

HOUSE BILL 884

Introduced by S. Rice, et al.

2/15	Introduced
2/15	Referred to Taxation
2/16	First Reading
2/16	Fiscal Note Requested
2/21	Fiscal Note Received
2/23	Fiscal Note Printed
3/15	Hearing
	Died in Committee

1 *House* BILL NO. *884*  
 2 INTRODUCED BY *Nisbet Connelly, Governor, Dept*  
 3 *Shelley Dolzani, Dickson E. Manning, Edw. J. ...*  
 4 A BILL FOR AN ACT ENTITLED: *AN ACT PROVIDING TAX CREDITS*  
 5 FOR INCREASED PROPERTY TAXES CAUSED BY THE SALES ASSESSMENT  
 6 RATIO STUDY; PROVIDING FOR APPLICATION FOR AND  
 7 ADMINISTRATION OF THE PROPERTY TAX CREDIT; REQUIRING THAT  
 8 APPLICATION MUST BE MADE FOR A TAX CREDIT BY DECEMBER 31,  
 9 1993; PROVIDING THAT A CERTIFICATE OF TAX CREDIT IS VOID  
 10 AFTER DECEMBER 31, 1997; REQUIRING THAT LARGE PROPERTY TAX  
 11 CREDITS BE ADMINISTERED OVER A PERIOD NOT TO EXCEED 3 YEARS;  
 12 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION  
 13 DATE."

14  
 15 STATEMENT OF INTENT  
 16 A statement of intent is required for this bill because  
 17 rulemaking authority is granted to the department of revenue  
 18 in [section 1]. The department shall adopt rules on  
 19 applications, documentation, administration, and other  
 20 things it considers appropriate to implement [this act].  
 21

22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 23 NEW SECTION. **Section 1.** Property tax credit for  
 24 increased property taxes from 1989 sales assessment ratio  
 25 adjustment -- application -- certificates of tax credit. (1)

1 The department of revenue shall grant credits for property  
 2 taxes that were paid on property that had an increase in  
 3 value because of the application of the sales assessment  
 4 ratio percentage adjustment pursuant to 15-7-111, for the  
 5 tax year beginning January 1, 1990. The credit is an amount  
 6 equal to the property taxes that were paid on the increase  
 7 in property value arising solely because of the percentage  
 8 adjustment increase in value.

9 (2) (a) A taxpayer shall apply for a property tax  
 10 credit on forms specified by the department. The department  
 11 may require that certain documents, or copies of documents,  
 12 be submitted with the application. The taxpayer shall apply  
 13 for a credit no later than December 31, 1993. If the  
 14 department determines that a taxpayer is entitled to a  
 15 property tax credit, the department shall issue the taxpayer  
 16 a certificate of tax credit. If the department refuses to  
 17 issue a certificate of tax credit, the applicant may appeal  
 18 the department's decision, as provided in the Montana  
 19 Administrative Procedure Act in Title 2, chapter 4.

20 (b) The department shall place a description of the  
 21 property on the certificate of tax credit. If a tax credit  
 22 exceeds \$100, the department shall issue up to three  
 23 certificates of tax credit to the taxpayer. The amount of  
 24 the credit must be evenly divided among the certificates.

25 (c) The department may adopt rules to allow electronic

1 administration of certificates of tax credit. The electronic  
 2 administration will allow use of state and county data  
 3 processing capabilities and taxpayer electronic funds  
 4 transfer in processing payment of property taxes with  
 5 certificates of tax credit.

6 (3) A taxpayer may use a certificate of tax credit for  
 7 partial payment of property taxes payable pursuant to  
 8 15-16-102. The credit is valid only for property for which a  
 9 certificate of tax credit was issued. The certificate may be  
 10 used by any person paying property taxes on the property  
 11 and, if the property has been divided, by any person paying  
 12 property taxes on a parcel that was originally a part of  
 13 1990-taxed property. Only one certificate may be used per  
 14 tax year for any parcel of property or for one parcel of  
 15 1990-taxed property that has subsequently been divided.  
 16 After December 31, 1997, certificates of tax credit are  
 17 void.

18 (4) The county treasurer shall distribute the amount of  
 19 property tax payments made with money as provided by law and  
 20 shall report to each taxing entity the amount, if any, of  
 21 the payments that would have been distributed in money but  
 22 were instead paid with certificates of tax credit.

23 (5) The department of revenue may adopt rules to  
 24 implement this section.

25 NEW SECTION. **Section 2.** Codification instruction.

1 [Section 1] is intended to be codified as an integral part  
 2 of Title 15, chapter 16, and the provisions of Title 15,  
 3 chapter 16, apply to [section 1].

4 NEW SECTION. **Section 3.** Effective date -- termination.  
 5 [This act] is effective on passage and approval and  
 6 terminates December 31, 1998.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0884, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing tax credits for increased property taxes caused by the sales assessment ratio study; providing for application for and administration of the property tax credit; requiring that application must be made for a tax credit by December 31, 1993; providing that a certificate of tax credit is void after December 31, 1997; requiring that large property tax credits be administered over a period not to exceed 3 years; and providing an immediate effective date and a termination date.

ASSUMPTIONS:

1. Everyone who qualifies will apply and get the tax credit.
2. There would be \$17,182,839 in taxable value of property which would qualify for the credit.
3. The Department of Revenue would not grant the property tax credits to be given under this proposal. This would be done by the counties.

FISCAL IMPACT:

The tax credit over the three year period would cost a total of \$6,365,579 which is broken down as follows:

University System (6 Mills)	103,097
State Equalization (40 Mills)	687,314
County Equalization (55 mills)	945,056
County Governments	1,551,922
Local School Districts	2,221,581
City Governments	<u>856,609</u>
TOTAL	6,365,579

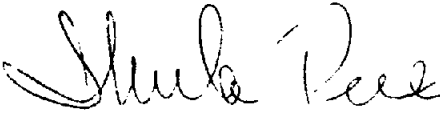
EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

There would be administrative costs on the part of the counties to issue the property tax credits required under this proposal.

TECHNICAL NOTES:

Since the Department of Revenue computer systems are not set up to handle tax payments the responsibility of granting the property tax credits would more properly be assigned to the counties; most likely the county treasurers. It would be extremely expensive, in terms of setting up a computer system, for the Department of Revenue to grant the property tax credits required under this proposal.

 2-21-91  
ROD SUNDSTED, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

 2/23/91  
, PRIMARY SPONSOR      DATE  
Sheila Rice  
Fiscal Note for HB0884, as introduced      **HB 884**