident person temporarily employed in Montana and used exclusively for transportation of such~~  
 14 ~~the person is subject to taxation and assessment for taxes as follows:~~

15 ~~(a) The motor vehicle is taxed by the county in which it is located.~~

16 ~~(b) One fourth of the annual tax liability of the motor vehicle must be paid for each quarter or~~  
 17 ~~portion of a quarter of the year that the motor vehicle is located in Montana.~~

18 ~~(c) The quarterly taxes are due the first day of the quarter.~~

19 ~~(5) Agricultural harvesting machinery classified under class eight, licensed in other states another~~  
 20 ~~state, and operated on the lands land of persons a person other than the owner of the machinery under~~  
 21 ~~contracts a contract for hire shall be is subject to a fee in lieu of taxation tax of \$35 per for each machine~~  
 22 ~~for the calendar year in which the fee is collected. The machines machinery shall be is subject to taxation~~  
 23 ~~under class eight only if they are the machinery is sold in Montana."~~

24  
 25 **Section 5.** Section 15-24-303, MCA, is amended to read:

26 ~~"15-24-303. Proration of tax on personal property -- refund. (1) The tax on personal property~~  
 27 ~~brought, driven, coming into, or otherwise located in the state on or after the assessment date must be~~  
 28 ~~prorated according to the ratio that the remaining number of months in the year bears to the total number~~  
 29 ~~of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part~~  
 30 ~~5, or to livestock assessed subject to the per capita levy under 15-24-902(2) 15-24-921.~~

1           ~~(2) If property upon which taxes have been paid is removed from the state, the taxpayer may~~  
2 ~~obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613."~~

3  
4           ~~Section 6. Section 15-24-902, MCA, is amended to read:~~

5           ~~"15-24-902. Assessment of livestock — election for assessment on average inventory basis for~~  
6 ~~per capita levy. (1) Except as provided in subsection (2), the The department of revenue shall assess all~~  
7 ~~nonexempt livestock for the purposes of the per capita levy imposed under 15-24-921 in each county~~  
8 ~~where they are located on February 1 of each year. The livestock must be assessed to the person by whom~~  
9 ~~they were owned or claimed or in whose possession or control they were at midnight of February 1 in that~~  
10 ~~year.~~

11           ~~(2) An owner of livestock may elect to have nonexempt livestock assessed on the average~~  
12 ~~inventory basis as provided in 15-24-927. The owner shall file an election with the department on the~~  
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16 ~~owner otherwise notifies the department before February 1."~~

17  
18           ~~Section 7. Section 15-24-903, MCA, is amended to read:~~

19           ~~"15-24-903. Duty of owner to assist in assessment. (1) (a) Except as provided in subsection~~  
20 ~~(1)(b), the The owner of livestock, as defined in 15-24-901 15-24-921, or the owner's agent shall at the~~  
21 ~~time of assessment make and deliver to the department of revenue for the county or counties where the~~  
22 ~~owner's livestock were located on February 1 a written statement, under oath, listing the owner's different~~  
23 ~~kinds of livestock within the county or counties, together with a listing of their marks and brands.~~

24           ~~(b) If the owner of livestock is assessed on the average inventory basis, as provided in 15-24-927,~~  
25 ~~the owner or the owner's agent shall, in the manner and timeframe provided in subsection (1)(a), report~~  
26 ~~to the department the county or counties where the livestock were located in the prior tax year and show~~  
27 ~~the months during the prior tax year that the livestock were within the county or counties.~~

28           ~~(2) As used in this section, "agent" means any person, persons, company, or corporation, including~~  
29 ~~a feedlot operator or owner of grazing land, who has charge of livestock on the assessment date."~~

1 ~~Section 8. Section 15-24-904, MCA, is amended to read:~~

2 ~~"15-24-904. Penalty for violation of law. If any person, persons, company, or corporation who~~  
 3 ~~is the owner or is in charge of any livestock within this state fails to make the statement or statements as~~  
 4 ~~provided in 15-24-903, the department may, after 10 days' notice to the person who failed to file the~~  
 5 ~~report, increase the assessment per capita levy, as provided in 15-24-921, by 10% as a penalty."~~

6

7 ~~Section 9. Section 15-24-922, MCA, is amended to read:~~

8 ~~"15-24-922. Board of livestock to prescribe per capita levy—refunds—per capita levy on average~~  
 9 ~~inventory. (1) The board of livestock shall annually prescribe the amount of the per capita levy to be made~~  
 10 ~~against livestock of all classes for the purpose indicated in 15-24-921.~~

11 ~~(2) The per capita tax levy must be calculated each year to provide not more than 110% of the~~  
 12 ~~average annual revenue that was generated in the 3 previous years. The calculation must apply a~~  
 13 ~~reasonable factor for nonpayment and late payment of taxes and for reimbursement to the counties~~  
 14 ~~pursuant to 15-24-925 for collection of the levy.~~

15 ~~(3) (a) A livestock owner taxed under 15-24-920 who moves livestock between states is entitled~~  
 16 ~~to a refund of the per capita levy collected under 15-24-921 based on the number of months that the~~  
 17 ~~livestock have taxable situs in the state Montana. The amount of the refund is equal to the ratio of the~~  
 18 ~~number of months that the livestock do not have taxable situs in the state to the number of months in the~~  
 19 ~~tax year, multiplied by the original per capita levy due. A taxpayer shall apply to the board of livestock on~~  
 20 ~~a form prescribed by the board for a refund allowed under this subsection by January 31 following the~~  
 21 ~~taxable year. The application must include a statement showing the date when the livestock were moved~~  
 22 ~~out of the state.~~

23 ~~(b) Except as provided in subsection (3)(c), for For the purposes of 15-24-921 and this section,~~  
 24 ~~the per capita levy may not be prorated.~~

25 ~~(c) A taxpayer whose livestock are taxed on the average inventory basis for property tax purposes~~  
 26 ~~must also be taxed on an average inventory basis for the purposes of 15-24-921 and this section. All other~~  
 27 ~~livestock subject to the per capita tax levy must be reported on February 1 of each year."~~

28

29 ~~Section 10. Section 81-7-303, MCA, is amended to read:~~

30 ~~"81-7-303. County commissioners permitted to require per capita license fee on sheep. (1) To~~

1 defray the expense of protection, the board of county commissioners of any county may require all owners  
2 or persons in possession of any sheep 1 year old or older in the county on the regular assessment date of  
3 each year to pay a per capita license fee in an amount to be determined by the board. All owners or persons  
4 in possession of any sheep 1 year old or older coming into the county after the regular assessment date  
5 and subject to taxation the per capita levy under the provisions of 15-24-301 Title 15, chapter 24, part 9,  
6 are subject to payment of the license fee.

7 (2) ~~Upon the order of the board of county commissioners, the license fees may be imposed by~~  
8 ~~entering the name of the licensee upon the property tax assessment record of the county by the department~~  
9 ~~of revenue. The license fees are payable to and must be collected by the county treasurer. When levied,~~  
10 ~~the fees are a lien upon the property, both real and personal, of the licensee. If the person against whom~~  
11 ~~the license fee is levied does not own real estate against which the license fee is or may become a lien,~~  
12 ~~then the license fee is payable immediately upon its levy and the treasurer shall collect the fee in the~~  
13 ~~manner provided by law for the collection of personal property taxes that are not a lien upon real estate.~~

14 (3) ~~When collected, the fees must be placed in the predatory animal control fund, and the fund may~~  
15 ~~be expended on order of the board of county commissioners of the county for predatory animal control~~  
16 ~~only."~~

17  
18 **Section 11.** ~~Section 81-7-603, MCA, is amended to read:~~

19 ~~"81-7-603. County commissioners permitted to levy per capita license fee on cattle. (1) To defray~~  
20 ~~the expense of protection, the board of county commissioners may require all owners or persons in~~  
21 ~~possession of any cattle 9 months old or older in the county on the regular assessment date of each year~~  
22 ~~to pay a per capita license fee in an amount to be determined by the board. All owners or persons in~~  
23 ~~possession of cattle 9 months old or older coming into the county after the regular assessment date and~~  
24 ~~subject to taxation the per capita levy under the provisions of 15-24-301 Title 15, chapter 24, part 9, are~~  
25 ~~subject to payment of the license fee.~~

26 (2) ~~Upon the order of the board of county commissioners, the license fee may be imposed by~~  
27 ~~entering the name of the licensee upon the property tax assessment record of the county by the department~~  
28 ~~of revenue. The license fee is payable to the county treasurer. When levied, the fee is a lien upon the~~  
29 ~~property, both real and personal, of the licensee. If the person against whom the license fee is levied does~~  
30 ~~not own real estate against which the license fee is or may become a lien, then the license fee is payable~~



1 immediately upon its levy and the treasurer shall collect the fee in the manner provided by law for the  
2 collection of personal property taxes that are not a lien upon real estate.

3 ~~(3) The fees must be placed in a predatory animal control fund separate from the fund provided~~  
4 ~~for in 81-7-303. The money in the predatory animal control fund may be expended by the board of county~~  
5 ~~commissioners only for the predatory animal control program."~~

6

7 ~~**NEW SECTION. Section 12. Repealer. Sections 15-24-901, 15-24-920, 15-24-926, 15-24-927,**~~  
8 ~~**and 15-24-931, MCA, are repealed.**~~

9

10 ~~**NEW SECTION. Section 13. Saving clause.** [This act] does not affect rights and duties that~~  
11 ~~matured, penalties that were incurred, or proceedings that were begun before [the effective date of this~~  
12 ~~act].~~

13

14 ~~**NEW SECTION. SECTION 2. COORDINATION INSTRUCTION. IF SENATE BILL NO. 195 IS**~~  
15 ~~**PASSED AND APPROVED CONTAINING PROVISIONS TO ELIMINATE THE EFFECTS OF THE 1997**~~  
16 ~~**REVALUATION OF PROPERTY ON CLASS THREE PROPERTY OR IF ANY OTHER BILL IS PASSED AND**~~  
17 ~~**APPROVED THAT ELIMINATES THE EFFECTS OF THE 1997 REVALUATION OF PROPERTY ON CLASS**~~  
18 ~~**THREE PROPERTY, THEN [THIS ACT] IS VOID.**~~

19

20 ~~**NEW SECTION. Section 3. Effective date.** [This act] is effective January 1, 1998.~~

21

-END-

## 1 HOUSE BILL NO. 597

2 INTRODUCED BY ROSE, DEVLIN, OHS, TASH, MCCANN, DEBRUYCKER, GRADY, HAYNE,  
3 BANKHEAD, STOVALL, HOLLAND, M. HANSON, ANDERSON, DEVANEY, BOHLINGER

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT ~~REPEALING~~ LOWERING THE PERSONAL PROPERTY TAX ON  
6 LIVESTOCK; ~~REVISING THE PER CAPITA LEVY ON LIVESTOCK;~~ AMENDING SECTIONS ~~7-1-2111,~~  
7 SECTION ~~15-6-136, 15-6-207, 15-24-301, 15-24-303, 15-24-902, 15-24-903, 15-24-904, 15-24-922,~~  
8 ~~81-7-303, AND 81-7-603, MCA; REPEALING SECTIONS 15-24-901, 15-24-920, 15-24-926, 15-24-927,~~  
9 ~~AND 15-24-931, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."~~

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE  
REPRINTED. PLEASE REFER TO SECOND READING COPY  
(YELLOW) FOR COMPLETE TEXT.**

HOUSE BILL NO. 597

INTRODUCED BY ROSE, DEVLIN, OHS, TASH, MCCANN, DEBRUYCKER, GRADY, HAYNE,  
BANKHEAD, STOVALL, HOLLAND, M. HANSON, ANDERSON, DEVANEY, BOHLINGER

A BILL FOR AN ACT ENTITLED: "AN ACT ~~REPEALING~~ LOWERING THE PERSONAL PROPERTY TAX ON  
LIVESTOCK; ~~REVISING THE PER CAPITA LEVY ON LIVESTOCK;~~ AMENDING SECTIONS ~~7-1-2111,~~  
SECTION 15-6-136, 15-6-207, 15-24-301, 15-24-303, 15-24-902, 15-24-903, 15-24-904, 15-24-922,  
~~81-7-303, AND 81-7-603, MCA;~~ REPEALING SECTIONS ~~15-24-901, 15-24-920, 15-24-926, 15-24-927,~~  
~~AND 15-24-931, MCA;~~ AND PROVIDING A ~~DELAYED~~ CONTINGENT EFFECTIVE DATE."

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

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

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

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

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

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

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

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

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

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

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

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

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

8 ~~(c) (i) that portion of the taxable value of the county on December 31, 1997, attributable to~~  
 9 ~~livestock, except swine that were 24 months of age or older as of February 1, 1997, or, if assessed on the~~  
 10 ~~average inventory basis, the value determined for the 1997 tax year under 15-24-927 as that section read~~  
 11 ~~on December 31, 1997; and~~

12 ~~(ii) that portion of the taxable value of the county on December 31, 1997, attributable to swine that~~  
 13 ~~were 6 months of age or older as of January 1, 1997;~~

14 ~~(d) the value provided by the department of revenue under 15-36-324(10); and~~

15 ~~(d)(e) 6% of the taxable value of the county on January 1 of each tax year."~~

16  
 17 **Section 1.** Section 15-6-136, MCA, is amended to read:

18 **"15-6-136. Class six property -- description -- taxable percentage.** (1) Class six property includes:

19 (a) ~~livestock and other species of domestic animals and wildlife raised in domestication or a captive~~  
 20 ~~environment, except for cats, dogs, and other household pets not raised for profit; LIVESTOCK AND OTHER~~  
 21 ~~SPECIES OF DOMESTIC ANIMALS AND WILDLIFE RAISED IN DOMESTICATION OR A CAPTIVE~~  
 22 ~~ENVIRONMENT, EXCEPT FOR CATS, DOGS, AND OTHER HOUSEHOLD PETS NOT RAISED FOR PROFIT;~~

23 ~~(b)(B) items of personal property intended for rent or lease in the ordinary course of business,~~  
 24 ~~provided if each item of personal property satisfies all of the following:~~

25 (i) ~~the full and true assessed ACQUIRED COST value~~ of the personal property is less than \$5,000;

26 (ii) the personal property is owned by a business whose primary business income is from rental or  
 27 lease of personal property to individuals ~~wherein no, except that~~ one customer of the business ~~accounts~~  
 28 ~~may not account~~ for more than 10% of the total rentals or leases during a calendar year; and

29 (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and

30 ~~(c)(b)(C) machinery and equipment used in canola seed oil processing facilities if:~~

1 (i) the operators of ~~such~~ those facilities employ a minimum of 15 full-time employees; and

2 (ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989.

3 (2) "Canola seed oil processing facility" means a facility that:

4 (a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and  
5 packages the edible oil into food products, or engages in any one or more of those processes; and

6 (b) employs at least 15 employees in a full-time capacity.

7 (3) Class six property is taxed at 4% 2.47% of its market value."

8  
9 ~~Section 3. Section 15-6-207, MCA, is amended to read:~~

10 ~~"15-6-207. Agricultural exemptions. (1) The following agricultural products are exempt from~~  
11 ~~taxation:~~

12 ~~(a) all unprocessed agricultural products on the farm or in storage and owned by the producer;~~

13 ~~(b) all producer hold grain in storage;~~

14 ~~(c) all unprocessed agricultural products, except livestock;~~

15 ~~(d) except as provided in subsection (1)(e), all livestock that have not attained the age of 24~~  
16 ~~months as of February 1 or as of the last day of any month of the prior tax year if assessed on the average~~  
17 ~~inventory basis as provided in 15-24-902(2) and the unprocessed products of livestock;~~

18 ~~(e) swine that have not attained the age of 6 months as of January 1;~~

19 ~~(f) poultry and the unprocessed products of poultry; and~~

20 ~~(g)(f) bees and the unprocessed product of bees.~~

21 ~~(2) Any beet digger, beet topper, beet defoliator, beet thinner, beet cultivator, beet planter, or beet~~  
22 ~~top saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if the~~  
23 ~~implement has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately~~  
24 ~~preceding the current assessment date and there are no available sugar beet contracts in the sugar beet~~  
25 ~~grower's marketing area."~~

26  
27 ~~Section 4. Section 15-24-301, MCA, is amended to read:~~

28 ~~"15-24-301. Personal property brought into the state assessment exceptions custom~~  
29 ~~combine equipment. (1) Except as provided in subsections (2) through (5), property in the following cases~~  
30 ~~is subject to taxation and assessment for all taxes levied that year in the county in which it is located:~~

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

3 ~~(b) property whose owner or user is engaged in gainful occupation or business enterprise in the~~  
 4 ~~state; or~~

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

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

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

12 ~~(4) Any A motor vehicle not subject to a fee in lieu of tax brought, driven, or coming into this state~~  
 13 ~~by any nonresident person temporarily employed in Montana and used exclusively for transportation of such~~  
 14 ~~the person is subject to taxation and assessment for taxes as follows:~~

15 ~~(a) The motor vehicle is taxed by the county in which it is located.~~

16 ~~(b) One fourth of the annual tax liability of the motor vehicle must be paid for each quarter or~~  
 17 ~~portion of a quarter of the year that the motor vehicle is located in Montana.~~

18 ~~(c) The quarterly taxes are due the first day of the quarter.~~

19 ~~(5) Agricultural harvesting machinery classified under class eight, licensed in other states another~~  
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8 ~~"15-24-922. Board of livestock to prescribe per capita levy — refunds — per capita levy on average~~  
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 10 ~~against livestock of all classes for the purpose indicated in 15-24-921.~~

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 8 ~~entering the name of the licensee upon the property tax assessment record of the county by the department~~  
 9 ~~of revenue. The license fees are payable to and must be collected by the county treasurer. When levied,~~  
 10 ~~the fees are a lien upon the property, both real and personal, of the licensee. If the person against whom~~  
 11 ~~the license fee is levied does not own real estate against which the license fee is or may become a lien,~~  
 12 ~~then the license fee is payable immediately upon its levy and the treasurer shall collect the fee in the~~  
 13 ~~manner provided by law for the collection of personal property taxes that are not a lien upon real estate.~~

14 (3) ~~When collected, the fees must be placed in the predatory animal control fund, and the fund may~~  
 15 ~~be expended on order of the board of county commissioners of the county for predatory animal control~~  
 16 ~~only."~~

17  
 18 **Section 11.** Section 81-7-603, MCA, is amended to read:

19 **"81-7-603. County commissioners permitted to levy per capita license fee on cattle.** (1) ~~To defray~~  
 20 ~~the expense of protection, the board of county commissioners may require all owners or persons in~~  
 21 ~~possession of any cattle 9 months old or older in the county on the regular assessment date of each year~~  
 22 ~~to pay a per capita license fee in an amount to be determined by the board. All owners or persons in~~  
 23 ~~possession of cattle 9 months old or older coming into the county after the regular assessment date and~~  
 24 ~~subject to taxation the per capita levy under the provisions of 15-24-301 Title 15, chapter 24, part 9, are~~  
 25 ~~subject to payment of the license fee.~~

26 (2) ~~Upon the order of the board of county commissioners, the license fee may be imposed by~~  
 27 ~~entering the name of the licensee upon the property tax assessment record of the county by the department~~  
 28 ~~of revenue. The license fee is payable to the county treasurer. When levied, the fee is a lien upon the~~  
 29 ~~property, both real and personal, of the licensee. If the person against whom the license fee is levied does~~  
 30 ~~not own real estate against which the license fee is or may become a lien, then the license fee is payable~~

1 immediately upon its levy and the treasurer shall collect the fee in the manner provided by law for the  
2 collection of personal property taxes that are not a lien upon real estate.

3 ~~(3) The fees must be placed in a predatory animal control fund separate from the fund provided~~  
4 ~~for in 81-7-303. The money in the predatory animal control fund may be expended by the board of county~~  
5 ~~commissioners only for the predatory animal control program."~~

6  
7 NEW SECTION. Section 12. Repealer. Sections 15-24-901, 15-24-920, 15-24-926, 15-24-927,  
8 and 15-24-931, MCA, are repealed.

9  
10 NEW SECTION. Section 13. Saving clause. [This act] does not affect rights and duties that  
11 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this  
12 act].

13  
14 NEW SECTION. SECTION 2. COORDINATION INSTRUCTION. IF SENATE BILL NO. 195 IS  
15 PASSED AND APPROVED CONTAINING PROVISIONS TO ELIMINATE THE EFFECTS OF THE 1987  
16 REVALUATION OF PROPERTY ON CLASS THREE PROPERTY OR IF ANY OTHER BILL IS PASSED AND  
17 APPROVED THAT ELIMINATES THE EFFECTS OF THE 1987 REVALUATION OF PROPERTY ON CLASS  
18 THREE PROPERTY, THEN [THIS ACT] IS VOID.

19  
20 NEW SECTION. Section 2. Effective date. [This act] is effective January 1, 1998 IF THE  
21 PROVISIONS TO ELIMINATE THE EFFECTS OF THE 1997 REVALUATION OF PROPERTY ON CLASS THREE  
22 PROPERTY IN SENATE BILL NO. 195 ARE DECLARED INVALID, THEN [THIS ACT] IS EFFECTIVE ON THE  
23 DATE THAT PROVISIONS TO ELIMINATE THE EFFECTS OF THE 1997 REVALUATION OF PROPERTY ON  
24 CLASS THREE PROPERTY IN SENATE BILL NO. 195 ARE INVALID.

25 -END-

## HOUSE BILL NO. 597

INTRODUCED BY ROSE, DEVLIN, OHS, TASH, MCCANN, DEBRUYCKER, GRADY, HAYNE,  
BANKHEAD, STOVALL, HOLLAND, M. HANSON, ANDERSON, DEVANEY, BOHLINGER

A BILL FOR AN ACT ENTITLED: "AN ACT ~~REPEALING~~ LOWERING THE PERSONAL PROPERTY TAX ON LIVESTOCK; ~~REVISING THE PER CAPITA LEVY ON LIVESTOCK;~~ AMENDING SECTIONS ~~7-1-2111, SECTION 15-6-136, 15-6-207, 15-24-301, 15-24-303, 15-24-902, 15-24-903, 15-24-904, 15-24-922, 81-7-303, AND 81-7-603, MCA;~~ REPEALING SECTIONS ~~15-24-901, 15-24-920, 15-24-926, 15-24-927, AND 15-24-931, MCA;~~ AND PROVIDING A ~~DELAYED~~ CONTINGENT EFFECTIVE DATE."

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

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

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

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

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

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

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

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

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

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

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

3           ~~(a) that portion of the taxable value of the county on December 31, 1991, attributable to~~  
 4 ~~automobiles and trucks having a rated capacity of three quarters of a ton or less;~~

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

8           ~~(c) (i) that portion of the taxable value of the county on December 31, 1997, attributable to~~  
 9 ~~livestock, except swine that were 24 months of age or older as of February 1, 1997, or, if assessed on the~~  
 10 ~~average inventory basis, the value determined for the 1997 tax year under 15-24-927 as that section read~~  
 11 ~~on December 31, 1997; and~~

12           ~~(iii) that portion of the taxable value of the county on December 31, 1997, attributable to swine that~~  
 13 ~~were 6 months of age or older as of January 1, 1997;~~

14           ~~(d) the value provided by the department of revenue under 15-36-324(10); and~~

15           ~~(d)(e) 6% of the taxable value of the county on January 1 of each tax year."~~

16

17           **Section 1.** Section 15-6-136, MCA, is amended to read:

18           **"15-6-136. Class six property -- description -- taxable percentage.** (1) Class six property includes:

19           ~~(a) livestock and other species of domestic animals and wildlife raised in domestication or a captive~~  
 20 ~~environment, except for cats, dogs, and other household pets not raised for profit; LIVESTOCK AND OTHER~~  
 21 ~~SPECIES OF DOMESTIC ANIMALS AND WILDLIFE RAISED IN DOMESTICATION OR A CAPTIVE~~  
 22 ~~ENVIRONMENT, EXCEPT FOR CATS, DOGS, AND OTHER HOUSEHOLD PETS NOT RAISED FOR PROFIT;~~

23           ~~(b)(B) items of personal property intended for rent or lease in the ordinary course of business,~~  
 24 ~~provided if each item of personal property satisfies all of the following:~~

25           ~~(i) the full and true assessed ACQUIRED COST value of the personal property is less than \$5,000;~~

26           ~~(ii) the personal property is owned by a business whose primary business income is from rental or~~  
 27 ~~lease of personal property to individuals wherein no, except that one customer of the business accounts~~  
 28 ~~may not account for more than 10% of the total rentals or leases during a calendar year; and~~

29           ~~(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and~~

30           ~~(c)(b)(C) machinery and equipment used in canola seed oil processing facilities if:~~

1 (i) the operators of ~~each~~ those facilities employ a minimum of 15 full-time employees; and

2 (ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989.

3 (2) "Canola seed oil processing facility" means a facility that:

4 (a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and  
5 packages the edible oil into food products, or engages in any one or more of those processes; and

6 (b) employs at least 15 employees in a full-time capacity.

7 (3) Class six property is taxed at 4% 2.47% of its market value."

8

9 ~~Section 3. Section 15-6-207, MCA, is amended to read:~~

10 ~~"15-6-207. Agricultural exemptions. (1) The following agricultural products are exempt from~~  
11 ~~taxation:~~

12 ~~(a) all unprocessed agricultural products on the farm or in storage and owned by the producer;~~

13 ~~(b) all producer held grain in storage;~~

14 ~~(c) all unprocessed agricultural products, except livestock;~~

15 ~~(d) except as provided in subsection (1)(e), all livestock that have not attained the age of 24~~  
16 ~~months as of February 1 or as of the last day of any month of the prior tax year if assessed on the average~~  
17 ~~inventory basis as provided in 15-24-902(2) and the unprocessed products of livestock;~~

18 ~~(e) swine that have not attained the age of 6 months as of January 1;~~

19 ~~(f) poultry and the unprocessed products of poultry; and~~

20 ~~(g)(f) bees and the unprocessed product of bees.~~

21 ~~(2) Any beet digger, beet toppler, beet defoliator, beet thinner, beet cultivator, beet planter, or beet~~  
22 ~~top cover designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if the~~  
23 ~~implement has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately~~  
24 ~~preceding the current assessment date and there are no available sugar beet contracts in the sugar beet~~  
25 ~~grower's marketing area."~~

26

27 ~~Section 4. Section 15-24-301, MCA, is amended to read:~~

28 ~~"15-24-301. Personal property brought into the state assessment exceptions custom~~  
29 ~~combine equipment. (1) Except as provided in subsections (2) through (5), property in the following cases~~  
30 ~~is subject to taxation and assessment for all taxes levied that year in the county in which it is located:~~

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

3 ~~(b) property whose owner or user is engaged in gainful occupation or business enterprise in the~~  
 4 ~~state; or~~

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

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

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

12 ~~(4) Any A motor vehicle not subject to a fee in lieu of tax brought, driven, or coming into this state~~  
 13 ~~by any nonresident person temporarily employed in Montana and used exclusively for transportation of such~~  
 14 ~~the person is subject to taxation and assessment for taxes as follows:~~

15 ~~(a) The motor vehicle is taxed by the county in which it is located.~~

16 ~~(b) One fourth of the annual tax liability of the motor vehicle must be paid for each quarter or~~  
 17 ~~portion of a quarter of the year that the motor vehicle is located in Montana.~~

18 ~~(c) The quarterly taxes are due the first day of the quarter.~~

19 ~~(5) Agricultural harvesting machinery classified under class eight, licensed in other states another~~  
 20 ~~state, and operated on the lands land of persons a person other than the owner of the machinery under~~  
 21 ~~contracts a contract for hire shall be is subject to a fee in lieu of taxation tax of \$35 per for each machine~~  
 22 ~~for the calendar year in which the fee is collected. The machines machinery shall be is subject to taxation~~  
 23 ~~under class eight only if they are the machinery is sold in Montana."~~

24

25 ~~Section 5. Section 15-24-303, MCA, is amended to read:~~

26 ~~"15-24-303. Proration of tax on personal property — refund. (1) The tax on personal property~~  
 27 ~~brought, driven, coming into, or otherwise located in the state on or after the assessment date must be~~  
 28 ~~prorated according to the ratio that the remaining number of months in the year bears to the total number~~  
 29 ~~of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part~~  
 30 ~~5, or to livestock assessed subject to the per capita levy under 15-24-902(2) 15-24-921.~~

1           ~~(2) If property upon which taxes have been paid is removed from the state, the taxpayer may~~  
2 ~~obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613."~~

3  
4           ~~Section 6. Section 15-24-902, MCA, is amended to read:~~

5           ~~"15-24-902. Assessment of livestock election for assessment on average inventory basis for~~  
6 ~~per capita levy. (1) Except as provided in subsection (2), the The department of revenue shall assess all~~  
7 ~~nonexempt livestock for the purposes of the per capita levy imposed under 15-24-921 in each county~~  
8 ~~where they are located on February 1 of each year. The livestock must be assessed to the person by whom~~  
9 ~~they were owned or claimed or in whose possession or control they were at midnight of February 1 in that~~  
10 ~~year.~~

11           ~~(2) An owner of livestock may elect to have nonexempt livestock assessed on the average~~  
12 ~~inventory basis as provided in 15-24-927. The owner shall file an election with the department on the~~  
13 ~~statement required under 15-24-903. An owner of livestock making an election to have nonexempt~~  
14 ~~livestock assessed on the average inventory basis is bound by that election for 6 years. After 6 years, the~~  
15 ~~election to have nonexempt livestock assessed on the average inventory basis remains in effect unless the~~  
16 ~~owner otherwise notifies the department before February 1."~~

17  
18           ~~Section 7. Section 15-24-903, MCA, is amended to read:~~

19           ~~"15-24-903. Duty of owner to assist in assessment. (1) (a) Except as provided in subsection~~  
20 ~~(1)(b), the The owner of livestock, as defined in 15-24-901 15-24-921, or the owner's agent shall at the~~  
21 ~~time of assessment make and deliver to the department of revenue for the county or counties where the~~  
22 ~~owner's livestock were located on February 1 a written statement, under oath, listing the owner's different~~  
23 ~~kinds of livestock within the county or counties, together with a listing of their marks and brands.~~

24           ~~(b) If the owner of livestock is assessed on the average inventory basis, as provided in 15-24-927,~~  
25 ~~the owner or the owner's agent shall, in the manner and timeframe provided in subsection (1)(a), report~~  
26 ~~to the department the county or counties where the livestock were located in the prior tax year and show~~  
27 ~~the months during the prior tax year that the livestock were within the county or counties.~~

28           ~~(2) As used in this section, "agent" means any person, persons, company, or corporation, including~~  
29 ~~a feedlot operator or owner of grazing land, who has charge of livestock on the assessment date."~~

30

1           ~~Section 8. Section 15-24-904, MCA, is amended to read:~~

2           ~~"15-24-904. Penalty for violation of law. If any person, persons, company, or corporation who~~  
 3 ~~is the owner or is in charge of any livestock within this state fails to make the statement or statements as~~  
 4 ~~provided in 15-24-903, the department may, after 10 days' notice to the person who failed to file the~~  
 5 ~~report, increase the assessment per capita levy, as provided in 15-24-921, by 10% as a penalty."~~

6

7           ~~Section 9. Section 15-24-922, MCA, is amended to read:~~

8           ~~"15-24-922. Board of livestock to prescribe per capita levy — refunds — per capita levy on average~~  
 9 ~~inventory. (1) The board of livestock shall annually prescribe the amount of the per capita levy to be made~~  
 10 ~~against livestock of all classes for the purpose indicated in 15-24-921.~~

11           ~~(2) The per capita tax levy must be calculated each year to provide not more than 110% of the~~  
 12 ~~average annual revenue that was generated in the 3 previous years. The calculation must apply a~~  
 13 ~~reasonable factor for nonpayment and late payment of taxes and for reimbursement to the counties~~  
 14 ~~pursuant to 15-24-925 for collection of the levy.~~

15           ~~(3) (a) A livestock owner taxed under 15-24-920 who moves livestock between states is entitled~~  
 16 ~~to a refund of the per capita levy collected under 15-24-921 based on the number of months that the~~  
 17 ~~livestock have taxable situs in the state Montana. The amount of the refund is equal to the ratio of the~~  
 18 ~~number of months that the livestock do not have taxable situs in the state to the number of months in the~~  
 19 ~~tax year, multiplied by the original per capita levy due. A taxpayer shall apply to the board of livestock on~~  
 20 ~~a form prescribed by the board for a refund allowed under this subsection by January 31 following the~~  
 21 ~~taxable year. The application must include a statement showing the date when the livestock were moved~~  
 22 ~~out of the state.~~

23           ~~(b) Except as provided in subsection (3)(c), for For the purposes of 15-24-921 and this section,~~  
 24 ~~the per capita levy may not be prorated.~~

25           ~~(c) A taxpayer whose livestock are taxed on the average inventory basis for property tax purposes~~  
 26 ~~must also be taxed on an average inventory basis for the purposes of 15-24-921 and this section. All other~~  
 27 ~~livestock subject to the per capita tax levy must be reported on February 1 of each year."~~

28

29           ~~Section 10. Section 81-7-303, MCA, is amended to read:~~

30           ~~"81-7-303. County commissioners permitted to require per capita license fee on sheep. (1) To~~



1 ~~defray the expense of protection, the board of county commissioners of any county may require all owners~~  
 2 ~~or persons in possession of any sheep 1 year old or older in the county on the regular assessment date of~~  
 3 ~~each year to pay a per capita license fee in an amount to be determined by the board. All owners or persons~~  
 4 ~~in possession of any sheep 1 year old or older coming into the county after the regular assessment date~~  
 5 ~~and subject to taxation the per capita levy under the provisions of 15-24-301 Title 15, chapter 24, part 9,~~  
 6 ~~are subject to payment of the license fee.~~

7 ~~(2) Upon the order of the board of county commissioners, the license fees may be imposed by~~  
 8 ~~entering the name of the licensee upon the property tax assessment record of the county by the department~~  
 9 ~~of revenue. The license fees are payable to and must be collected by the county treasurer. When levied,~~  
 10 ~~the fees are a lien upon the property, both real and personal, of the licensee. If the person against whom~~  
 11 ~~the license fee is levied does not own real estate against which the license fee is or may become a lien,~~  
 12 ~~then the license fee is payable immediately upon its levy and the treasurer shall collect the fee in the~~  
 13 ~~manner provided by law for the collection of personal property taxes that are not a lien upon real estate.~~

14 ~~(3) When collected, the fees must be placed in the predatory animal control fund, and the fund may~~  
 15 ~~be expended on order of the board of county commissioners of the county for predatory animal control~~  
 16 ~~only."~~

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 18 **Section 11. Section 81-7-603, MCA, is amended to read:**

19 **~~"81-7-603. County commissioners permitted to levy per capita license fee on cattle. (1) To defray~~**  
 20 **~~the expense of protection, the board of county commissioners may require all owners or persons in~~**  
 21 **~~possession of any cattle 9 months old or older in the county on the regular assessment date of each year~~**  
 22 **~~to pay a per capita license fee in an amount to be determined by the board. All owners or persons in~~**  
 23 **~~possession of cattle 9 months old or older coming into the county after the regular assessment date and~~**  
 24 **~~subject to taxation the per capita levy under the provisions of 15-24-301 Title 15, chapter 24, part 9, are~~**  
 25 **~~subject to payment of the license fee.~~**

26 ~~(2) Upon the order of the board of county commissioners, the license fee may be imposed by~~  
 27 ~~entering the name of the licensee upon the property tax assessment record of the county by the department~~  
 28 ~~of revenue. The license fee is payable to the county treasurer. When levied, the fee is a lien upon the~~  
 29 ~~property, both real and personal, of the licensee. If the person against whom the license fee is levied does~~  
 30 ~~not own real estate against which the license fee is or may become a lien, then the license fee is payable~~

1 ~~immediately upon its levy and the treasurer shall collect the fee in the manner provided by law for the~~  
2 ~~collection of personal property taxes that are not a lien upon real estate.~~

3 ~~(3) The fees must be placed in a predatory animal control fund separate from the fund provided~~  
4 ~~for in 81-7-303. The money in the predatory animal control fund may be expended by the board of county~~  
5 ~~commissioners only for the predatory animal control program."~~

6

7 ~~NEW SECTION. Section 12. Repealer. Sections 15-24-901, 15-24-920, 15-24-926, 15-24-927,~~  
8 ~~and 15-24-931, MCA, are repealed.~~

9

10 ~~NEW SECTION. Section 13. Saving clause. [This act] does not affect rights and duties that~~  
11 ~~matured, penalties that were incurred, or proceedings that were begun before [the effective date of this~~  
12 ~~act].~~

13

14 ~~NEW SECTION. SECTION 2. COORDINATION INSTRUCTION. IF SENATE BILL NO. 195 IS~~  
15 ~~PASSED AND APPROVED CONTAINING PROVISIONS TO ELIMINATE THE EFFECTS OF THE 1997~~  
16 ~~REVALUATION OF PROPERTY ON CLASS THREE PROPERTY OR IF ANY OTHER BILL IS PASSED AND~~  
17 ~~APPROVED THAT ELIMINATES THE EFFECTS OF THE 1997 REVALUATION OF PROPERTY ON CLASS~~  
18 ~~THREE PROPERTY, THEN [THIS ACT] IS VOID.~~

19

20 ~~NEW SECTION. Section 2. Effective date. [This act] is effective January 1, 1998 IF THE~~  
21 ~~PROVISIONS TO ELIMINATE THE EFFECTS OF THE 1997 REVALUATION OF PROPERTY ON CLASS THREE~~  
22 ~~PROPERTY IN SENATE BILL NO. 195 ARE DECLARED INVALID, THEN [THIS ACT] IS EFFECTIVE ON THE~~  
23 ~~DATE THAT PROVISIONS TO ELIMINATE THE EFFECTS OF THE 1997 REVALUATION OF PROPERTY ON~~  
24 ~~CLASS THREE PROPERTY IN SENATE BILL NO. 195 ARE INVALID.~~

25

-END-