

HOUSE BILL 1004

Introduced by Dolezal, et al.

3/20	Introduced
3/20	Referred to Taxation
3/20	First Reading
3/20	Fiscal Note Requested
3/27	Hearing
3/28	Fiscal Note Received
4/01	Committee Report--Bill Passed as Amended
4/02	2nd Reading Passed as Amended Died in Process

1 *House* BILL NO. *1,004*
 2 INTRODUCED BY *Dolores Holman Beau Ede*
 3 *Susan Hamilton*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 5 TAXATION OF PROPERTY; CLASSIFYING COMMERCIAL LAND AND
 6 IMPROVEMENTS AND CERTAIN PERSONAL PROPERTY AS CLASS
 7 TWENTY-ONE PROPERTY; PROVIDING THAT CLASS TWENTY-ONE
 8 PROPERTY IS TAXED AT 5.3 PERCENT OF MARKET VALUE;
 9 ELIMINATING CLASS TWENTY PROPERTY; PROVIDING THAT CLASS
 10 TWENTY-ONE PROPERTY THAT IS NONPRODUCTIVE IS TAXED AT A
 11 REDUCED RATE; ELIMINATING CLASS TWELVE PROPERTY AND
 12 INCLUDING TRAILERS AND MOBILE HOMES IN CLASS FOUR PROPERTY;
 13 ELIMINATING CLASS FOURTEEN PROPERTY AND INCLUDING FARMSTEADS
 14 AND OTHER AGRICULTURAL IMPROVEMENTS IN CLASS FOUR PROPERTY;
 15 PROVIDING THAT MULTIFAMILY RESIDENCES ARE NOT COMMERCIAL
 16 PROPERTY; INCREASING THE TAX RATE ON GROSS PROCEEDS OF METAL
 17 MINES FROM 3 PERCENT TO 5 PERCENT; ELIMINATING CLASS
 18 EIGHTEEN PROPERTY AND INCLUDING NONPRODUCTIVE MINING CLAIMS
 19 IN CLASS THREE PROPERTY; RECLASSIFYING CERTAIN PERSONAL
 20 PROPERTY; EXEMPTING CERTAIN PERSONAL PROPERTY FROM TAXATION;
 21 EXTENDING THE TERMINATION DATE OF CLASS THIRTEEN PROPERTY
 22 TAXING TIMBERLANDS; INCREASING THE TAX RATE ON CLASS
 23 THIRTEEN PROPERTY TO 5.3 PERCENT; PROVIDING THAT CERTAIN
 24 TIMBERLAND IS CLASSIFIED AS AGRICULTURAL LAND; AMENDING
 25 SECTIONS 7-13-2527, 15-1-101, 15-1-111, 15-6-132, 15-6-133,

1 15-6-134, 15-6-136, 15-6-137, 15-6-138, 15-6-143, 15-6-153,
 2 15-6-201, 15-7-103, 15-8-205, 15-10-402, 15-10-412,
 3 15-16-611, AND 15-16-613, MCA, AND SECTION 10, CHAPTER 681,
 4 LAWS OF 1985; REPEALING SECTIONS 15-6-142, 15-6-144,
 5 15-6-148, 15-6-150, AND 15-6-155, MCA; AND PROVIDING
 6 EFFECTIVE DATES AND APPLICABILITY DATES."

7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 **Section 1.** Section 7-13-2527, MCA, is amended to read:
 10 "7-13-2527. List of property owners. (1) A copy of the
 11 order creating the district shall be delivered to the county
 12 assessor of each county within the district.
 13 (2) The assessor shall, on or before August 1 of any
 14 given year, prepare and certify a list of all persons owning
 15 class four, ~~class twelve, or class fourteen~~ property within
 16 such district and deliver a copy of such list to the board
 17 of trustees of said district."

18 **Section 2.** Section 15-1-101, MCA, is amended to read:
 19 "15-1-101. Definitions. (1) Except as otherwise
 20 specifically provided, when terms mentioned in this section
 21 are used in connection with taxation, they are defined in
 22 the following manner:

23 (a) The term "agricultural" refers to the raising of
 24 livestock, poultry, bees, and other species of domestic
 25 animals and wildlife in domestication or a captive



1 environment, and the raising of field crops, fruit, and
2 other animal and vegetable matter for food or fiber.

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

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

9 (d) (i) The term "commercial", when used to describe
10 property, means any property used or owned by a business, a
11 trade, or a nonprofit corporation as defined in 35-2-102 or
12 used for the production of income, except that property
13 described in subsection (ii).

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

15 (A) agricultural lands;

16 (B) timberlands;

17 (C) single-family and multifamily residences and
18 ancillary improvements and improvements necessary to the
19 function of a bona fide farm, ranch, or stock operation;

20 (D) mobile homes used exclusively as a residence except
21 when held by a distributor or dealer of trailers or mobile
22 homes as his stock in trade;

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

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

25 (e) The term "comparable property" means property that

1 has similar use, function, and utility; that is influenced
2 by the same set of economic trends and physical,
3 governmental, and social factors; and that has the potential
4 of a similar highest and best use.

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

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

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

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

1 (j) The term "mobile home" means forms of housing known
 2 as "trailers", "housetrailers", or "trailer coaches"
 3 exceeding 8 feet in width or 45 feet in length, designed to
 4 be moved from one place to another by an independent power
 5 connected to them, or any "trailer", "housetrailer", or
 6 "trailer coach" up to 8 feet in width or 45 feet in length
 7 used as a principal residence.

8 (k) The term "personal property" includes everything
 9 that is the subject of ownership but that is not included
 10 within the meaning of the terms "real estate" and
 11 "improvements".

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

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

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

23 (i) the possession of, claim to, ownership of, or right
 24 to the possession of land;

25 (ii) all mines, minerals, and quarries in and under the

1 land subject to the provisions of 15-23-501 and Title 15,
 2 chapter 23, part 8; all timber belonging to individuals or
 3 corporations growing or being on the lands of the United
 4 States; and all rights and privileges appertaining thereto.

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

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

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

21 (2) The phrase "municipal corporation" or
 22 "municipality" or "taxing unit" shall be deemed to include a
 23 county, city, incorporated town, township, school district,
 24 irrigation district, drainage district, or any person,
 25 persons, or organized body authorized by law to establish

1 tax levies for the purpose of raising public revenue.

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

4 **Section 3.** Section 15-1-111, MCA, is amended to read:

5 "15-1-111. Reimbursement to local governments and
6 schools -- duties of department and county treasurer --
7 statutory appropriation. (1) (a) On or before May 1, 1990,
8 the department of revenue shall remit to the county
9 treasurer of each county 30% of the reimbursement amount
10 specified in subsection (1)(b), as computed by the
11 department. The department shall base the reimbursement on
12 the reduction in personal property tax revenues due to the
13 reduction in personal property tax rates for class eight
14 property, as provided for in 15-6-138, as that section read
15 on December 31, 1990, and any reduction in taxes based upon
16 recalculation of the effective tax rate for property in
17 15-6-145 and 15-6-147. The reimbursement basis must also
18 include loss of personal property tax revenue due to the
19 reclassification of new industrial property from class five
20 to class eight with the reduced tax rate. The determination
21 of the reimbursement basis must be made in the year in which
22 the reclassification is made.

23 (b) The reimbursement revenue must be based on the
24 county's taxable value and mill levies for tax year 1989.

25 (2) Prior to September 1, 1990, the department's agent

1 in the county shall supply the following information to the
2 department for each taxing jurisdiction within the county:

3 (a) the number of mills levied in the jurisdiction for
4 taxable year 1989;

5 (b) the number of mills levied in the jurisdiction for
6 taxable year 1990;

7 (c) the total taxable valuation for taxable years 1989
8 and 1990, reported separately for each year, of all personal
9 property not secured by real property; and

10 (d) the total taxable valuation for taxable years 1989
11 and 1990, reported separately for each year, of all personal
12 property secured by real property.

13 (3) After receipt of the information from its agent,
14 the department shall calculate the amount of revenue lost to
15 each taxing jurisdiction, using current year mill levies,
16 due to the annual reduction in personal property tax rates
17 set forth in 15-6-138, and any reduction in taxes based upon
18 recalculation of the effective tax rate for property in
19 15-6-145 and 15-6-147. The department shall total the
20 amounts for all taxing jurisdictions within the county.

21 (4) For taxable year 1990 and for each year thereafter,
22 the department shall remit to the county treasurer the base
23 amount of revenue reimbursable, determined pursuant to
24 subsection (3), as follows:

25 (a) on or before November 30, 1990, and on or before

1 each November 30 thereafter, the department shall remit 50%
2 of the base amount of the revenue reimbursable to the
3 county; and

4 (b) on or before May 31, 1991, and on or before each
5 May 31 thereafter, the department shall remit 50% of the
6 base amount of the revenue reimbursable to the county.

7 (5) Upon receipt of the reimbursement from the
8 department, the county treasurer shall distribute the
9 reimbursement to each taxing jurisdiction in the relative
10 proportions required by the levies for state, county, school
11 district, and municipal purposes in the same manner as
12 current year mill levies on personal property taxes are
13 distributed.

14 (6) For the purposes of this section, "taxing
15 jurisdiction" means local governments and includes school
16 districts, each municipality with tax increment financing,
17 and the state of Montana.

18 (7) The amounts necessary for the administration of
19 this section are statutorily appropriated, as provided in
20 17-7-502, from the general fund to reimburse school
21 districts and local governments for reductions in tax rates
22 on personal property."

23 **Section 4.** Section 15-6-132, MCA, is amended to read:

24 "15-6-132. Class two property -- description -- taxable
25 percentage. (1) Class two property includes the annual gross

1 proceeds of metal mines.

2 (2) Class two property is taxed at ~~3%~~ 5% of its annual
3 gross proceeds, as defined in 15-23-801."

4 **Section 5.** Section 15-6-133, MCA, is amended to read:

5 "15-6-133. Class three property -- description --
6 taxable percentage. (1) Class three property includes;

7 (a) agricultural land as defined in 15-7-202;

8 (b) nonproductive patented mining claims outside the
9 limits of an incorporated city or town held by owners for
10 the ultimate purpose of developing the mineral interests on
11 the property. A nonproductive patented mining claim does not
12 include property that is used for residential purposes,
13 recreational purposes as described in 70-16-301, or
14 commercial purposes as commercial is defined in 15-1-101 or
15 property the surface of which is being used for other than
16 mining purposes or has a separate and independent value for
17 other purposes.

18 (c) land that has been reclassified as agricultural
19 land as provided in 15-6-143(4).

20 (2) For the purposes of this section, a nonproductive
21 patented mining claim must be valued as if the land were
22 devoted to agricultural grazing use and must be taxed as
23 provided in subsection (3). Improvements to a nonproductive
24 patented mining claim that would not disqualify the parcel
25 from designation as class three property are taxed as

1 otherwise provided in this title, including that portion of
2 the land upon which the improvements are located and that is
3 reasonably required for the use of the improvements.

4 (2)(3) Class three property is taxed at the taxable
5 percentage rate "P" 30% of its productive capacity.

6 (3) -- Until July 17, 1986, the taxable percentage rate "P"
7 for class three property is 30%.

8 (4) -- Prior to July 17, 1986, the department of revenue
9 shall determine the taxable percentage rate "P" applicable
10 to class three property for the revaluation cycle beginning
11 January 17, 1986, as follows:

12 (a) -- The director of the department of revenue shall
13 certify to the governor before July 17, 1986, the percentage
14 by which the appraised value of all property in the state
15 classified under class three as of January 17, 1986, has
16 increased due to the revaluation conducted under 15-7-111.
17 This figure is the "certified statewide percentage
18 increase".

19 (b) -- The taxable value of property in class three is
20 determined as a function of the certified statewide
21 percentage increase in accordance with the table shown
22 below.

23 (c) -- This table limits the statewide increase in taxable
24 valuation resulting from reappraisal to 0% in calculating
25 the percentage increase; the department may not consider

1 agricultural use changes during calendar year 1985:

2 (d) -- The taxable percentage must be calculated by
3 interpolation to coincide with the nearest whole number
4 certified statewide percentage increase from the following
5 table:

6 Certified-Statewide	7 Class-Three-Taxable
8 Percentage-Increase	9 Percentage-"P"
10 0	11 30.00
12 10	13 27.27
14 20	15 25.00
16 30	17 23.00
18 40	19 21.43
20 50	21 20.00

22 (5) -- After July 17, 1986, no adjustment may be made by
23 the department to the taxable percentage rate "P" until a
24 revaluation has been made as provided in 15-7-111.

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

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

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

(b) all improvements, including a single or multifamily
residence and a trailer or mobile home used as a residence,
except those specifically included in another class;

(c) the first \$80,000 or less of the market value of

1 any improvement, including a trailer or mobile home, on real
 2 property and appurtenant land not exceeding 5 acres owned or
 3 under contract for deed and actually occupied for at least
 4 10 months a year as the primary residential dwelling of any
 5 person whose total income from all sources including
 6 otherwise tax-exempt income of all types is not more than
 7 \$10,000 for a single person or \$12,000 for a married couple,
 8 as adjusted according to subsection (2)(b)(ii);

9 (d) all improvements on land that is eligible for
 10 valuation, assessment, and taxation as agricultural land
 11 under 15-7-202(2), including 1 acre of real property beneath
 12 the agricultural improvements. The 1 acre must be valued at
 13 market value.

14 ~~(d) all golf courses, including land and improvements~~
 15 ~~actually and necessarily used for that purpose, that consist~~
 16 ~~of at least 9 holes and not less than 3,000 lineal yards.~~

17 (2) Class four property is taxed as follows:

18 (a) ~~Except as provided in 15-24-1402 or 15-24-1501,~~
 19 property Property described in subsections (1)(a), and
 20 (1)(b), and (1)(d) is taxed at 3.86% of its market value.

21 (b) (i) Property described in subsection (1)(c) is
 22 taxed at 3.86% of its market value multiplied by a
 23 percentage figure based on income and determined from the
 24 following table:

25 Income Income Percentage

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

12 (ii) The income levels contained in the table in
 13 subsection (2)(b)(i) must be adjusted for inflation annually
 14 by the department of revenue. The adjustment to the income
 15 levels is determined by:

16 (A) multiplying the appropriate dollar amount from the
 17 table in subsection (2)(b)(i) by the ratio of the PCE for
 18 the second quarter of the year prior to the year of
 19 application to the PCE for the second quarter of 1986; and

20 (B) rounding the product thus obtained to the nearest
 21 whole dollar amount.

22 (iii) "PCE" means the implicit price deflator for
 23 personal consumption expenditures as published quarterly in
 24 the Survey of Current Business by the bureau of economic
 25 analysis of the U.S. department of commerce.

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

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

(4) Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property.

(5) For the purposes of this section, trailers and mobile homes do not include trailers or mobile homes held by a distributor or dealer of trailers or mobile homes as his stock in trade.

Section 7. Section 15-6-136, MCA, is amended to read:

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

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

~~(b) items of personal property intended for rent or~~

~~lease in the ordinary course of business, provided each item of personal property satisfies all of the following:~~

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

~~(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and~~

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

~~(c) machinery and equipment used in a malting barley facility; and~~

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

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

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

~~(2) "Malting barley facility" means a facility the principal purpose of which is to malt malting barley. The term does not apply to a facility the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise do anything with malting barley, except malt malting barley. However, any machinery or equipment the~~

1 principal purpose of which is to store, mix, blend,
 2 transport, transfer, or otherwise handle malting barley or
 3 other machinery or equipment that is used in or is otherwise
 4 an integral part of a facility that malts malting barley is
 5 machinery or equipment of a malting barley facility for the
 6 purposes of this section.

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

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

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

15 (4)(2) Class six property is taxed at 4% of its market
 16 value."

17 **Section 8.** Section 15-6-137, MCA, is amended to read:

18 "15-6-137. Class seven property -- description --
 19 taxable percentage. (1) Class seven property includes:

20 (a) all property used and owned by persons, firms,
 21 corporations, or other organizations that are engaged in the
 22 business of furnishing telephone communications exclusively
 23 to rural areas or to rural areas and cities and towns of 800
 24 persons or less;

25 (b) all property owned by cooperative rural electrical

1 and cooperative rural telephone associations that serve less
 2 than 95% of the electricity consumers or telephone users
 3 within the incorporated limits of a city or town;

4 (c) electric transformers and meters; electric light
 5 and power substation machinery; and natural gas measuring
 6 and regulating station equipment, meters, and compressor
 7 station machinery owned by noncentrally assessed public
 8 utilities; ~~and tools used in the repair and maintenance of~~
 9 ~~this property.~~

10 (2) To qualify for this classification, the average
 11 circuit miles for each station on the telephone
 12 communication system described in subsection (1)(b) must be
 13 more than 1 mile.

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

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

17 "15-6-138. Class eight property -- description --
 18 taxable percentage. (1) Class eight property includes:

19 (a) all agricultural implements and equipment;
 20 (b) all mobile mining machinery, ~~fixtures,~~ and
 21 equipment that is not rigidly affixed to real property,
 22 ~~tools that are not exempt under 15-6-201(1)(f), and supplies~~
 23 ~~except those included in class five;~~

24 (c) all mobile manufacturing machinery, ~~fixtures,~~ and
 25 equipment that is not rigidly affixed to real property,

1 ~~tools that are not exempt under 15-6-201(i)(r), and supplies~~
 2 ~~except those included in class five;~~
 3 (d) all trailers, including those prorated under
 4 15-24-102, except those subject to taxation under
 5 61-3-504(2);
 6 ~~(e) all goods and equipment intended for rent or lease,~~
 7 ~~except goods and equipment specifically included and taxed~~
 8 ~~in another class;~~
 9 ~~(f)(e) buses and trucks having a rated capacity of more~~
 10 ~~than 1 ton, including those prorated under 15-24-102;~~
 11 ~~(g)(E) truck toppers weighing more than 300 pounds; and~~
 12 ~~(h) furniture, fixtures, and equipment, except that~~
 13 ~~specifically included in another class, used in commercial~~
 14 ~~establishments as defined in this section;~~
 15 ~~(i) x-ray and medical and dental equipment;~~
 16 ~~(j) citizens' band radios and mobile telephones;~~
 17 ~~(k) radio and television broadcasting and transmitting~~
 18 ~~equipment;~~
 19 ~~(l) cable television systems;~~
 20 ~~(m)(g) coal and ore haulers;~~
 21 ~~(n) theater projectors and sound equipment; and~~
 22 ~~(o) all other property not included in any other class~~
 23 ~~in this part, except that property subject to a fee in lieu~~
 24 ~~of a property tax.~~
 25 (2) As used in this section, "coal and ore haulers"

1 means nonhighway vehicles that exceed 18,000 pounds per axle
 2 and that are primarily designed and used to transport coal,
 3 ore, or other earthen material in a mining or quarrying
 4 environment.
 5 ~~(3) "Commercial establishment" includes any hotel,~~
 6 ~~motel, office, petroleum marketing station, or service,~~
 7 ~~wholesale, retail, or food handling business.~~
 8 ~~(4)(3) Class eight property is taxed at 9% of its~~
 9 ~~market value."~~
 10 **Section 10.** Section 10, Chapter 681, Laws of 1985, is
 11 amended to read:
 12 "Section 10. Effective date -- termination date dates.
 13 (1) This act is effective January 1, 1986, and ~~except for~~
 14 ~~section 3,~~ [section 1] terminates January 1, 1991.
 15 (2) [Sections 2 and 4 through 6] terminate January 1,
 16 1995."
 17 **Section 11.** Section 15-6-143, MCA, is amended to read:
 18 "15-6-143. (Temporary) Class thirteen property --
 19 description -- taxable percentage -- alternative
 20 classification. (1) Class thirteen property includes all
 21 timberland.
 22 (2) Timberland is contiguous land exceeding 15 acres in
 23 one ownership that is capable of producing timber that can
 24 be harvested in commercial quantity.
 25 (3) Class Except as provided in subsection (4), class

1 thirteen property is taxed at the percentage rate--"P" 5.3%
 2 of the combined appraised value of the standing timber and
 3 grazing productivity of the property.

4 (4) If the department of revenue determines that the
 5 value of grazing productivity of contiguous timberland is
 6 greater than the appraised value of the standing timber, the
 7 land must be classified, assessed, and taxed as agricultural
 8 land under 15-6-133.

9 ~~{4}--For taxable years beginning January 1, 1986, and~~
 10 ~~thereafter, the taxable percentage rate--"P"--applicable to~~
 11 ~~class-thirteen property is $30\%/B$, where B is the certified~~
 12 ~~statewide percentage increase to be determined by the~~
 13 ~~department of revenue as provided in subsection (5). The~~
 14 ~~taxable percentage rate--"P"--shall be rounded downward to the~~
 15 ~~nearest 0.01% and shall be calculated by the department~~
 16 ~~before July 1, 1986.~~

17 ~~{5}--(a) Prior to July 1, 1986, the department shall~~
 18 ~~determine the certified statewide percentage increase for~~
 19 ~~class-thirteen property using the formula $B = X/Y$, where:~~

20 ~~{i}--X is the appraised value, as of January 1, 1986, of~~
 21 ~~all property in the state, excluding use changes occurring~~
 22 ~~during the preceding year, classified under class thirteen~~
 23 ~~as class thirteen is described in this section; and~~

24 ~~{ii}--Y is the appraised value, as of January 1, 1985, of~~
 25 ~~all property in the state that, as of January 1, 1986, would~~

1 ~~be classified under class thirteen as class thirteen is~~
 2 ~~described in this section.~~

3 ~~{b}--B shall be rounded downward to the nearest 0.0001%~~
 4 ~~{6}--After July 1, 1986, no adjustment may be made by~~
 5 ~~the department to the taxable percentage rate--"P"--until a~~
 6 ~~valuation has been made as provided in 15-7-111. (Terminates~~
 7 ~~January 1, 1991 1995--sec. 10, Ch. 681, L. 1985.)"~~

8 **Section 12.** Section 15-6-153, MCA, is amended to read:
 9 "15-6-153. Application for classification as class
 10 eighteen property nonproductive mining claim. A person
 11 applying for classification of property as class eighteen
 12 property a nonproductive mining claim as described in
 13 15-6-133(1)(b) and (2) shall make an affidavit to the
 14 department of revenue, on a form provided by the department
 15 without cost, stating:

16 (1) the fact that the mining claim is not presently
 17 being used for mining purposes but is being held for that
 18 use;

19 (2) that the mineral interests of the mining claim have
 20 not been depleted; and

21 (3) such other information as the department may
 22 require to determine an applicant's eligibility and to
 23 determine if the surface is being used for other than mining
 24 purposes or has a separate and independent value for such
 25 other purposes."

1 **NEW SECTION. Section 13. Class twenty-one property --**
 2 **description -- taxable percentage -- application for reduced**
 3 **rate. (1) Class twenty-one property includes:**

4 (a) all land used for commercial purposes except that
 5 specifically included in another class;

6 (b) all improvements and personal property rigidly
 7 affixed to land or improvements and used for commercial
 8 purposes except that specifically included in another class;

9 (c) golf courses, including land and improvements
 10 actually and necessarily used for that purpose, that consist
 11 of at least nine holes and not less than 3,000 lineal yards;

12 (d) items of personal property intended for rent or
 13 lease in the ordinary course of business, provided each item
 14 of personal property satisfies all of the following:

15 (i) the full and true value of the personal property is
 16 more than \$10,000;

17 (ii) the personal property is owned by a business whose
 18 primary business income is from the rental or lease of
 19 personal property to individuals wherein no one customer of
 20 the business accounts for more than 10% of the total rentals
 21 or leases during a calendar year; and

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

24 (e) equipment, except that specifically included in
 25 another class, used in commercial establishments as defined

1 in this section;

2 (f) all other property not included in any other class
 3 in this part, except that property subject to a fee in lieu
 4 of a property tax.

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

8 (3) (a) Except as provided in 15-24-1402, 15-24-1501,
 9 and subsection (3)(b) of this section, class twenty-one
 10 property is taxed at 5.3% of market value.

11 (b) Real and personal property classified under this
 12 section is taxed at 3.86% of market value if the property:

13 (i) is integrally related in a single working unit;

14 (ii) is not in production on the assessment date of the
 15 current taxable year; and

16 (iii) has not been in production during any 6 months of
 17 the preceding 12 months before the assessment date of the
 18 current taxable year.

19 (4) A person applying for the reduced rate as provided
 20 in subsection (3)(b) shall make an application to the
 21 department of revenue on a form provided without cost by the
 22 department.

23 (5) All property classified under this section is
 24 subject to the provisions of 15-16-101 and 15-16-102.

25 **Section 14.** Section 15-6-201, MCA, is amended to read:

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

3 (a) the property of:

4 (i) the United States, the state, counties, cities,
5 towns, school districts, except, if congress passes
6 legislation that allows the state to tax property owned by
7 an agency created by congress to transmit or distribute
8 electrical energy, the property constructed, owned, or
9 operated by a public agency created by the congress to
10 transmit or distribute electric energy produced at privately
11 owned generating facilities (not including rural electric
12 cooperatives);

13 (ii) irrigation districts organized under the laws of
14 Montana and not operating for profit;

15 (iii) municipal corporations; and

16 (iv) public libraries;

17 (b) buildings, with land they occupy and furnishings
18 therein, owned by a church and used for actual religious
19 worship or for residences of the clergy, together with
20 adjacent land reasonably necessary for convenient use of the
21 buildings;

22 (c) property used exclusively for agricultural and
23 horticultural societies, for educational purposes, and for
24 nonprofit health care facilities, as defined in 50-5-101,
25 licensed by the department of health and environmental

1 sciences and organized under Title 35, chapter 2 or 3. A
2 health care facility that is not licensed by the department
3 of health and environmental sciences and organized under
4 Title 35, chapter 2 or 3, is not exempt.

5 (d) property that meets the following conditions:

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

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

12 (iii) is not maintained and operated for private or
13 corporate profit;

14 (e) institutions of purely public charity;

15 (f) evidence of debt secured by mortgages of record
16 upon real or personal property in the state of Montana;

17 (g) public art galleries and public observatories not
18 used or held for private or corporate profit;

19 (h) all household goods and furniture, including but
20 not limited to clocks, musical instruments, sewing machines,
21 and wearing apparel of members of the family, used by the
22 owner for personal and domestic purposes or for furnishing
23 or equipping the family residence;

24 (i) a truck canopy cover or topper weighing less than
25 300 pounds and having no accommodations attached. This

1 property is also exempt from taxation under 61-3-504(2) and
2 61-3-537.

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

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

6 (l) all watercraft;

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

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

17 (o) property owned and used by a corporation or
18 association organized and operated exclusively for the care
19 of the developmentally disabled, mentally ill, or
20 vocationally handicapped as defined in 18-5-101, which is
21 not operated for gain or profit;

22 (p) all farm buildings with a market value of less than
23 \$500 and all agricultural implements and machinery with a
24 market value of less than \$100;

25 (q) property owned by a nonprofit corporation organized

1 to provide facilities primarily for training and practice
2 for or competition in international sports and athletic
3 events and not held or used for private or corporate gain or
4 profit. For purposes of this subsection (q), "nonprofit
5 corporation" means an organization exempt from taxation
6 under section 501(c) of the Internal Revenue Code and
7 incorporated and admitted under the Montana Nonprofit
8 Corporation Act.

9 ~~(r) provided the tools are owned by the taxpayer; the~~
10 ~~first \$15,000 or less of market value of~~ tools that are
11 customarily hand-held and that are used to:

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

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

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

17 (t) a title plant owned by a title insurer or a title
18 insurance producer, as those terms are defined in
19 33-25-105;

20 (u) furniture and fixtures;

21 (v) the first \$10,000 or less of all goods and
22 equipment intended for rent or lease;

23 (w) citizens' band radios and mobile telephones;

24 (x) theater projectors and sound equipment; and

25 (y) all tangible supplies and materials used or

1 consumed in a business.

2 (2) (a) The term "institutions of purely public
3 charity" includes organizations owning and operating
4 facilities for the care of the retired or aged or
5 chronically ill, which are not operated for gain or profit.

6 (b) The terms "public art galleries" and "public
7 observatories" include only those art galleries and
8 observatories, whether of public or private ownership, that
9 are open to the public without charge at all reasonable
10 hours and are used for the purpose of education only.

11 (3) The following portions of the appraised value of a
12 capital investment made after January 1, 1979, in a
13 recognized nonfossil form of energy generation, as defined
14 in 15-32-102, are exempt from taxation for a period of 10
15 years following installation of the property:

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

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

20 **Section 15.** Section 15-7-103, MCA, is amended to read:

21 "15-7-103. Classification and appraisal -- general and
22 uniform methods. (1) It is the duty of the department of
23 revenue to implement the provisions of 15-7-101 through
24 15-7-103 by providing:

25 (a) for a general and uniform method of classifying

1 lands in the state for the purpose of securing an equitable
2 and uniform basis of assessment of said lands for taxation
3 purposes;

4 (b) for a general and uniform method of appraising city
5 and town lots;

6 (c) for a general and uniform method of appraising
7 rural and urban improvements;

8 (d) for a general and uniform method of appraising
9 timberlands.

10 (2) All lands shall be classified according to their
11 use or uses and graded within each class according to soil
12 and productive capacity. In such classification work, use
13 shall be made of soil surveys and maps and all other
14 pertinent available information.

15 (3) All lands must be classified by parcels or
16 subdivisions not exceeding 1 section each, by the sections,
17 fractional sections, or lots of all tracts of land that have
18 been sectionized by the United States government, or by
19 metes and bounds, whichever yields a true description of the
20 land.

21 (4) All agricultural lands must be classified and
22 appraised as agricultural lands without regard to the best
23 and highest value use of adjacent or neighboring lands.

24 (5) In any periodic revaluation of taxable property
25 completed under the provisions of 15-7-111 after January 1,

1 1986, all property classified in 15-6-134 or property
 2 classified in [section 13] must be appraised on its market
 3 value in the same year. The department may use the same year
 4 for property classified in 15-6-134 or [section 13]. The
 5 department shall publish a rule specifying the year used in
 6 the appraisal of property classified in 15-6-134 and the
 7 year used in the appraisal of property classified in
 8 [section 13].

9 (6) All sewage disposal systems and domestic use water
 10 supply systems of all dwellings may not be appraised,
 11 assessed, and taxed separately from the land, house, or
 12 other improvements in which they are located. In no event
 13 may the sewage disposal or domestic water supply systems be
 14 included twice by including them in the valuation and
 15 assessing them separately."

16 **Section 16.** Section 15-8-205, MCA, is amended to read:

17 "15-8-205. Initial assessment of class twelve four
 18 trailer and mobile home property -- when. The county
 19 assessor shall assess all class twelve four trailer and
 20 mobile home property immediately upon arrival in the county
 21 if the taxes have not been previously paid for that year in
 22 another county in Montana."

23 **Section 17.** Section 15-10-402, MCA, is amended to read:

24 "15-10-402. Property tax limited to 1986 levels. (1)
 25 Except as provided in subsections (2) and (3), the amount of

1 taxes levied on property described in 15-6-133, 15-6-134,
 2 and 15-6-136, 15-6-142, and 15-6-144 may not, for any taxing
 3 jurisdiction, exceed the amount levied for taxable year
 4 1986.

5 (2) The limitation contained in subsection (1) does not
 6 apply to levies for rural improvement districts, Title 7,
 7 chapter 12, part 21; special improvement districts, Title 7,
 8 chapter 12, part 41; elementary and high school districts,
 9 Title 20; or bonded indebtedness.

10 (3) New construction or improvements to or deletions
 11 from property described in subsection (1) are subject to
 12 taxation at 1986 levels.

13 (4) As used in this section, the "amount of taxes
 14 levied" and the "amount levied" mean the actual dollar
 15 amount of taxes imposed on an individual piece of property,
 16 notwithstanding an increase or decrease in value due to
 17 inflation, reappraisal, adjustments in the percentage
 18 multiplier used to convert appraised value to taxable value,
 19 changes in the number of mills levied, or increase or
 20 decrease in the value of a mill."

21 **Section 18.** Section 15-10-412, MCA, is amended to read:

22 "15-10-412. Property tax limited to 1986 levels --
 23 clarification -- extension to all property classes. Section
 24 15-10-402 is interpreted and clarified as follows:

25 (1) The limitation to 1986 levels is extended to apply

1 to all classes of property described in Title 15, chapter 6,
2 part 1.

3 (2) The limitation on the amount of taxes levied is
4 interpreted to mean that, except as otherwise provided in
5 this section, the actual tax liability for an individual
6 property is capped at the dollar amount due in each taxing
7 unit for the 1986 tax year. In tax years thereafter, the
8 property must be taxed in each taxing unit at the 1986 cap
9 or the product of the taxable value and mills levied,
10 whichever is less for each taxing unit, except in a taxing
11 unit that levied a tax in tax years 1983 through 1985 but
12 did not levy a tax in 1986, in which case the actual tax
13 liability for an individual property is capped at the dollar
14 amount due in that taxing unit for the 1985 tax year.

15 (3) The limitation on the amount of taxes levied does
16 not mean that no further increase may be made in the total
17 taxable valuation of a taxing unit as a result of:

- 18 (a) annexation of real property and improvements into a
19 taxing unit;
20 (b) construction, expansion, or remodeling of
21 improvements;
22 (c) transfer of property into a taxing unit;
23 (d) subdivision of real property;
24 (e) reclassification of property;
25 (f) increases in the amount of production or the value

1 of production for property described in 15-6-131 or
2 15-6-132;

3 (g) transfer of property from tax-exempt to taxable
4 status;

5 (h) revaluations caused by:

6 (i) cyclical reappraisal; or

7 (ii) expansion, addition, replacement, or remodeling of
8 improvements; or

9 (i) increases in property valuation pursuant to
10 15-7-111(4) through (8) in order to equalize property values
11 annually.

12 (4) The limitation on the amount of taxes levied does
13 not mean that no further increase may be made in the taxable
14 valuation or in the actual tax liability on individual
15 property in each class as a result of:

16 (a) a revaluation caused by:

17 (i) construction, expansion, replacement, or remodeling
18 of improvements that adds value to the property; or

19 (ii) cyclical reappraisal;

20 (b) transfer of property into a taxing unit;

21 (c) reclassification of property;

22 (d) increases in the amount of production or the value
23 of production for property described in 15-6-131 or
24 15-6-132;

25 (e) annexation of the individual property into a new

1 taxing unit;

2 (f) conversion of the individual property from
3 tax-exempt to taxable status; or

4 (g) increases in property valuation pursuant to
5 15-7-111(4) through (8) in order to equalize property values
6 annually.

7 (5) Property in ~~classes~~ class four, ~~twelve,~~ ~~and~~
8 ~~fourteen~~ is valued according to the procedures used in 1986,
9 including the designation of 1982 as the base year, until
10 the reappraisal cycle beginning January 1, 1986, is
11 completed and new valuations are placed on the tax rolls and
12 a new base year designated, if the property is:

13 (a) new construction;

14 (b) expanded, deleted, replaced, or remodeled
15 improvements;

16 (c) annexed property; or

17 (d) property converted from tax-exempt to taxable
18 status.

19 (6) Property described in subsections (5)(a) through
20 (5)(d) that is not ~~class~~ four, ~~class~~ ~~twelve,~~ ~~or~~ ~~class~~
21 ~~fourteen~~ property is valued according to the procedures used
22 in 1986 but is also subject to the dollar cap in each taxing
23 unit based on 1986 mills levied.

24 (7) The limitation on the amount of taxes, as clarified
25 in this section, is intended to leave the property appraisal

1 and valuation methodology of the department of revenue
2 intact. Determinations of county classifications, salaries
3 of local government officers, and all other matters in which
4 total taxable valuation is an integral component are not
5 affected by 15-10-401 and 15-10-402 except for the use of
6 taxable valuation in fixing tax levies. In fixing tax
7 levies, the taxing units of local government may anticipate
8 the deficiency in revenues resulting from the tax
9 limitations in 15-10-401 and 15-10-402, while understanding
10 that regardless of the amount of mills levied, a taxpayer's
11 liability may not exceed the dollar amount due in each
12 taxing unit for the 1986 tax year unless:

13 (a) the taxing unit's taxable valuation decreases by 5%
14 or more from the 1986 tax year. If a taxing unit's taxable
15 valuation decreases by 5% or more from the 1986 tax year, it
16 may levy additional mills to compensate for the decreased
17 taxable valuation, but in no case may the mills levied
18 exceed a number calculated to equal the revenue from
19 property taxes for the 1986 tax year in that taxing unit.

20 (b) a levy authorized under Title 20 raised less
21 revenue in 1986 than was raised in either 1984 or 1985, in
22 which case the taxing unit may, after approval by the voters
23 in the taxing unit, raise each year thereafter an additional
24 number of mills but may not levy more revenue than the
25 3-year average of revenue raised for that purpose during

1 1984, 1985, and 1986;

2 (c) a levy authorized in 50-2-111 that was made in 1986
3 was for less than the number of mills levied in either 1984
4 or 1985, in which case the taxing unit may, after approval
5 by the voters in the taxing unit, levy each year thereafter
6 an additional number of mills but may not levy more than the
7 3-year average number of mills levied for that purpose
8 during 1984, 1985, and 1986.

9 (8) The limitation on the amount of taxes levied does
10 not apply to the following levy or special assessment
11 categories, whether or not they are based on commitments
12 made before or after approval of 15-10-401 and 15-10-402:

- 13 (a) rural improvement districts;
- 14 (b) special improvement districts;
- 15 (c) levies pledged for the repayment of bonded
16 indebtedness, including tax increment bonds;
- 17 (d) city street maintenance districts;
- 18 (e) tax increment financing districts;
- 19 (f) satisfaction of judgments against a taxing unit;
- 20 (g) street lighting assessments;
- 21 (h) revolving funds to support any categories specified
22 in this subsection (8);
- 23 (i) levies for economic development authorized pursuant
24 to 90-5-112(4); and
- 25 (j) elementary and high school districts.

1 (9) The limitation on the amount of taxes levied does
2 not apply in a taxing unit if the voters in the taxing unit
3 approve an increase in tax liability following a resolution
4 of the governing body of the taxing unit containing:

5 (a) a finding that there are insufficient funds to
6 adequately operate the taxing unit as a result of 15-10-401
7 and 15-10-402;

8 (b) an explanation of the nature of the financial
9 emergency;

10 (c) an estimate of the amount of funding shortfall
11 expected by the taxing unit;

12 (d) a statement that applicable fund balances are or by
13 the end of the fiscal year will be depleted;

14 (e) a finding that there are no alternative sources of
15 revenue;

16 (f) a summary of the alternatives that the governing
17 body of the taxing unit has considered; and

18 (g) a statement of the need for the increased revenue
19 and how it will be used.

20 (10) (a) The limitation on the amount of taxes levied
21 does not apply to levies required to address the funding of
22 relief of suffering of inhabitants caused by famine,
23 conflagration, or other public calamity.

24 (b) The limitation set forth in this chapter on the
25 amount of taxes levied does not apply to levies to support a

1 city-county board of health as provided in Title 50, chapter
 2 2, if the governing bodies of the taxing units served by the
 3 board of health determine, after a public hearing, that
 4 public health programs require funds to ensure the public
 5 health. A levy for the support of a local board of health
 6 may not exceed the 5-mill limit established in 50-2-111.

7 (11) The limitation on the amount of taxes levied by a
 8 taxing jurisdiction subject to a statutory maximum mill levy
 9 does not prevent a taxing jurisdiction from increasing its
 10 number of mills beyond the statutory maximum mill levy to
 11 produce revenue equal to its 1986 revenue.

12 (12) The limitation on the amount of taxes levied does
 13 not apply to a levy increase to repay taxes paid under
 14 protest in accordance with 15-1-402."

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

16 "15-16-611. Reduction of property tax for property
 17 destroyed by natural disaster. (1) The department of revenue
 18 shall, upon showing by a taxpayer that some or all of the
 19 improvements on his real property or a trailer or mobile
 20 home ~~as described in 15-6-142~~ have been destroyed to such an
 21 extent that such improvements have been rendered unsuitable
 22 for their previous use by natural disaster, adjust the
 23 taxable value on the property, accounting for the
 24 destruction.

25 (2) The county treasurer shall adjust the tax due and

1 payable for the current year on the property under 15-16-102
 2 as provided in subsection (3) of this section.

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

5 (a) multiply the amount of tax levied and assessed on
 6 the original taxable value of the property for the year by
 7 the ratio that the number of days in the year that the
 8 property existed before destruction bears to 365; and

9 (b) multiply the amount of tax levied and assessed on
 10 the adjusted taxable value of the property for the remainder
 11 of the year by the ratio that the number of days remaining
 12 in the year after the destruction of the property bears to
 13 365.

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

17 (5) For the purposes of this section, "natural
 18 disaster" includes but is not limited to fire, flood,
 19 earthquake, or wind."

20 **Section 20.** Section 15-16-613, MCA, is amended to read:

21 "15-16-613. Refund of certain taxes paid in other
 22 states. Subject to the provisions of 15-16-601 and upon
 23 proof that tax was paid in another state, a taxpayer is
 24 entitled to a refund equal to the amount of tax paid in
 25 another state on a helicopter or property that was assessed

1 in Montana under ~~15-6-130(i)(g)~~ [section 13(1)(f)] on
 2 January 1 of the year for which the refund is due. The
 3 refund under this section may not exceed the tax that was
 4 paid in Montana on the same property for the same period of
 5 time."

6 NEW SECTION. Section 21. Repealer. Sections 15-6-142,
 7 15-6-144, 15-6-148, 15-6-150, and 15-6-155, MCA, are
 8 repealed.

9 NEW SECTION. Section 22. Codification instruction.
 10 [Section 13] is intended to be codified as an integral part
 11 of Title 15, chapter 6, part 1, and the provisions of Title
 12 15, chapter 6, part 1, apply to [section 13].

13 NEW SECTION. Section 23. Coordination instruction. If
 14 House Bill No. 340 is passed and approved and if it includes
 15 a section that amends 15-6-143, then the amendments made by
 16 [this act] to 15-6-133(1)(c), 15-6-143, and section 10,
 17 Chapter 681, Laws of 1985, are void.

18 NEW SECTION. Section 24. Severability. If a part of
 19 [this act] is invalid, all valid parts that are severable
 20 from the invalid part remain in effect. If a part of [this
 21 act] is invalid in one or more of its applications, the part
 22 remains in effect in all valid applications that are
 23 severable from the invalid applications.

24 NEW SECTION. Section 25. Saving clause. [This act]
 25 does not affect rights and duties that matured, penalties

1 that were incurred, or proceedings that were begun before
 2 [the effective date of this act].

3 NEW SECTION. Section 26. Effective dates.
 4 (1) [Sections 10, 22 through 25, and this section] are
 5 effective on passage and approval.

6 (2) [Sections 1 through 9 and 11 through 21] are
 7 effective January 1, 1992.

8 NEW SECTION. Section 27. Applicability. (1) [Section
 9 10] applies retroactively, within the meaning of 1-2-109, to
 10 taxable years beginning after December 31, 1990.

11 (2) [Sections 1 through 9 and 11 through 21] apply to
 12 taxable years beginning after December 31, 1991.

-End-

APPROVED BY COMMITTEE
ON TAXATION

1 HOUSE BILL NO. 1004
 2 INTRODUCED BY DOLEZAL, HALLIGAN, REAM, ECK,
 3 HARPER, HARRINGTON
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 6 TAXATION OF PROPERTY; CLASSIFYING--COMMERCIAL--LAND--AND
 7 IMPROVEMENTS---AND---CERTAIN---PERSONAL--PROPERTY--AS--CLASS
 8 TWENTY-ONE--PROPERTY;--PROVIDING--THAT---CLASS---TWENTY-ONE
 9 PROPERTY---IS---TAXED---AT--5.3--PERCENT--OF--MARKET--VALUE;
 10 ELIMINATING--CLASS--TWENTY--PROPERTY;--PROVIDING--THAT--CLASS
 11 TWENTY-ONE--PROPERTY--THAT--IS--NONPRODUCTIVE--IS--TAXED--AT--A
 12 REDUCED--RATE;--ELIMINATING--CLASS---TWELVE---PROPERTY---AND
 13 INCLUDING--TRAILERS--AND--MOBILE--HOMES--IN--CLASS--FOUR--PROPERTY;
 14 ELIMINATING--CLASS--FOURTEEN--PROPERTY--AND--INCLUDING--FARMSTEADS
 15 AND--OTHER--AGRICULTURAL--IMPROVEMENTS--IN--CLASS--FOUR--PROPERTY;
 16 PROVIDING--THAT--MULTIFAMILY--RESIDENCES--ARE--NOT--COMMERCIAL
 17 PROPERTY;--INCREASING--THE--TAX--RATE--ON--GROSS--PROCEEDS--OF--METAL
 18 MINES--FROM--3--PERCENT--TO--5--PERCENT;--ELIMINATING--CLASS
 19 EIGHTEEN--PROPERTY--AND--INCLUDING--NONPRODUCTIVE--MINING--CLAIMS
 20 IN--CLASS--THREE--PROPERTY;--RECLASSIFYING--CERTAIN--PERSONAL
 21 PROPERTY;--EXEMPTING--CERTAIN--PERSONAL--PROPERTY--FROM--TAXATION;
 22 EXTENDING--THE--TERMINATION--DATE--OF--CLASS--THIRTEEN--PROPERTY
 23 TAXING---TIMBERLANDS;--INCREASING--THE--TAX--RATE--ON--CLASS
 24 THIRTEEN--PROPERTY--TO--5.3--PERCENT;--PROVIDING--THAT--CERTAIN
 25 TIMBERLAND--IS--CLASSIFIED--AS--AGRICULTURAL--LAND;--AMENDING

1 SECTIONS--7--13--2527;--15--1--101;--15--1--111;--15--6--132;--15--6--133;
 2 15--6--134;--15--6--136;--15--6--137;--15--6--138;--15--6--143;--15--6--153;
 3 15--6--201;--15--7--103;--15--8--205;--15--10--402;--15--10--412;
 4 15--16--611;--AND--15--16--613;--MCA;--AND--SECTION--10;--CHAPTER--60;
 5 LAWS--OF--1985;--REPEALING--SECTIONS---15--6--142;--15--6--144;
 6 15--6--148;--15--6--150;--AND--15--6--155;--MCA;--AND--PROVIDING
 7 EFFECTIVE--DATES--AND--APPLICABILITY---DATES CONSOLIDATING
 8 PROPERTY TAX CLASSES; ELIMINATING PRESENT CLASS TWELVE
 9 PROPERTY AND INCLUDING TRAILERS AND MOBILE HOMES IN CLASS
 10 FOUR PROPERTY; ELIMINATING CLASS EIGHTEEN PROPERTY
 11 (NONPRODUCTIVE MINING CLAIMS), CLASS NINETEEN PROPERTY
 12 (NONPRODUCTIVE REAL ESTATE), AND CLASS TWENTY PROPERTY
 13 (OUT-OF-PRODUCTION AGRICULTURAL LAND AND TIMBERLAND), ALL OF
 14 WHICH BECOME TAXABLE AS CLASS FOUR PROPERTY; CONSOLIDATING
 15 RAILROAD PROPERTY AND AIRLINE PROPERTY INTO ONE CLASS;
 16 DELETING THE FORMULA FOR COMPUTING THE VALUE OF OTHER
 17 COMMERCIAL PROPERTY NECESSARY FOR TAXATION OF RAILROAD
 18 PROPERTY AND AIRLINE PROPERTY BY DELETING NET AND GROSS
 19 PROCEEDS; DELETING THE SEPARATE PROVISION IN CLASS SIX
 20 PROPERTY FOR MALTING BARLEY FACILITIES; REPEALING THE
 21 STATUTORY APPROPRIATION FOR REIMBURSEMENTS TO LOCAL
 22 GOVERNMENTS AND SCHOOLS FOR LOSS OF PERSONAL PROPERTY
 23 VALUATION; REPEALING THE PROPERTY TAX LIMITATIONS ENACTED BY
 24 INITIATIVE MEASURE NO. 105; AMENDING SECTIONS 7-13-2527,
 25 15-1-101, 15-6-133, 15-6-134, 15-6-135, 15-6-136, 15-6-138,



1 15-6-141, 15-6-143, 15-6-144, 15-6-145, 15-6-201, 15-8-205,
 2 15-16-111, 15-16-611, 17-7-502, AND 67-3-204, MCA, AND
 3 SECTION 10, CHAPTER 681, LAWS OF 1985; REPEALING SECTIONS
 4 15-1-111, 15-6-142, 15-6-147, 15-6-148, 15-6-149, 15-6-150,
 5 15-6-153, 15-6-154, 15-6-155, 15-10-401, 15-10-402,
 6 15-10-411, AND 15-10-412, MCA; AND PROVIDING AN IMMEDIATE
 7 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

10 (Refer to Introduced Bill)

11 Strike everything after the enacting clause and insert:

12 **Section 1.** Section 7-13-2527, MCA, is amended to read:

13 "7-13-2527. List of property owners. (1) A copy of the
 14 order creating the district shall be delivered to the county
 15 assessor of each county within the district.

16 (2) The assessor shall, on or before August 1 of any
 17 given year, prepare and certify a list of all persons owning
 18 class ~~four~~-class-twelve, or class fourteen ~~eleven~~ property
 19 within such district and deliver a copy of such list to the
 20 board of trustees of said district."

21 **Section 2.** Section 15-1-101, MCA, is amended to read:

22 "15-1-101. Definitions. (1) Except as otherwise
 23 specifically provided, when terms mentioned in this section
 24 are used in connection with taxation, they are defined in
 25 the following manner:

1 (a) The term "agricultural" refers to the raising of
 2 livestock, poultry, bees, and other species of domestic
 3 animals and wildlife in domestication or a captive
 4 environment, and the raising of field crops, fruit, and
 5 other animal and vegetable matter for food or fiber.

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

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

12 (d) (i) The term "commercial", when used to describe
 13 property, means any property used or owned by a business, a
 14 trade, or a nonprofit corporation as defined in 35-2-102 or
 15 used for the production of income, except that property
 16 described in subsection (ii).

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

18 (A) agricultural lands;

19 (B) timberlands;

20 (C) single-family and multifamily residences and
 21 ancillary improvements and improvements necessary to the
 22 function of a bona fide farm, ranch, or stock operation;

23 (D) mobile homes used exclusively as a residence except
 24 when held by a distributor or dealer of trailers or mobile
 25 homes as his stock in trade;

1 (E) all property described in 15-6-135; and
 2 (F) all property described in 15-6-136.
 3 (e) The term "comparable property" means property that
 4 has similar use, function, and utility; that is influenced
 5 by the same set of economic trends and physical,
 6 governmental, and social factors; and that has the potential
 7 of a similar highest and best use.
 8 (f) The term "credit" means solvent debts, secured or
 9 unsecured, owing to a person.
 10 (g) The term "improvements" includes all buildings,
 11 structures, fences, and improvements situated upon, erected
 12 upon, or affixed to land. When the department of revenue or
 13 its agent determines that the permanency of location of a
 14 mobile home or house trailer has been established, the mobile
 15 home or house trailer is presumed to be an improvement to
 16 real property. A mobile home or house trailer may be
 17 determined to be permanently located only when it is
 18 attached to a foundation which cannot feasibly be relocated
 19 and only when the wheels are removed.
 20 (h) The term "leasehold improvements" means
 21 improvements to mobile homes and mobile homes located on
 22 land owned by another person. This property is assessed
 23 under the appropriate classification and the taxes are due
 24 and payable in two payments as provided in 15-24-202.
 25 Delinquent taxes on such leasehold improvements are a lien

1 only on such leasehold improvements.
 2 (i) The term "livestock" means cattle, sheep, swine,
 3 goats, horses, mules, and asses.
 4 (j) The term "mobile home" means forms of housing known
 5 as "trailers", "housetrailers", or "trailer coaches"
 6 exceeding 8 feet in width or 45 feet in length, designed to
 7 be moved from one place to another by an independent power
 8 connected to them, or any "trailer", "housetrailer", or
 9 "trailer coach" up to 8 feet in width or 45 feet in length
 10 used as a principal residence.
 11 ~~{k} The term "personal property" includes everything~~
 12 ~~that is the subject of ownership but that is not included~~
 13 ~~within the meaning of the terms "real estate" and~~
 14 ~~"improvements".~~
 15 {l}(k) The term "poultry" includes all chickens,
 16 turkeys, geese, ducks, and other birds raised in
 17 domestication to produce food or feathers.
 18 {m}(l) The term "property" includes moneys, credits,
 19 bonds, stocks, franchises, and all other matters and things,
 20 real, personal, and mixed, capable of private ownership.
 21 This definition must not be construed to authorize the
 22 taxation of the stocks of any company or corporation when
 23 the property of such company or corporation represented by
 24 the stocks is within the state and has been taxed.
 25 {n}(m) The term "real estate" includes:

1 (i) the possession of, claim to, ownership of, or right
2 to the possession of land;

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

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

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

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

24 (2) The phrase "municipal corporation" or
25 "municipality" or "taxing unit" shall be deemed to include a

1 county, city, incorporated town, township, school district,
2 irrigation district, drainage district, or any person,
3 persons, or organized body authorized by law to establish
4 tax levies for the purpose of raising public revenue.

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

7 **Section 3.** Section 15-6-133, MCA, is amended to read:

8 **"15-6-133. Class three property — description —**
9 **taxable percentage.** (1) Class three property includes:

10 (a) agricultural land as defined in 15-7-202;

11 (b) nonproductive patented mining claims outside the
12 limits of an incorporated city or town held by an owner for
13 the ultimate purpose of developing the mineral interests on
14 the property. For the purposes of this subsection (1)(b),
15 the following provisions apply:

16 (i) The claim may not include any property that is used
17 for residential purposes, recreational purposes as described
18 in 70-16-301, or commercial purposes as defined in 15-1-101
19 or any property the surface of which is being used for other
20 than mining purposes or has a separate and independent value
21 for such other purposes.

22 (ii) Improvements to the property that would not
23 disqualify the parcel are taxed as otherwise provided in
24 this title, including that portion of the land upon which
25 such improvements are located and that is reasonably

1 required for the use of the improvements.

2 (iii) Nonproductive patented mining claim property must
 3 be valued as if the land were devoted to agricultural
 4 grazing use.

5 (2) Class three property is taxed at the taxable
 6 percentage rate "P" of its productive capacity.

7 (3) Until July 1, 1986, the taxable percentage rate "P"
 8 for class three property is 30%.

9 (4) Prior to July 1, 1986, the department of revenue
 10 shall determine the taxable percentage rate "P" applicable
 11 to class three property for the revaluation cycle beginning
 12 January 1, 1986, as follows:

13 (a) The director of the department of revenue shall
 14 certify to the governor before July 1, 1986, the percentage
 15 by which the appraised value of all property in the state
 16 classified under class three as of January 1, 1986, has
 17 increased due to the revaluation conducted under 15-7-111.
 18 This figure is the "certified statewide percentage
 19 increase".

20 (b) The taxable value of property in class three is
 21 determined as a function of the certified statewide
 22 percentage increase in accordance with the table shown
 23 below.

24 (c) This table limits the statewide increase in taxable
 25 valuation resulting from reappraisal to 0%. In calculating

1 the percentage increase, the department may not consider
 2 agricultural use changes during calendar year 1985.

3 (d) The taxable percentage must be calculated by
 4 interpolation to coincide with the nearest whole number
 5 certified statewide percentage increase from the following
 6 table:

7 Certified Statewide	8 Class Three Taxable
9 Percentage Increase	10 Percentage "P"
11 0	12 30.00
13 10	14 27.27
15 20	16 25.00
17 30	18 23.08
19 40	20 21.43
21 50	22 20.00

23 (5) After July 1, 1986, no adjustment may be made by
 24 the department to the taxable percentage rate "P" until a
 25 revaluation has been made as provided in 15-7-111."

18 **Section 4.** Section 15-6-134, MCA, is amended to read:

19 **"15-6-134. Class four property -- description --**
 20 **taxable percentage. (1) Class four property includes:**

21 (a) all land except that specifically included in
 22 another class;

23 (b) all improvements, including trailers or mobile
 24 homes used as a residence, except those specifically
 25 included in another class;

1 (c) the first \$80,000 or less of the market value of
 2 any improvement on real property, including trailers or
 3 mobile homes, and appurtenant land not exceeding 5 acres
 4 owned or under contract for deed and actually occupied for
 5 at least 10 months a year as the primary residential
 6 dwelling of any person whose total income from all sources
 7 and net business income and losses, including otherwise
 8 tax-exempt income of all types is not more than \$10,000 for
 9 a single person or \$12,000 for a married couple or a head of
 10 household, as adjusted according to subsection (2)(b)(ii);

11 (d) all golf courses, including land and improvements
 12 actually and necessarily used for that purpose, that consist
 13 of at least 9 holes and not less than 3,000 lineal yards.

14 (2) Class four property is taxed as follows:

15 (a) Except as provided in 15-24-1402 or 15-24-1501,
 16 property described in subsections (1)(a) and (1)(b) is taxed
 17 at ~~3.86%~~ 4% of its market value.

18 (b) (i) Property described in subsection (1)(c) is
 19 taxed at ~~3.86%~~ 4% of its market value multiplied by a
 20 percentage figure based on gross income and determined from
 21 the following table:

Income		Percentage Multiplier
Income	Married Couple <u>or</u> Head of Household	
\$ 0 - \$ 1,000	\$ 0 - \$ 1,200	0%

1	1,001 - 2,000	1,201 - 2,400	10%
2	2,001 - 3,000	2,401 - 3,600	20%
3	3,001 - 4,000	3,601 - 4,800	30%
4	4,001 - 5,000	4,801 - 6,000	40%
5	5,001 - 6,000	6,001 - 7,200	50%
6	6,001 - 7,000	7,201 - 8,400	60%
7	7,001 - 8,000	8,401 - 9,600	70%
8	8,001 - 9,000	9,601 - 10,800	80%
9	9,001 - 10,000	10,801 - 12,000	90%

10 (ii) The income levels contained in the table in
 11 subsection (2)(b)(i) must be adjusted for inflation annually
 12 by the department of revenue. The adjustment to the income
 13 levels is determined by:

14 (A) multiplying the appropriate dollar amount from the
 15 table in subsection (2)(b)(i) by the ratio of the PCE for
 16 the second quarter of the year prior to the year of
 17 application to the PCE for the second quarter of 1986; and

18 (B) rounding the product thus obtained to the nearest
 19 whole dollar amount.

20 (iii) "PCE" means the implicit price deflator for
 21 personal consumption expenditures as published quarterly in
 22 the Survey of Current Business by the bureau of economic
 23 analysis of the U.S. department of commerce.

24 (c) Property described in subsection (1)(d) is taxed at
 25 one-half the taxable percentage rate established in

1 subsection (2)(a).

2 (3) After July 1, 1986, no adjustment may be made by
3 the department to the taxable percentage rate for class four
4 property until a revaluation has been made as provided in
5 15-7-111.

6 (4) Within the meaning of comparable property as
7 defined in 15-1-101, property assessed as commercial
8 property is comparable only to other property assessed as
9 commercial property, and property assessed as other than
10 commercial property is comparable only to other property
11 assessed as other than commercial property."

12 NEW SECTION. Section 5. Property tax credit. (1) For
13 the purposes of this section, the following definitions
14 apply:

15 (a) "Homestead" means a single-family dwelling unit or
16 unit of a multiple-unit dwelling that is subject to ad
17 valorem taxes in Montana and that is owned and occupied as
18 the principal residence of the owner and as much of the
19 surrounding land, but not in excess of 1 acre, as is
20 reasonably necessary for its use as a dwelling.

21 (b) "Household" means an association of persons who
22 live in the same dwelling, sharing its furnishings,
23 facilities, accommodations, and expenses. The term does not
24 include bona fide lessees, tenants, or roomers and boarders
25 on contract.

1 (c) "Proof of payment" means a copy of the notice of
2 the amount of property taxes owed by the taxpayer that was
3 sent to the taxpayer, pursuant to 15-16-101, together with a
4 receipt, issued pursuant to 15-16-104, that shows the amount
5 of property taxes paid by the taxpayer or other
6 documentation approved by the department of revenue that
7 shows the amount of property taxes that were owed by the
8 taxpayer and the receipt of payment of property taxes by the
9 taxpayer or his agent.

10 (d) "Property tax" means general ad valorem taxes
11 levied against the homestead, exclusive of special
12 assessments, penalties, or interest.

13 (2) Except as provided in subsection (3), a taxpayer is
14 entitled to receive a credit against taxes imposed under
15 this chapter equal to one-half of the first \$400 of property
16 taxes paid by the taxpayer during the taxable year.

17 (3) (a) A taxpayer who files a claim with the
18 department under 15-30-171 through 15-30-179 is ineligible
19 to receive a credit under this section.

20 (b) Only one taxpayer in each household is eligible to
21 receive a credit under this section.

22 (c) A taxpayer shall provide proof of payment at the
23 time a return is filed, claiming a credit for property taxes
24 paid.

25 (4) The department shall, not later than November 30,

1 notify all Montana residents who pay property taxes that
 2 they are eligible for an income tax credit for property tax
 3 relief. The content of this notification must be reviewed by
 4 the revenue oversight committee prior to its being sent to
 5 Montana residents who pay property taxes. The notice must
 6 contain, at a minimum, the following statement:

7 "The 52nd Legislature has provided an income tax credit
 8 for property tax relief up to \$200 for every Montana
 9 resident. To qualify for this credit, you should contact
 10 your county assessor or county appraiser."

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

12 *15-6-135. Class five property -- description --
 13 taxable percentage. (1) Class five property includes:

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

19 ~~(b) air and water pollution control equipment as~~
 20 ~~defined in this section;~~

21 ~~(c) new industrial property as defined in this~~
 22 ~~section;~~

23 ~~(d) any personal or real property used primarily in~~
 24 ~~the production of gasohol during construction and for the~~
 25 ~~first 3 years of its operation;~~

1 ~~(e) (d)~~ all land and improvements and all personal
 2 property owned by a research and development firm, provided
 3 that the property is actively devoted to research and
 4 development;

5 ~~(f) (e)~~ machinery and equipment used in electrolytic
 6 reduction facilities.

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

14 ~~(b) The department of health and environmental~~
 15 ~~sciences' determination as to air and water pollution~~
 16 ~~equipment may be appealed to the board of health and~~
 17 ~~environmental sciences and may not be appealed to either a~~
 18 ~~county tax appeal board or the state tax appeal board.~~
 19 ~~However, the appraised value of the equipment as determined~~
 20 ~~by the department of revenue may be appealed to the county~~
 21 ~~tax appeal board and the state tax appeal board.~~

22 ~~(3) (2)~~ "New industrial property" means any new
 23 industrial plant, including land, buildings, machinery, and
 24 fixtures, used by new industries during the first 3 years of
 25 their operation. The property may not have been assessed

1 within the state of Montana prior to July 1, 1961.

2 ~~4~~3 (a) "New industry" means any person,

3 corporation, firm, partnership, association, or other group

4 that establishes a new plant in Montana for the operation of

5 a new industrial endeavor, as distinguished from a mere

6 expansion, reorganization, or merger of an existing

7 industry.

8 (b) New industry includes only those industries that:

9 (i) manufacture, mill, mine, produce, process, or

10 fabricate materials;

11 (ii) do similar work, employing capital and labor, in

12 which materials unserviceable in their natural state are

13 extracted, processed, or made fit for use or are

14 substantially altered or treated so as to create commercial

15 products or materials; or

16 (iii) engage in the mechanical or chemical

17 transformation of materials or substances into new products

18 in the manner defined as manufacturing in the 1972 Standard

19 Industrial Classification Manual prepared by the United

20 States office of management and budget.

21 ~~5~~4 New industrial property does not include:

22 (a) property used by retail or wholesale merchants,

23 commercial services of any type, agriculture, trades, or

24 professions;

25 (b) a plant that will create adverse impact on existing

1 state, county, or municipal services; or

2 (c) property used or employed in any industrial plant

3 that has been in operation in this state for 3 years or

4 longer.

5 ~~6~~5 Class five property is taxed at 3% of its market

6 value."

7 **Section 7.** Section 15-6-136, MCA, is amended to read:

8 **"15-6-136. Class six property -- description -- taxable**

9 **percentage. (1) Class six property includes:**

10 (a) livestock and other species of domestic animals and

11 wildlife raised in domestication or a captive environment,

12 except for cats, dogs, and other household pets not raised

13 for profit; and

14 (b) items of personal property intended for rent or

15 lease in the ordinary course of business, provided each item

16 of personal property satisfies all of the following:

17 (i) the full and true value of the personal property is

18 less than \$5,000;

19 (ii) the personal property is owned by a business whose

20 primary business income is from rental or lease of personal

21 property to individuals wherein no one customer of the

22 business accounts for more than 10% of the total rentals or

23 leases during a calendar year; and

24 (iii) the lease of the personal property is generally on

25 an hourly, daily, or weekly basis; and

~~{c}~~ machinery and equipment used in a malting barley facility; and

~~{d}~~ {c} machinery and equipment used in canola seed oil processing facilities if:

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

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

~~{2}~~ "Malting barley facility" means a facility the principal purpose of which is to malt malting barley. The term does not apply to a facility the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise do anything with malting barley, except malt malting barley. However, any machinery or equipment the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise handle malting barley or other machinery or equipment that is used in or is otherwise an integral part of a facility that malts malting barley is machinery or equipment of a malting barley facility for the purposes of this section.

~~{3}~~ {2} "Canola seed oil processing facility" means a facility that:

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

of those processes; and

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

~~{4}~~ {3} Class six property is taxed at 4% of its market value."

Section 8. Section 15-6-138, MCA, is amended to read:

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

(a) all agricultural implements and equipment;

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

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

(d) all trailers, including those prorated under 15-24-102, except those subject to taxation under 61-3-504(2);

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

(f) buses and trucks having a rated capacity of more than 1 ton, including those prorated under 15-24-102;

(g) truck toppers weighing more than 300 pounds;

~~{h}~~ furniture, fixtures, and equipment, except that

1 ~~specifically--included--in-another-class,--used-in-commercial~~
 2 ~~establishments-as-defined-in-this-section;~~

3 (h) air and water pollution control equipment as
 4 defined in this section;

- 5 (i) x-ray and medical and dental equipment;
- 6 (j) citizens' band radios and mobile telephones;
- 7 (k) radio and television broadcasting and transmitting
- 8 equipment;
- 9 (l) cable television systems;
- 10 (m) coal and ore haulers;
- 11 (n) theater projectors and sound equipment; and
- 12 (o) all other business property not included in any
- 13 other class in this part, except that property subject to a
- 14 fee in lieu of a property tax.

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

20 ~~{3}--"Commercial--establishment"--includes--any--hotel;~~
 21 ~~motel;--office;--petroleum--marketing--station;--or--service;~~
 22 ~~wholesale;--retail;--or--food-handling-business.~~

23 (3) (a) "Air and water pollution control equipment"
 24 means facilities, machinery, or equipment used to reduce or
 25 control water or atmospheric pollution or contamination by

1 removing, reducing, altering, disposing of, or storing
 2 pollutants, contaminants, wastes, or heat. The department of
 3 health and environmental sciences shall determine if such
 4 utilization is being made.

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

13 (4) Class eight property is taxed at 9% 8% of its
 14 market value."

15 **Section 9.** Section 15-6-141, MCA, is amended to read:

16 "15-6-141. Class eleven nine property -- description --
 17 taxable percentage. (1) Class eleven nine property includes:

- 18 (a) centrally assessed electric power companies'
- 19 allocations, including, if congress passes legislation that
- 20 allows the state to tax property owned by an agency created
- 21 by congress to transmit or distribute electrical energy,
- 22 allocations of properties constructed, owned, or operated by
- 23 a public agency created by the congress to transmit or
- 24 distribute electric energy produced at privately owned
- 25 generating facilities (not including rural electric

1 cooperatives);
 2 (b) allocations for centrally assessed natural gas
 3 companies having a major distribution system in this state;
 4 and
 5 (c) centrally assessed companies' allocations except:
 6 (i) electric power and natural gas companies' property;
 7 (ii) property owned by cooperative rural electric and
 8 cooperative rural telephone associations and classified in
 9 class five;
 10 (iii) property owned by organizations providing
 11 telephone communications to rural areas and classified in
 12 class seven;
 13 (iv) railroad transportation property included in class
 14 fifteen twelve; and
 15 (v) airline transportation property included in class
 16 seventeen twelve.
 17 (2) Class eleven nine property is taxed at 12% of
 18 market value."

19 **Section 10.** Section 15-6-143, MCA, is amended to read:
 20 "15-6-143. (Temporary) Class thirteen property --
 21 description -- taxable percentage -- alternative
 22 classification. (1) Class thirteen property includes all
 23 timberland.
 24 (2) Timberland is contiguous land exceeding 15 acres in
 25 one ownership that is capable of producing timber that can

1 be harvested in commercial quantity.
 2 (3) Class Except as provided in subsection (4), class
 3 thirteen property is taxed at the percentage rate "P" 4% of
 4 the combined appraised value of the standing timber and
 5 grazing productivity of the property.
 6 ~~(4) For taxable years beginning January 17, 1987, and~~
 7 ~~thereafter, the taxable percentage rate "P" applicable to~~
 8 ~~class thirteen property is 30%/B, where B is the certified~~
 9 ~~statewide percentage increase to be determined by the~~
 10 ~~department of revenue as provided in subsection (5). The~~
 11 ~~taxable percentage rate "P" shall be rounded downward to the~~
 12 ~~nearest 0.01% and shall be calculated by the department~~
 13 ~~before July 17, 1987.~~
 14 ~~(5) (a) Prior to July 17, 1987, the department shall~~
 15 ~~determine the certified statewide percentage increase for~~
 16 ~~class thirteen property using the formula $B = X/Y$ where:~~
 17 ~~(i) X is the appraised value, as of January 17, 1987, of~~
 18 ~~all property in the state, excluding use changes occurring~~
 19 ~~during the preceding year, classified under class thirteen~~
 20 ~~as class thirteen is described in this section, and~~
 21 ~~(ii) Y is the appraised value, as of January 17, 1985, of~~
 22 ~~all property in the state that, as of January 17, 1986, would~~
 23 ~~be classified under class thirteen as class thirteen is~~
 24 ~~described in this section.~~
 25 ~~(b) B shall be rounded downward to the nearest 0.0001%.~~

1 ~~(6) After July 17, 1986, no adjustment may be made by~~
 2 ~~the department to the taxable percentage rate "P" until a~~
 3 ~~valuation has been made as provided in 15-7-111.~~ (Terminates
 4 January 1, 1991 1995--sec. 10, Ch. 681, L. 1985.)"

5 **Section 11.** Section 15-6-144, MCA, is amended to read:
 6 "15-6-144. Class fourteen eleven property --
 7 description -- taxable percentage. (1) Class fourteen eleven
 8 property includes all improvements on land that is eligible
 9 for valuation, assessment, and taxation as agricultural land
 10 under 15-7-202(2). Class fourteen eleven property includes 1
 11 acre of real property beneath the agricultural improvements.
 12 The 1 acre shall be valued at market value.

13 (2) Class fourteen eleven property is taxed at 80% of
 14 the taxable percentage applicable to class four property."

15 **Section 12.** Section 15-6-145, MCA, is amended to read:
 16 "15-6-145. Class fifteen twelve property -- description
 17 -- taxable percentage. (1) Class fifteen twelve property
 18 includes all railroad transportation property as described
 19 in the Railroad Revitalization and Regulatory Reform Act of
 20 1976 as it read on January 1, 1986, and all airline
 21 transportation property as described in the Tax Equity and
 22 Fiscal Responsibility Act of 1982 as it read on January 1,
 23 1986.

24 (2) For the taxable tax year beginning January 1, 1986
 25 1991, and for each taxable tax year thereafter, class

1 fifteen twelve property is taxed at the percentage rate "R",
 2 to be determined by the department as provided in subsection
 3 (3), or 12%, whichever is less.

4 (3) R = A/B where:

5 (a) A is the total statewide taxable value of all
 6 commercial property, except class fifteen twelve property,
 7 as commercial property is described in 15-1-101(1)(d),
 8 including class 1 and class 2 property; and

9 (b) B is the total statewide market value of all
 10 commercial property, except class fifteen twelve property,
 11 as commercial property is described in 15-1-101(1)(d),
 12 including class 1 and class 2 property.

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

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

20 (ii) a statistically valid sample of sales using data
 21 from realty transfer certificates filed during the same
 22 taxable year or from the immediately preceding taxable year,
 23 but only if a sufficient number of certificates is
 24 unavailable from the current taxable year to provide a
 25 statistically valid sample.

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

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

10 (5) For the purpose of complying with the Railroad
11 Revitalization and Regulatory Reform Act of 1976, as it read
12 on January 1, 1986, the rate "R" referred to in this section
13 is the equalized average tax rate generally applicable to
14 commercial and industrial property, except class fifteen
15 twelve property, as commercial property is defined in
16 15-1-101(1)(d)."

17 **NEW SECTION. Section 13. Class twenty-one property --**
18 **description -- taxable percentage -- application for reduced**
19 **rate. (1) Class twenty-one property includes:**

20 (a) all land used for commercial purposes, except that
21 specifically included in another class;

22 (b) all improvements used for commercial purposes,
23 except those specifically included in another class; and

24 (c) all other property not included in any other class
25 in this part, except that property subject to a fee in lieu

1 of a property tax.

2 (2) (a) Except as provided in 15-24-1402, 15-24-1501,
3 and subsection (2)(b) of this section, class twenty-one
4 property is taxed at 5% of market value.

5 (b) Real and personal property classified under this
6 section is taxed at 4% of market value if the property:

7 (i) is integrally related in a single working unit;

8 (ii) is not in production on the assessment date of the
9 current taxable year; and

10 (iii) has not been in production during any 6 months of
11 the preceding 12 months before the assessment date of the
12 current taxable year.

13 (3) A person applying for the reduced rate as provided
14 in subsection (2)(b) shall make an application to the
15 department of revenue on a form provided without cost by the
16 department.

17 (4) All property classified under this section is
18 subject to the provisions of 15-16-101 and 15-16-102.

19 **Section 14. Section 15-6-201, MCA, is amended to read:**

20 **"15-6-201. Exempt categories. (1) The following**
21 **categories of property are exempt from taxation:**

22 (a) the property of:

23 (i) the United States, the state, counties, cities,
24 towns, school districts, except, if congress passes
25 legislation that allows the state to tax property owned by

1 an agency created by congress to transmit or distribute
 2 electrical energy, the property constructed, owned, or
 3 operated by a public agency created by the congress to
 4 transmit or distribute electric energy produced at privately
 5 owned generating facilities (not including rural electric
 6 cooperatives);

7 (ii) irrigation districts organized under the laws of
 8 Montana and not operating for profit;

9 (iii) municipal corporations; and

10 (iv) public libraries;

11 (b) buildings, with land they occupy and furnishings
 12 therein, owned by a church and used for actual religious
 13 worship or for residences of the clergy, together with
 14 adjacent land reasonably necessary for convenient use of the
 15 buildings;

16 (c) property used exclusively for agricultural and
 17 horticultural societies, for educational purposes, and for
 18 nonprofit health care facilities, as defined in 50-5-101,
 19 licensed by the department of health and environmental
 20 sciences and organized under Title 35, chapter 2 or 3. A
 21 health care facility that is not licensed by the department
 22 of health and environmental sciences and organized under
 23 Title 35, chapter 2 or 3, is not exempt.

24 (d) property that meets the following conditions:

25 (i) is owned and held by any association or corporation

1 organized under Title 35, chapter 2, 3, 20, or 21;

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

6 (iii) is not maintained and operated for private or
 7 corporate profit;

8 (e) institutions of purely public charity;

9 (f) evidence of debt secured by mortgages of record
 10 upon real or personal property in the state of Montana;

11 (g) public art galleries and public observatories not
 12 used or held for private or corporate profit;

13 (h) all household goods and furniture, including but
 14 not limited to clocks, musical instruments, sewing machines,
 15 and wearing apparel of members of the family, used by the
 16 owner for personal and domestic purposes or for furnishing
 17 or equipping the family residence;

18 (i) a truck canopy cover or topper weighing less than
 19 300 pounds and having no accommodations attached. This
 20 property is also exempt from taxation under 61-3-504(2) and
 21 61-3-537.

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

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

25 (l) all watercraft;

1 (m) land, fixtures, buildings, and improvements owned
2 by a cooperative association or nonprofit corporation
3 organized to furnish potable water to its members or
4 customers for uses other than the irrigation of agricultural
5 land;

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

11 (o) property owned and used by a corporation or
12 association organized and operated exclusively for the care
13 of the developmentally disabled, mentally ill, or
14 vocationally handicapped as defined in 18-5-101, which is
15 not operated for gain or profit;

16 (p) all farm buildings with a market value of less than
17 \$500 and all agricultural implements and machinery with a
18 market value of less than \$100;

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

1 incorporated and admitted under the Montana Nonprofit
2 Corporation Act.

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

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

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

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

11 (t) a title plant owned by a title insurer or a title
12 insurance producer, as those terms are defined in
13 33-25-105¹;

14 (u) furniture and fixtures; and

15 (v) all tangible supplies and materials used or
16 consumed in a business.

17 (2) (a) The term "institutions of purely public
18 charity" includes organizations owning and operating
19 facilities for the care of the retired or aged or
20 chronically ill, which are not operated for gain or profit.

21 (b) The terms "public art galleries" and "public
22 observatories" include only those art galleries and
23 observatories, whether of public or private ownership, that
24 are open to the public without charge at all reasonable
25 hours and are used for the purpose of education only.

1 (c) The term "furniture and fixtures" means office and
 2 store machines, radio and telephone systems, medical and
 3 dental equipment, hotel, motel and apartment furniture, bar
 4 and restaurant equipment, computer hardware and software,
 5 data processing equipment, vending machines, and gas pumps.

6 (3) The following portions of the appraised value of a
 7 capital investment made after January 1, 1979, in a
 8 recognized nonfossil form of energy generation, as defined
 9 in 15-32-102, are exempt from taxation for a period of 10
 10 years following installation of the property:

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

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

15 **Section 15.** Section 15-8-205, MCA, is amended to read:

16 "15-8-205. Initial assessment of class twelve four
 17 trailer and mobile home property -- when. The county
 18 assessor shall assess all class twelve four trailer and
 19 mobile home property immediately upon arrival in the county
 20 if the taxes have not been previously paid for that year in
 21 another county in Montana."

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

23 "15-16-111. Personal property -- duty of department.

24 (1) It is the duty of the department of revenue or its
 25 agent, upon discovery of any personal property in the county

1 other than that classified as class four property the taxes
 2 upon which are not a lien upon real property sufficient to
 3 secure the payment of such taxes, to immediately and in any
 4 event not more than 5 days thereafter make a report to the
 5 treasurer, setting forth the nature, kind, description, and
 6 character of such property in such a definite manner that
 7 the treasurer can identify the same, the amount and assessed
 8 valuation of such property, where the same is located, the
 9 amount of taxes due thereon, and the name and address of the
 10 owner, claimant, or other person in possession of the same.

11 (2) Where such personal property is located in any city
 12 or town which has provided by ordinance for the collection
 13 of its taxes for general, municipal, and administrative
 14 purposes by its city treasurer or town clerk, the department
 15 also and at the same time shall furnish to the city
 16 treasurer or town clerk a duplicate of the notice to the
 17 county treasurer. For the purpose of determining the taxes
 18 due on personal property, the department or its agent must
 19 use the levy made during the previous year."

20 **Section 17.** Section 15-16-611, MCA, is amended to read:

21 "15-16-611. Reduction of property tax for property
 22 destroyed by natural disaster. (1) The department of revenue
 23 shall, upon showing by a taxpayer that some or all of the
 24 improvements on his real property or a trailer or mobile
 25 home ~~as described in 15-6-142~~ have been destroyed to such an

1 extent that such improvements have been rendered unsuitable
 2 for their previous use by natural disaster, adjust the
 3 taxable value on the property, accounting for the
 4 destruction.

5 (2) The county treasurer shall adjust the tax due and
 6 payable for the current year on the property under 15-16-102
 7 as provided in subsection (3) of this section.

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

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

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

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

22 (5) For the purposes of this section, "natural
 23 disaster" includes but is not limited to fire, flood,
 24 earthquake, or wind."

25 **Section 18.** Section 17-7-502, MCA, is amended to read:

1 "17-7-502. Statutory appropriations -- definition --
 2 requisites for validity. (1) A statutory appropriation is an
 3 appropriation made by permanent law that authorizes spending
 4 by a state agency without the need for a biennial
 5 legislative appropriation or budget amendment.

6 (2) Except as provided in subsection (4), to be
 7 effective, a statutory appropriation must comply with both
 8 of the following provisions:

9 (a) The law containing the statutory authority must be
 10 listed in subsection (3).

11 (b) The law or portion of the law making a statutory
 12 appropriation must specifically state that a statutory
 13 appropriation is made as provided in this section.

14 (3) The following laws are the only laws containing
 15 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
 16 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; ~~15-1-111~~;
 17 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;
 18 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;
 19 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;
 20 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;
 21 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;
 22 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;
 23 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150;
 24 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101;
 25 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136;

1 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306;
2 and section 13, House Bill No. 861, Laws of 1985.

3 (4) There is a statutory appropriation to pay the
4 principal, interest, premiums, and costs of issuing, paying,
5 and securing all bonds, notes, or other obligations, as due,
6 that have been authorized and issued pursuant to the laws of
7 Montana. Agencies that have entered into agreements
8 authorized by the laws of Montana to pay the state
9 treasurer, for deposit in accordance with 17-2-101 through
10 17-2-107, as determined by the state treasurer, an amount
11 sufficient to pay the principal and interest as due on the
12 bonds or notes have statutory appropriation authority for
13 such payments. (In subsection (3), pursuant to sec. 10, Ch.
14 664, L. 1987, the inclusion of 39-71-2504 terminates June
15 30, 1991.)"

16 **Section 19.** Section 67-3-204, MCA, is amended to read:

17 "67-3-204. **Fee in lieu of tax on registered aircraft --**
18 **decal.** (1) Except as provided in subsection (3), aircraft
19 required to be registered in Montana are subject to a fee.
20 The registration fee is in lieu of property tax.

21 (2) The department shall issue a decal to the owner of
22 the aircraft required to be registered at the time of
23 payment of the registration fee in lieu of tax, as provided
24 in 67-3-201. No aircraft subject to a fee in lieu of tax may
25 be operated in this state unless there is displayed on the

1 aircraft a decal as visual proof that the fee in lieu of tax
2 has been paid for the aircraft and that the aircraft is
3 registered for the current year.

4 (3) Aircraft that meet the description of property
5 described in ~~15-6-147~~ 15-6-145 are exempt from the fee
6 imposed by subsection (1). Aircraft subject to the fee in
7 lieu of tax are exempt from all other taxation."

8 **Section 20.** Section 10, Chapter 681, Laws of 1985, is
9 amended to read:

10 "Section 10. **Effective date -- termination date dates.**
11 (1) This act is effective January 1, 1986, and ~~7-except-for~~
12 ~~section-37~~, [section 1] terminates January 1, 1991.

13 (2) [Sections 2 and 4 through 6] terminate January 1,
14 1995."

15 **NEW SECTION. Section 21. Repealer.** Sections 15-1-111,
16 15-6-142, 15-6-147, 15-6-148, 15-6-149, 15-6-150, 15-6-153,
17 15-6-154, 15-6-155, 15-10-401, 15-10-402, 15-10-411, and
18 15-10-412, MCA, are repealed.

19 **NEW SECTION. Section 22. Codification instruction.** (1)
20 [Section 5] is intended to be codified as an integral part
21 of Title 15, chapter 30, and the provisions of Title 15,
22 chapter 30, apply to [section 5].

23 (2) [Section 13] is intended to be codified as an
24 integral part of Title 15, chapter 6, part 1, and the
25 provisions of Title 15, chapter 6, part 1, apply to [section

1 13].

2 NEW SECTION. Section 23. Coordination instruction. (1)
3 If House Bill No. 340 is passed by the 52nd legislature and
4 approved by the governor, then the code commissioner is
5 instructed, at the time of codification of that enactment,
6 to change references in that enactment from class thirteen
7 property to class ten property.

8 (2) The code commissioner is instructed to change
9 references to classes of property in enactments of the 52nd
10 legislature to conform to the classifications established in
11 [this act].

12 (3) If House Bill No. 340 is passed and approved and if
13 it includes a section that amends 15-6-143, then the
14 amendments made by [this act] to 15-6-133(1)(c), 15-6-143,
15 and section 10, Chapter 681, Laws of 1985, are void.

16 NEW SECTION. Section 24. Effective date -- retroactive
17 applicability. [This act] is effective on passage and
18 approval and applies retroactively, within the meaning of
19 1-2-109, to tax years beginning on or after January 1, 1991.

-End-

1 HOUSE BILL NO. 1004
 2 INTRODUCED BY DOLEZAL, HALLIGAN, REAM, ECK,
 3 HARPER, HARRINGTON
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 6 TAXATION OF PROPERTY; CLASSIFYING COMMERCIAL LAND AND
 7 IMPROVEMENTS AND CERTAIN PERSONAL PROPERTY AS CLASS
 8 TWENTY ONE PROPERTY; PROVIDING THAT CLASS TWENTY ONE
 9 PROPERTY IS TAXED AT 5.3 PERCENT OF MARKET VALUE;
 10 ELIMINATING CLASS TWENTY PROPERTY; PROVIDING THAT CLASS
 11 TWENTY ONE PROPERTY THAT IS NONPRODUCTIVE IS TAXED AT A
 12 REDUCED RATE, ELIMINATING CLASS TWELVE PROPERTY AND
 13 INCLUDING TRAILERS AND MOBILE HOMES IN CLASS FOUR PROPERTY;
 14 ELIMINATING CLASS FOURTEEN PROPERTY AND INCLUDING FARMSTEADS
 15 AND OTHER AGRICULTURAL IMPROVEMENTS IN CLASS FOUR PROPERTY;
 16 PROVIDING THAT MULTIFAMILY RESIDENCES ARE NOT COMMERCIAL
 17 PROPERTY, INCREASING THE TAX RATE ON GROSS PROCEEDS OF METAL
 18 MINES FROM 3 PERCENT TO 5 PERCENT, ELIMINATING CLASS
 19 EIGHTEEN PROPERTY AND INCLUDING NONPRODUCTIVE MINING CLAIMS
 20 IN CLASS THREE PROPERTY; RECLASSIFYING CERTAIN PERSONAL
 21 PROPERTY, EXEMPTING CERTAIN PERSONAL PROPERTY FROM TAXATION,
 22 EXTENDING THE TERMINATION DATE OF CLASS THIRTEEN PROPERTY
 23 TAXING TIMBERLANDS, INCREASING THE TAX RATE ON CLASS
 24 THIRTEEN PROPERTY TO 5.3 PERCENT, PROVIDING THAT CERTAIN
 25 TIMBERLAND IS CLASSIFIED AS AGRICULTURAL LAND, AMENDING

1 SECTIONS 7-13-2527, 15-1-101, 15-1-111, 15-6-132, 15-6-133,
 2 15-6-134, 15-6-136, 15-6-137, 15-6-138, 15-6-143, 15-6-153,
 3 15-6-201, 15-7-103, 15-8-205, 15-10-402, 15-10-412,
 4 15-16-611 AND 15-16-613, MCA AND SECTION 10, CHAPTER 60,
 5 LAWS OF 1985, REPEALING SECTIONS 15-6-142, 15-6-144,
 6 15-6-148, 15-6-150 AND 15-6-155, MCA AND PROVIDING
 7 EFFECTIVE DATES AND APPLICABILITY DATES CONSOLIDATING
 8 PROPERTY TAX CLASSES; ELIMINATING PRESENT CLASS TWELVE
 9 PROPERTY AND INCLUDING TRAILERS AND MOBILE HOMES IN CLASS
 10 FOUR PROPERTY; ELIMINATING CLASS EIGHTEEN PROPERTY
 11 (NONPRODUCTIVE MINING CLAIMS), CLASS NINETEEN PROPERTY
 12 (NONPRODUCTIVE REAL ESTATE), AND CLASS TWENTY PROPERTY
 13 (OUT-OF-PRODUCTION AGRICULTURAL LAND AND TIMBERLAND), ALL OF
 14 WHICH BECOME TAXABLE AS CLASS FOUR PROPERTY; CONSOLIDATING
 15 RAILROAD PROPERTY AND AIRLINE PROPERTY INTO ONE CLASS;
 16 DELETING THE FORMULA FOR COMPUTING THE VALUE OF OTHER
 17 COMMERCIAL PROPERTY NECESSARY FOR TAXATION OF RAILROAD
 18 PROPERTY AND AIRLINE PROPERTY BY DELETING NET AND GROSS
 19 PROCEEDS; DELETING THE SEPARATE PROVISION IN CLASS SIX
 20 PROPERTY FOR MALTING BARLEY FACILITIES; REPEALING THE
 21 STATUTORY APPROPRIATION FOR REIMBURSEMENTS TO LOCAL
 22 GOVERNMENTS AND SCHOOLS FOR LOSS OF PERSONAL PROPERTY
 23 VALUATION; REPEALING THE PROPERTY TAX LIMITATIONS ENACTED BY
 24 INITIATIVE MEASURE NO. 105; AMENDING SECTIONS 7-13-2527,
 25 15-1-101, 15-6-133, 15-6-134, 15-6-135, 15-6-136, 15-6-138,



1 15-6-141, 15-6-143, 15-6-144, 15-6-145, 15-6-201, 15-8-205,
 2 15-16-111, 15-16-611, 17-7-502, AND 67-3-204, MCA, AND
 3 SECTION 10, CHAPTER 681, LAWS OF 1985; REPEALING SECTIONS
 4 15-1-111, 15-6-142, 15-6-147, 15-6-148, 15-6-149, 15-6-150,
 5 15-6-153, 15-6-154, 15-6-155, 15-10-401, 15-10-402,
 6 15-10-411, AND 15-10-412, MCA; AND PROVIDING AN IMMEDIATE
 7 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

10 (Refer to Introduced Bill)

11 Strike everything after the enacting clause and insert:

12 **Section 1.** Section 7-13-2527, MCA, is amended to read:

13 *7-13-2527. List of property owners. (1) A copy of the
 14 order creating the district shall be delivered to the county
 15 assessor of each county within the district.

16 (2) The assessor shall, on or before August 1 of any
 17 given year, prepare and certify a list of all persons owning
 18 class ~~four~~, ~~class twelve~~, or class ~~fourteen~~ eleven property
 19 within such district and deliver a copy of such list to the
 20 board of trustees of said district."

21 **Section 2.** Section 15-1-101, MCA, is amended to read:

22 *15-1-101. Definitions. (1) Except as otherwise
 23 specifically provided, when terms mentioned in this section
 24 are used in connection with taxation, they are defined in
 25 the following manner:

1 (a) The term "agricultural" refers to the raising of
 2 livestock, poultry, bees, and other species of domestic
 3 animals and wildlife in domestication or a captive
 4 environment, and the raising of field crops, fruit, and
 5 other animal and vegetable matter for food or fiber.

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

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

12 (d) (i) The term "commercial", when used to describe
 13 property, means any property used or owned by a business, a
 14 trade, or a nonprofit corporation as defined in 35-2-102 or
 15 used for the production of income, except that property
 16 described in subsection (ii).

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

18 (A) agricultural lands;

19 (B) timberlands;

20 (C) single-family and multifamily residences and
 21 ancillary improvements and improvements necessary to the
 22 function of a bona fide farm, ranch, or stock operation;

23 (D) mobile homes used exclusively as a residence except
 24 when held by a distributor or dealer of trailers or mobile
 25 homes as his stock in trade;

1 (E) all property described in 15-6-135; and
 2 (F) all property described in 15-6-136.
 3 (e) The term "comparable property" means property that
 4 has similar use, function, and utility; that is influenced
 5 by the same set of economic trends and physical,
 6 governmental, and social factors; and that has the potential
 7 of a similar highest and best use.
 8 (f) The term "credit" means solvent debts, secured or
 9 unsecured, owing to a person.
 10 (g) The term "improvements" includes all buildings,
 11 structures, fences, and improvements situated upon, erected
 12 upon, or affixed to land. When the department of revenue or
 13 its agent determines that the permanency of location of a
 14 mobile home or housetrailer has been established, the mobile
 15 home or housetrailer is presumed to be an improvement to
 16 real property. A mobile home or housetrailer may be
 17 determined to be permanently located only when it is
 18 attached to a foundation which cannot feasibly be relocated
 19 and only when the wheels are removed.
 20 (h) The term "leasehold improvements" means
 21 improvements to mobile homes and mobile homes located on
 22 land owned by another person. This property is assessed
 23 under the appropriate classification and the taxes are due
 24 and payable in two payments as provided in 15-24-202.
 25 Delinquent taxes on such leasehold improvements are a lien

1 only on such leasehold improvements.
 2 (i) The term "livestock" means cattle, sheep, swine,
 3 goats, horses, mules, and asses.
 4 (j) The term "mobile home" means forms of housing known
 5 as "trailers", "housetrailers", or "trailer coaches"
 6 exceeding 8 feet in width or 45 feet in length, designed to
 7 be moved from one place to another by an independent power
 8 connected to them, or any "trailer", "housetrailer", or
 9 "trailer coach" up to 8 feet in width or 45 feet in length
 10 used as a principal residence.
 11 ~~{k}--The--term--"personal--property"--includes--everything~~
 12 ~~that--is--the--subject--of--ownership--but--that--is--not--included~~
 13 ~~within---the---meaning---of---the---terms---"real--estate"--and~~
 14 ~~"improvements".~~
 15 ~~{+}(k)~~ The term "poultry" includes all chickens,
 16 turkeys, geese, ducks, and other birds raised in
 17 domestication to produce food or feathers.
 18 ~~{m}(1)~~ The term "property" includes moneys, credits,
 19 bonds, stocks, franchises, and all other matters and things,
 20 real, personal, and mixed, capable of private ownership.
 21 This definition must not be construed to authorize the
 22 taxation of the stocks of any company or corporation when
 23 the property of such company or corporation represented by
 24 the stocks is within the state and has been taxed.
 25 ~~{n}(m)~~ The term "real estate" includes:

1 (i) the possession of, claim to, ownership of, or right
2 to the possession of land;

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

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

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

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

24 (2) The phrase "municipal corporation" or
25 "municipality" or "taxing unit" shall be deemed to include a

1 county, city, incorporated town, township, school district,
2 irrigation district, drainage district, or any person,
3 persons, or organized body authorized by law to establish
4 tax levies for the purpose of raising public revenue.

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

7 **Section 3.** Section 15-6-133, MCA, is amended to read:

8 "15-6-133. Class three property -- description --
9 taxable percentage. (1) Class three property includes:

10 (a) agricultural land as defined in 15-7-202;

11 (b) nonproductive patented mining claims outside the
12 limits of an incorporated city or town held by an owner for
13 the ultimate purpose of developing the mineral interests on
14 the property. For the purposes of this subsection (1)(b),
15 the following provisions apply:

16 (i) The claim may not include any property that is used
17 for residential purposes, recreational purposes as described
18 in 70-16-301, or commercial purposes as defined in 15-1-101
19 or any property the surface of which is being used for other
20 than mining purposes or has a separate and independent value
21 for such other purposes.

22 (ii) Improvements to the property that would not
23 disqualify the parcel are taxed as otherwise provided in
24 this title, including that portion of the land upon which
25 such improvements are located and that is reasonably

1 required for the use of the improvements.

2 (iii) Nonproductive patented mining claim property must
 3 be valued as if the land were devoted to agricultural
 4 grazing use.

5 (2) Class three property is taxed at the taxable
 6 percentage rate "P" of its productive capacity.

7 (3) Until July 1, 1986, the taxable percentage rate "P"
 8 for class three property is 30%.

9 (4) Prior to July 1, 1986, the department of revenue
 10 shall determine the taxable percentage rate "P" applicable
 11 to class three property for the revaluation cycle beginning
 12 January 1, 1986, as follows:

13 (a) The director of the department of revenue shall
 14 certify to the governor before July 1, 1986, the percentage
 15 by which the appraised value of all property in the state
 16 classified under class three as of January 1, 1986, has
 17 increased due to the revaluation conducted under 15-7-111.
 18 This figure is the "certified statewide percentage
 19 increase".

20 (b) The taxable value of property in class three is
 21 determined as a function of the certified statewide
 22 percentage increase in accordance with the table shown
 23 below.

24 (c) This table limits the statewide increase in taxable
 25 valuation resulting from reappraisal to 0%. In calculating

1 the percentage increase, the department may not consider
 2 agricultural use changes during calendar year 1985.

3 (d) The taxable percentage must be calculated by
 4 interpolation to coincide with the nearest whole number
 5 certified statewide percentage increase from the following
 6 table:

Certified Statewide Percentage Increase	Class Three Taxable Percentage "P"
0	30.00
10	27.27
20	25.00
30	23.08
40	21.43
50	20.00

15 (5) After July 1, 1986, no adjustment may be made by
 16 the department to the taxable percentage rate "P" until a
 17 revaluation has been made as provided in 15-7-111."

18 **Section 4.** Section 15-6-134, MCA, is amended to read:

19 "15-6-134. Class four property -- description --
 20 taxable percentage. (1) Class four property includes:

21 (a) all land except that specifically included in
 22 another class;

23 (b) all improvements, including trailers or mobile
 24 homes used as a residence, except those specifically
 25 included in another class;

1 (c) the first \$80,000 or less of the market value of
 2 any improvement on real property, including trailers or
 3 mobile homes, and appurtenant land not exceeding 5 acres
 4 owned or under contract for deed and actually occupied for
 5 at least 10 months a year as the primary residential
 6 dwelling of any person whose total income from all sources
 7 and net business income and losses, including otherwise
 8 tax-exempt income of all types is not more than \$10,000 for
 9 a single person or \$12,000 for a married couple or a head of
 10 household, as adjusted according to subsection (2)(b)(ii);

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

14 (E) NONPRODUCTIVE LAND UNDER 20 ACRES.

15 (2) Class four property is taxed as follows:

16 (a) Except as provided in 15-24-1402 or 15-24-1501,
 17 property described in subsections (1)(a) and (1)(b) is taxed
 18 at ~~3.86%~~ 4% of its market value.

19 (b) (i) Property described in subsection (1)(c) is
 20 taxed at ~~3.86%~~ 4% of its market value multiplied by a
 21 percentage figure based on gross income and determined from
 22 the following table:

Income		Percentage Multiplier
Income	Married Couple or Head of Household	
Single Person		

1	\$ 0 - \$ 1,000	\$ 0 - \$ 1,200	0%
2	1,001 - 2,000	1,201 - 2,400	10%
3	2,001 - 3,000	2,401 - 3,600	20%
4	3,001 - 4,000	3,601 - 4,800	30%
5	4,001 - 5,000	4,801 - 6,000	40%
6	5,001 - 6,000	6,001 - 7,200	50%
7	6,001 - 7,000	7,201 - 8,400	60%
8	7,001 - 8,000	8,401 - 9,600	70%
9	8,001 - 9,000	9,601 - 10,800	80%
10	9,001 - 10,000	10,801 - 12,000	90%

11 (ii) The income levels contained in the table in
 12 subsection (2)(b)(i) must be adjusted for inflation annually
 13 by the department of revenue. The adjustment to the income
 14 levels is determined by:

15 (A) multiplying the appropriate dollar amount from the
 16 table in subsection (2)(b)(i) by the ratio of the PCE for
 17 the second quarter of the year prior to the year of
 18 application to the PCE for the second quarter of 1986; and

19 (B) rounding the product thus obtained to the nearest
 20 whole dollar amount.

21 (iii) "PCE" means the implicit price deflator for
 22 personal consumption expenditures as published quarterly in
 23 the Survey of Current Business by the bureau of economic
 24 analysis of the U.S. department of commerce.

25 (c) Property described in ~~subsection~~ SUBSECTIONS (1)(d)

1 AND (1)(E) is taxed at one-half the taxable percentage rate
2 established in subsection (2)(a).

3 (3) After July 1, 1986, no adjustment may be made by
4 the department to the taxable percentage rate for class four
5 property until a revaluation has been made as provided in
6 15-7-111.

7 (4) Within the meaning of comparable property as
8 defined in 15-1-101, property assessed as commercial
9 property is comparable only to other property assessed as
10 commercial property, and property assessed as other than
11 commercial property is comparable only to other property
12 assessed as other than commercial property."

13 NEW SECTION. Section 5. Property tax credit. (1) For
14 the purposes of this section, the following definitions
15 apply:

16 (a) "Homestead" means a single-family dwelling unit or
17 unit of a multiple-unit dwelling that is subject to ad
18 valorem taxes in Montana and that is owned and occupied as
19 the principal residence of the owner and as much of the
20 surrounding land, but not in excess of 1 acre, as is
21 reasonably necessary for its use as a dwelling.

22 (b) "Household" means an association of persons who
23 live in the same dwelling, sharing its furnishings,
24 facilities, accommodations, and expenses. The term does not
25 include bona fide lessees, tenants, or roomers and boarders

1 on contract.

2 (c) "Proof of payment" means a copy of the notice of
3 the amount of property taxes owed by the taxpayer that was
4 sent to the taxpayer, pursuant to 15-16-101, together with a
5 receipt, issued pursuant to 15-16-104, that shows the amount
6 of property taxes paid by the taxpayer or other
7 documentation approved by the department of revenue that
8 shows the amount of property taxes that were owed by the
9 taxpayer and the receipt of payment of property taxes by the
10 taxpayer or his agent.

11 (d) "Property tax" means general ad valorem taxes
12 levied against the homestead, exclusive of special
13 assessments, penalties, or interest.

14 (2) Except as provided in subsection (3), a taxpayer is
15 entitled to receive a credit against taxes imposed under
16 this chapter equal to one-half of the first \$400 of property
17 taxes paid by the taxpayer during the taxable year.

18 (3) (a) A taxpayer who files a claim with the
19 department under 15-30-171 through 15-30-179 is ineligible
20 to receive a credit under this section.

21 (b) Only one taxpayer in each household is eligible to
22 receive a credit under this section.

23 (c) A taxpayer shall provide proof of payment at the
24 time a return is filed, claiming a credit for property taxes
25 paid.

1 (4) The department shall, not later than November 30,
2 notify all Montana residents who pay property taxes that
3 they are eligible for an income tax credit for property tax
4 relief. The content of this notification must be reviewed by
5 the revenue oversight committee prior to its being sent to
6 Montana residents who pay property taxes. The notice must
7 contain, at a minimum, the following statement:

8 "The 52nd Legislature has provided an income tax credit
9 for property tax relief up to \$200 for every Montana
10 resident. To qualify for this credit, you should contact
11 your county assessor or county appraiser."

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

13 "**15-6-135. Class five property -- description --**
14 **taxable percentage.** (1) Class five property includes:

15 (a) all property used and owned by cooperative rural
16 electrical and cooperative rural telephone associations
17 organized under the laws of Montana, except property owned
18 by cooperative organizations described in subsection (1)(b)
19 of 15-6-137;

20 ~~(b) air and water pollution control equipment as~~
21 ~~defined in this section;~~

22 ~~(c)(b)~~ new industrial property as defined in this
23 section;

24 ~~(d)(c)~~ any personal or real property used primarily in
25 the production of gasohol during construction and for the

1 first 3 years of its operation;

2 ~~(e)(d)~~ all land and improvements and all personal
3 property owned by a research and development firm, provided
4 that the property is actively devoted to research and
5 development;

6 ~~(f)(e)~~ machinery and equipment used in electrolytic
7 reduction facilities.

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

15 ~~(b) The department of health and environmental~~
16 ~~sciences determination as to air and water pollution~~
17 ~~equipment may be appealed to the board of health and~~
18 ~~environmental sciences and may not be appealed to either a~~
19 ~~county tax appeal board or the state tax appeal board.~~
20 ~~However, the appraised value of the equipment as determined~~
21 ~~by the department of revenue may be appealed to the county~~
22 ~~tax appeal board and the state tax appeal board.~~

23 ~~(3)(2)~~ "New industrial property" means any new
24 industrial plant, including land, buildings, machinery, and
25 fixtures, used by new industries during the first 3 years of

1 their operation. The property may not have been assessed
2 within the state of Montana prior to July 1, 1961.

3 ~~(4)~~(3) (a) "New industry" means any person,
4 corporation, firm, partnership, association, or other group
5 that establishes a new plant in Montana for the operation of
6 a new industrial endeavor, as distinguished from a mere
7 expansion, reorganization, or merger of an existing
8 industry.

9 (b) New industry includes only those industries that:

10 (i) manufacture, mill, mine, produce, process, or
11 fabricate materials;

12 (ii) do similar work, employing capital and labor, in
13 which materials unserviceable in their natural state are
14 extracted, processed, or made fit for use or are
15 substantially altered or treated so as to create commercial
16 products or materials; or

17 (iii) engage in the mechanical or chemical
18 transformation of materials or substances into new products
19 in the manner defined as manufacturing in the 1972 Standard
20 Industrial Classification Manual prepared by the United
21 States office of management and budget.

22 ~~(5)~~(4) New industrial property does not include:

23 (a) property used by retail or wholesale merchants,
24 commercial services of any type, agriculture, trades, or
25 professions;

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

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

6 ~~(6)~~(5) Class five property is taxed at 3% of its market
7 value."

8 **Section 7.** Section 15-6-136, MCA, is amended to read:

9 "15-6-136. Class six property -- description -- taxable
10 percentage. (1) Class six property includes:

11 (a) livestock and other species of domestic animals and
12 wildlife raised in domestication or a captive environment,
13 except for cats, dogs, and other household pets not raised
14 for profit; and

15 (b) items of personal property intended for rent or
16 lease in the ordinary course of business, provided each item
17 of personal property satisfies all of the following:

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

20 (ii) the personal property is owned by a business whose
21 primary business income is from rental or lease of personal
22 property to individuals wherein no one customer of the
23 business accounts for more than 10% of the total rentals or
24 leases during a calendar year; and

25 (iii) the lease of the personal property is generally on

1 an hourly, daily, or weekly basis; and

2 ~~(c) machinery and equipment used in a malting barley~~
3 ~~facility; and~~

4 ~~(d)~~ (C) machinery and equipment used in canola seed oil
5 processing facilities if:

6 (i) the operators of such facilities employ a minimum
7 of 15 full-time employees; and

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

10 ~~(2) "Malting barley facility" means a facility the~~
11 ~~principal purpose of which is to malt malting barley. The~~
12 ~~term does not apply to a facility the principal purpose of~~
13 ~~which is to store, mix, blend, transport, transfer, or~~
14 ~~otherwise do anything with malting barley, except malt~~
15 ~~malting barley. However, any machinery or equipment the~~
16 ~~principal purpose of which is to store, mix, blend,~~
17 ~~transport, transfer, or otherwise handle malting barley or~~
18 ~~other machinery or equipment that is used in or is otherwise~~
19 ~~an integral part of a facility that malts malting barley is~~
20 ~~machinery or equipment of a malting barley facility for the~~
21 ~~purposes of this section.~~

22 ~~(3)~~ (2). "Canola seed oil processing facility" means a
23 facility that:

24 (a) extracts oil from canola seeds, refines the crude
25 oil to produce edible oil, formulates and packages the

1 edible oil into food products, or engages in any one or more
2 of those processes; and

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

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

7 **Section 8.** Section 15-6-138, MCA, is amended to read:

8 "15-6-138. Class eight property -- description --
9 taxable percentage. (1) Class eight property includes:

10 (a) all agricultural implements and equipment;

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

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

17 (d) all trailers, including those prorated under
18 15-24-102, except those subject to taxation under
19 61-3-504(2);

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

23 (f) buses and trucks having a rated capacity of more
24 than 1 ton, including those prorated under 15-24-102;

25 (g) truck toppers weighing more than 300 pounds;

1 ~~(h) furniture, fixtures, and equipment, except that~~
 2 ~~specifically included in another class, used in commercial~~
 3 ~~establishments as defined in this section;~~

4 (h) air and water pollution control equipment as
 5 defined in this section;

- 6 (i) x-ray and medical and dental equipment;
- 7 (j) citizens' band radios and mobile telephones;
- 8 (k) radio and television broadcasting and transmitting
- 9 equipment;

10 (l) cable television systems;

11 (m) coal and ore haulers;

12 (n) theater projectors and sound equipment; and

13 (o) all other business property not included in any
 14 other class in this part, except that property subject to a
 15 fee in lieu of a property tax.

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

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

24 (3) (a) "Air and water pollution control equipment"
 25 means facilities, machinery, or equipment used to reduce or

1 control water or atmospheric pollution or contamination by
 2 removing, reducing, altering, disposing of, or storing
 3 pollutants, contaminants, wastes, or heat. The department of
 4 health and environmental sciences shall determine if such
 5 utilization is being made.

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

14 (4) Class eight property is taxed at 9% 8% of its
 15 market value."

16 **Section 9.** Section 15-6-141, MCA, is amended to read:

17 "15-6-141. Class eleven nine property -- description --
 18 taxable percentage. (1) Class eleven nine property includes:

- 19 (a) centrally assessed electric power companies'
- 20 allocations, including, if congress passes legislation that
- 21 allows the state to tax property owned by an agency created
- 22 by congress to transmit or distribute electrical energy,
- 23 allocations of properties constructed, owned, or operated by
- 24 a public agency created by the congress to transmit or
- 25 distribute electric energy produced at privately owned

1 generating facilities (not including rural electric
2 cooperatives);

3 (b) allocations for centrally assessed natural gas
4 companies having a major distribution system in this state;
5 and

6 (c) centrally assessed companies' allocations except:
7 (i) electric power and natural gas companies' property;
8 (ii) property owned by cooperative rural electric and
9 cooperative rural telephone associations and classified in
10 class five;

11 (iii) property owned by organizations providing
12 telephone communications to rural areas and classified in
13 class seven;

14 (iv) railroad transportation property included in class
15 fifteen ~~twelve~~; and

16 (v) airline transportation property included in class
17 ~~seventeen~~ twelve.

18 (2) Class ~~eleven~~ nine property is taxed at 12% of
19 market value."

20 **Section 10.** Section 15-6-143, MCA, is amended to read:

21 "15-6-143. (Temporary) Class thirteen property --
22 description -- taxable percentage -- alternative
23 classification. (1) Class thirteen property includes all
24 timberland.

25 (2) Timberland is contiguous land exceeding 15 acres in

1 one ownership that is capable of producing timber that can
2 be harvested in commercial quantity.

3 (3) Class Except as provided in subsection (4), class
4 thirteen property is taxed at the percentage rate "P" 4% of
5 the combined appraised value of the standing timber and
6 grazing productivity of the property.

7 ~~(4) For taxable years beginning January 17, 1987, and~~
8 ~~thereafter, the taxable percentage rate "P" applicable to~~
9 ~~class thirteen property is $30\% / B$, where B is the certified~~
10 ~~statewide percentage increase to be determined by the~~
11 ~~department of revenue as provided in subsection (5). The~~
12 ~~taxable percentage rate "P" shall be rounded downward to the~~
13 ~~nearest 0.01% and shall be calculated by the department~~
14 ~~before July 17, 1986.~~

15 ~~(5) (a) Prior to July 17, 1986, the department shall~~
16 ~~determine the certified statewide percentage increase for~~
17 ~~class thirteen property using the formula $B = X / Y$, where:~~

18 ~~(i) X is the appraised value as of January 17, 1986, of~~
19 ~~all property in the state, excluding use changes occurring~~
20 ~~during the preceding year, classified under class thirteen~~
21 ~~as class thirteen is described in this section; and~~

22 ~~(ii) Y is the appraised value as of January 17, 1985, of~~
23 ~~all property in the state that, as of January 17, 1986, would~~
24 ~~be classified under class thirteen as class thirteen is~~
25 ~~described in this section.~~

~~(b) B shall be rounded downward to the nearest 0.0001%.~~
~~(6) After July 1, 1986, no adjustment may be made by~~
~~the department to the taxable percentage rate "R" until a~~
~~valuation has been made as provided in 15-7-111. (Terminates~~
~~January 1, 1991 1995--sec. 10, Ch. 681, L. 1985.)"~~

Section 11. Section 15-6-144, MCA, is amended to read:

"15-6-144. Class fourteen eleven property --
description -- taxable percentage. (1) Class fourteen eleven
property includes all improvements on land that is eligible
for valuation, assessment, and taxation as agricultural land
under 15-7-202(2). Class fourteen eleven property includes 1
acre of real property beneath the agricultural improvements.
The 1 acre shall be valued at market value.

(2) Class fourteen eleven property is taxed at 80% of
the taxable percentage applicable to class four property."

Section 12. Section 15-6-145, MCA, is amended to read:

"15-6-145. Class fifteen twelve property -- description
-- taxable percentage. (1) Class fifteen twelve property
includes all railroad transportation property as described
in the Railroad Revitalization and Regulatory Reform Act of
1976 as it read on January 1, 1986, and all airline
transportation property as described in the Tax Equity and
Fiscal Responsibility Act of 1982 as it read on January 1,
1986.

(2) For the taxable tax year beginning January 1, 1986

1991, and for each taxable tax year thereafter, class
fifteen twelve property is taxed at the percentage rate "R",
to be determined by the department as provided in subsection
(3), or 12%, whichever is less.

(3) R = A/B where:

(a) A is the total statewide taxable value of all
commercial property, except class fifteen twelve property,
as commercial property is described in 15-1-101(1)(d)7
including class 1 and class 2 property; and

(b) B is the total statewide market value of all
commercial property, except class fifteen twelve property,
as commercial property is described in 15-1-101(1)(d)7
including class 1 and class 2 property.

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

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

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

1 statistically valid sample.

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

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

11 (5) For the purpose of complying with the Railroad
12 Revitalization and Regulatory Reform Act of 1976, as it read
13 on January 1, 1986, the rate "R" referred to in this section
14 is the equalized average tax rate generally applicable to
15 commercial and industrial property, except class fifteen
16 twelve property, as commercial property is defined in
17 15-1-101(1)(d)."

18 **NEW SECTION. Section 13.** Class twenty-one property --
19 description -- taxable percentage -- application for reduced
20 rate. (1) Class twenty-one property includes:

21 (a) all land used for commercial purposes, except that
22 specifically included in another class;

23 (b) all improvements used for commercial purposes,
24 except those specifically included in another class; and

25 (c) all other property not included in any other class

1 in this part, except that property subject to a fee in lieu
2 of a property tax.

3 (2) (a) Except as provided in 15-24-1402, 15-24-1501,
4 and subsection (2)(b) of this section, class twenty-one
5 property is taxed at 5% of market value.

6 (b) Real and personal property classified under this
7 section is taxed at 4% of market value if the property:

8 (i) is integrally related in a single working unit;

9 (ii) is not in production on the assessment date of the
10 current taxable year; and

11 (iii) has not been in production during any 6 months of
12 the preceding 12 months before the assessment date of the
13 current taxable year.

14 (3) A person applying for the reduced rate as provided
15 in subsection (2)(b) shall make an application to the
16 department of revenue on a form provided without cost by the
17 department.

18 (4) All property classified under this section is
19 subject to the provisions of 15-16-101 and 15-16-102.

20 **Section 14.** Section 15-6-201, MCA, is amended to read:

21 "15-6-201. Exempt categories. (1) The following
22 categories of property are exempt from taxation:

23 (a) the property of:

24 (i) the United States, the state, counties, cities,
25 towns, school districts, except, if congress passes

1 legislation that allows the state to tax property owned by
 2 an agency created by congress to transmit or distribute
 3 electrical energy, the property constructed, owned, or
 4 operated by a public agency created by the congress to
 5 transmit or distribute electric energy produced at privately
 6 owned generating facilities (not including rural electric
 7 cooperatives);
 8 (ii) irrigation districts organized under the laws of
 9 Montana and not operating for profit;
 10 (iii) municipal corporations; and
 11 (iv) public libraries;
 12 (b) buildings, with land they occupy and furnishings
 13 therein, owned by a church and used for actual religious
 14 worship or for residences of the clergy, together with
 15 adjacent land reasonably necessary for convenient use of the
 16 buildings;
 17 (c) property used exclusively for agricultural and
 18 horticultural societies, for educational purposes, and for
 19 nonprofit health care facilities, as defined in 50-5-101,
 20 licensed by the department of health and environmental
 21 sciences and organized under Title 35, chapter 2 or 3. A
 22 health care facility that is not licensed by the department
 23 of health and environmental sciences and organized under
 24 Title 35, chapter 2 or 3, is not exempt.
 25 (d) property that meets the following conditions:

1 (i) is owned and held by any association or corporation
 2 organized under Title 35, chapter 2, 3, 20, or 21;
 3 (ii) is devoted exclusively to use in connection with a
 4 cemetery or cemeteries for which a permanent care and
 5 improvement fund has been established as provided for in
 6 Title 35, chapter 20, part 3; and
 7 (iii) is not maintained and operated for private or
 8 corporate profit;
 9 (e) institutions of purely public charity;
 10 (f) evidence of debt secured by mortgages of record
 11 upon real or personal property in the state of Montana;
 12 (g) public art galleries and public observatories not
 13 used or held for private or corporate profit;
 14 (h) all household goods and furniture, including but
 15 not limited to clocks, musical instruments, sewing machines,
 16 and wearing apparel of members of the family, used by the
 17 owner for personal and domestic purposes or for furnishing
 18 or equipping the family residence;
 19 (i) a truck canopy cover or topper weighing less than
 20 300 pounds and having no accommodations attached. This
 21 property is also exempt from taxation under 61-3-504(2) and
 22 61-3-537.
 23 (j) a bicycle, as defined in 61-1-123, used by the
 24 owner for personal transportation purposes;
 25 (k) motor homes, travel trailers, and campers;

1 (l) all watercraft;

2 (m) land, fixtures, buildings, and improvements owned
3 by a cooperative association or nonprofit corporation
4 organized to furnish potable water to its members or
5 customers for uses other than the irrigation of agricultural
6 land;

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

12 (o) property owned and used by a corporation or
13 association organized and operated exclusively for the care
14 of the developmentally disabled, mentally ill, or
15 vocationally handicapped as defined in 18-5-101, which is
16 not operated for gain or profit;

17 (p) all farm buildings with a market value of less than
18 \$500 and all agricultural implements and machinery with a
19 market value of less than \$100;

20 (q) property owned by a nonprofit corporation organized
21 to provide facilities primarily for training and practice
22 for or competition in international sports and athletic
23 events and not held or used for private or corporate gain or
24 profit. For purposes of this subsection (q), "nonprofit
25 corporation" means an organization exempt from taxation

1 under section 501(c) of the Internal Revenue Code and
2 incorporated and admitted under the Montana Nonprofit
3 Corporation Act.

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

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

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

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

12 (t) a title plant owned by a title insurer or a title
13 insurance producer, as those terms are defined in
14 33-25-105;

15 (u) furniture and fixtures; and

16 (v) all tangible supplies and materials used or
17 consumed in a business.

18 (2) (a) The term "institutions of purely public
19 charity" includes organizations owning and operating
20 facilities for the care of the retired or aged or
21 chronically ill, which are not operated for gain or profit.

22 (b) The terms "public art galleries" and "public
23 observatories" include only those art galleries and
24 observatories, whether of public or private ownership, that
25 are open to the public without charge at all reasonable

1 hours and are used for the purpose of education only.

2 (c) The term "furniture and fixtures" means PROPERTY
 3 THAT IS NOT CENTRALLY ASSESSED PURSUANT TO TITLE 15, CHAPTER
 4 23, AND INCLUDES office and store machines, radio and
 5 telephone systems, medical and dental equipment, hotel,
 6 motel and apartment furniture, bar and restaurant equipment,
 7 computer hardware and software, data processing equipment,
 8 vending machines, and gas pumps.

9 (3) The following portions of the appraised value of a
 10 capital investment made after January 1, 1979, in a
 11 recognized nonfossil form of energy generation, as defined
 12 in 15-32-102, are exempt from taxation for a period of 10
 13 years following installation of the property:

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

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

18 **Section 15.** Section 15-8-205, MCA, is amended to read:

19 "15-8-205. Initial assessment of class twelve four
 20 trailer and mobile home property -- when. The county
 21 assessor shall assess all class twelve four trailer and
 22 mobile home property immediately upon arrival in the county
 23 if the taxes have not been previously paid for that year in
 24 another county in Montana."

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

1 **"15-16-111. Personal property -- duty of department.**

2 (1) It is the duty of the department of revenue or its
 3 agent, upon discovery of any personal property in the county
 4 other than that classified as class four property the taxes
 5 upon which are not a lien upon real property sufficient to
 6 secure the payment of such taxes, to immediately and in any
 7 event not more than 5 days thereafter make a report to the
 8 treasurer, setting forth the nature, kind, description, and
 9 character of such property in such a definite manner that
 10 the treasurer can identify the same, the amount and assessed
 11 valuation of such property, where the same is located, the
 12 amount of taxes due thereon, and the name and address of the
 13 owner, claimant, or other person in possession of the same.

14 (2) Where such personal property is located in any city
 15 or town which has provided by ordinance for the collection
 16 of its taxes for general, municipal, and administrative
 17 purposes by its city treasurer or town clerk, the department
 18 also and at the same time shall furnish to the city
 19 treasurer or town clerk a duplicate of the notice to the
 20 county treasurer. For the purpose of determining the taxes
 21 due on personal property, the department or its agent must
 22 use the levy made during the previous year."

23 **Section 17.** Section 15-16-611, MCA, is amended to read:

24 **"15-16-611. Reduction of property tax for property**
 25 **destroyed by natural disaster. (1) The department of revenue**

1 shall, upon showing by a taxpayer that some or all of the
 2 improvements on his real property or a trailer or mobile
 3 home ~~as described in 15-6-142~~ have been destroyed to such an
 4 extent that such improvements have been rendered unsuitable
 5 for their previous use by natural disaster, adjust the
 6 taxable value on the property, accounting for the
 7 destruction.

8 (2) The county treasurer shall adjust the tax due and
 9 payable for the current year on the property under 15-16-102
 10 as provided in subsection (3) of this section.

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

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

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

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

25 (5) For the purposes of this section, "natural

1 disaster" includes but is not limited to fire, flood,
 2 earthquake, or wind."

3 **Section 18.** Section 17-7-502, MCA, is amended to read:

4 "17-7-502. Statutory appropriations -- definition --
 5 requisites for validity. (1) A statutory appropriation is an
 6 appropriation made by permanent law that authorizes spending
 7 by a state agency without the need for a biennial
 8 legislative appropriation or budget amendment.

9 (2) Except as provided in subsection (4), to be
 10 effective, a statutory appropriation must comply with both
 11 of the following provisions:

12 (a) The law containing the statutory authority must be
 13 listed in subsection (3).

14 (b) The law or portion of the law making a statutory
 15 appropriation must specifically state that a statutory
 16 appropriation is made as provided in this section.

17 (3) The following laws are the only laws containing
 18 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
 19 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; ~~15-1-111;~~
 20 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;
 21 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;
 22 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;
 23 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;
 24 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;
 25 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;

1 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150;
 2 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101;
 3 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136;
 4 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306;
 5 and section 13, House Bill No. 861, Laws of 1985.

6 (4) There is a statutory appropriation to pay the
 7 principal, interest, premiums, and costs of issuing, paying,
 8 and securing all bonds, notes, or other obligations, as due,
 9 that have been authorized and issued pursuant to the laws of
 10 Montana. Agencies that have entered into agreements
 11 authorized by the laws of Montana to pay the state
 12 treasurer, for deposit in accordance with 17-2-101 through
 13 17-2-107, as determined by the state treasurer, an amount
 14 sufficient to pay the principal and interest as due on the
 15 bonds or notes have statutory appropriation authority for
 16 such payments. (In subsection (3), pursuant to sec. 10, Ch.
 17 664, L. 1987, the inclusion of 39-71-2504 terminates June
 18 30, 1991.)"

19 **Section 19.** Section 67-3-204, MCA, is amended to read:

20 "**67-3-204. Fee in lieu of tax on registered aircraft --**
 21 **decal.** (1) Except as provided in subsection (3), aircraft
 22 required to be registered in Montana are subject to a fee.
 23 The registration fee is in lieu of property tax.

24 (2) The department shall issue a decal to the owner of
 25 the aircraft required to be registered at the time of

1 payment of the registration fee in lieu of tax, as provided
 2 in 67-3-201. No aircraft subject to a fee in lieu of tax may
 3 be operated in this state unless there is displayed on the
 4 aircraft a decal as visual proof that the fee in lieu of tax
 5 has been paid for the aircraft and that the aircraft is
 6 registered for the current year.

7 (3) Aircraft that meet the description of property
 8 described in ~~15-6-147~~ 15-6-145 are exempt from the fee
 9 imposed by subsection (1). Aircraft subject to the fee in
 10 lieu of tax are exempt from all other taxation."

11 **Section 20.** Section 10, Chapter 681, Laws of 1985, is
 12 amended to read:

13 "Section 10. Effective date -- termination date dates.
 14 (1) This act is effective January 1, 1986, and ~~except for~~
 15 ~~section-37~~ [section 1] terminates January 1, 1991.

16 (2) [Sections 2 and 4 through 6] terminate January 1,
 17 1995."

18 **NEW SECTION. Section 21. Repealer.** Sections 15-1-111,
 19 15-6-142, 15-6-147, 15-6-148, 15-6-149, 15-6-150, 15-6-153,
 20 15-6-154, 15-6-155, 15-10-401, 15-10-402, 15-10-411, and
 21 15-10-412, MCA, are repealed.

22 **NEW SECTION. Section 22. Codification instruction.** (1)
 23 [Section 5] is intended to be codified as an integral part
 24 of Title 15, chapter 30, and the provisions of Title 15,
 25 chapter 30, apply to [section 5].

1 (2) [Section 13] is intended to be codified as an
2 integral part of Title 15, chapter 6, part 1, and the
3 provisions of Title 15, chapter 6, part 1, apply to [section
4 13].

5 **NEW SECTION. Section 23.** Coordination instruction. (1)
6 If House Bill No. 340 is passed by the 52nd legislature and
7 approved by the governor, then the code commissioner is
8 instructed, at the time of codification of that enactment,
9 to change references in that enactment from class thirteen
10 property to class ten property.

11 (2) The code commissioner is instructed to change
12 references to classes of property in enactments of the 52nd
13 legislature to conform to the classifications established in
14 [this act].

15 (3) If House Bill No. 340 is passed and approved and if
16 it includes a section that amends 15-6-143, then the
17 amendments made by [this act] to 15-6-133(1)(c), 15-6-143,
18 and section 10, Chapter 681, Laws of 1985, are void.

19 **NEW SECTION. Section 24.** Effective date -- retroactive
20 applicability. [This act] is effective on passage and
21 approval and applies retroactively, within the meaning of
22 1-2-109, to tax years beginning on or after January 1, 1991.

-End-