

HOUSE BILL NO. 904

INTRODUCED BY KASTEN, R. JOHNSON, MESSMORE, FAGG,
R. DEBRUYCKER, FOSTER, MERCER, LEE, CODY,
TUNBY, RANEY, DEVLIN, PECK, GAGE, KEATING,
PINSONEAULT, BRUSKI, HARDING, HAGER, SIMPKINS,
DARKO, BACHINI, NATHE

IN THE HOUSE

FEBRUARY 16, 1991 INTRODUCED AND REFERRED TO COMMITTEE
 ON TAXATION.

 FIRST READING.

MARCH 28, 1991 COMMITTEE RECOMMEND BILL
 DO PASS. REPORT ADOPTED.

APRIL 1, 1991 PRINTING REPORT.

APRIL 3, 1991 SECOND READING, DO PASS.

 ON MOTION, RULES SUSPENDED. BILL
 PLACED ON THIRD READING THIS DAY.

 THIRD READING, PASSED.
 AYES, 99; NOES, 1.

APRIL 4, 1991 ENGROSSING REPORT.

 TRANSMITTED TO THE SENATE.

IN THE SENATE

APRIL 4, 1991 INTRODUCED AND REFERRED TO COMMITTEE
 ON TAXATION.

 FIRST READING.

APRIL 12, 1991 COMMITTEE RECOMMEND BILL BE
 CONCURRED IN. REPORT ADOPTED.

APRIL 15, 1991 SECOND READING, CONCURRED IN.

APRIL 16, 1991 THIRD READING, CONCURRED IN.
 AYES, 49; NOES, 0.

 RETURNED TO HOUSE.

IN THE HOUSE

APRIL 17, 1991

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *904*
 2 INTRODUCED BY *Senators Johnson Mesumole Fagg*
 3 *Rep. Mercer*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING SOCIAL SECURITY INCOME PAID DIRECTLY TO A NURSING HOME FROM THE DEFINITIONS OF INCOME USED TO CALCULATE THE LOW-INCOME PROPERTY TAX REDUCTION AND THE RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY; AMENDING SECTIONS 15-6-134, 15-6-142, AND 15-30-171, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."
 5
 6
 7
 8
 9
 10
 11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 13 **Section 1.** Section 15-6-134, MCA, is amended to read:
 14 "15-6-134. Class four property -- description --
 15 taxable percentage. (1) Class four property includes:
 16 (a) all land except that specifically included in
 17 another class;
 18 (b) all improvements except those specifically included
 19 in another class;
 20 (c) the first \$80,000 or less of the market value of
 21 any improvement on real property and appurtenant land not
 22 exceeding 5 acres owned or under contract for deed and
 23 actually occupied for at least 10 months a year as the
 24 primary residential dwelling of any person whose total
 25 income from all sources, including otherwise tax-exempt

1 income of all types but not including social security income
 2 paid directly to a nursing home, is not more than \$10,000
 3 for a single person or \$12,000 for a married couple, as
 4 adjusted according to subsection (2)(b)(ii);
 5 (d) all golf courses, including land and improvements
 6 actually and necessarily used for that purpose, that consist
 7 of at least 9 holes and not less than 3,000 lineal yards.
 8 (2) Class four property is taxed as follows:
 9 (a) Except as provided in 15-24-1402 or 15-24-1501,
 10 property described in subsections (1)(a) and (1)(b) is taxed
 11 at 3.86% of its market value.
 12 (b) (i) Property described in subsection (1)(c) is
 13 taxed at 3.86% of its market value multiplied by a
 14 percentage figure based on income and determined from the
 15 following table:
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

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

1 8,001 - 9,000 9,601 - 10,800 80%

2 9,001 - 10,000 10,801 - 12,000 90%

3 (ii) The income levels contained in the table in

4 subsection (2)(b)(i) must be adjusted for inflation annually

5 by the department of revenue. The adjustment to the income

6 levels is determined by:

7 (A) multiplying the appropriate dollar amount from the

8 table in subsection (2)(b)(i) by the ratio of the PCE for

9 the second quarter of the year prior to the year of

10 application to the PCE for the second quarter of 1986; and

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

12 whole dollar amount.

13 (iii) "PCE" means the implicit price deflator for

14 personal consumption expenditures as published quarterly in

15 the Survey of Current Business by the bureau of economic

16 analysis of the U.S. department of commerce.

17 (c) Property described in subsection (1)(d) is taxed at

18 one-half the taxable percentage rate established in

19 subsection (2)(a).

20 (3) After July 1, 1986, no adjustment may be made by

21 the department to the taxable percentage rate for class four

22 property until a revaluation has been made as provided in

23 15-7-111.

24 (4) Within the meaning of comparable property as

25 defined in 15-1-101, property assessed as commercial

1 property is comparable only to other property assessed as

2 commercial property, and property assessed as other than

3 commercial property is comparable only to other property

4 assessed as other than commercial property."

5 **Section 2.** Section 15-6-142, MCA, is amended to read:

6 "15-6-142. Class twelve property -- description --

7 taxable percentage. (1) Class twelve property includes:

8 (a) a trailer or mobile home used as a residence except

9 when:

10 (i) held by a distributor or dealer of trailers or

11 mobile homes as his stock in trade; or

12 (ii) specifically included in another class;

13 (b) the first \$80,000 or less of the market value of a

14 trailer or mobile home used as a residence and actually

15 occupied for at least 10 months a year as the primary

16 residential dwelling of any person whose total income from

17 all sources, including otherwise tax-exempt income of all

18 types but not including social security income paid directly

19 to a nursing home, is not more than \$10,000 for a single

20 person or \$12,000 for a married couple, as adjusted

21 according to 15-6-134(2)(b)(ii).

22 (2) Class twelve property is taxed as follows:

23 (a) Property described in subsection (1)(a) that is not

24 of the type described in subsection (1)(b) is taxed at 3.86%

25 of its market value.

1 (b) Property described in subsection (1)(b) is taxed at
 2 3.86% of its market value multiplied by a percentage figure
 3 based on income and determined from the table established in
 4 subsection (2)(b)(i) of 15-6-134."

5 **Section 3.** Section 15-30-171, MCA, is amended to read:

6 "15-30-171. Residential property tax credit for elderly
 7 -- definitions. As used in 15-30-171 through 15-30-179, the
 8 following definitions apply:

9 (1) "Income" means federal adjusted gross income,
 10 without regard to loss, as that quantity is defined in the
 11 Internal Revenue Code of the United States, plus all
 12 nontaxable income, including but not limited to:

13 (a) the gross amount of any pension or annuity
 14 (including Railroad Retirement Act benefits and veterans'
 15 disability benefits);

16 (b) the amount of capital gains excluded from adjusted
 17 gross income;

18 (c) alimony;

19 (d) support money;

20 (e) nontaxable strike benefits;

21 (f) cash public assistance and relief;

22 (g) payments and interest on federal, state, county,
 23 and municipal bonds; and

24 (h) all payments received under federal social security
 25 except social security paid directly to a nursing home.

1 (2) "Claim period" means the tax year for individuals
 2 required to file Montana individual income tax returns and
 3 the calendar year for individuals not required to file
 4 returns.

5 (3) "Claimant" means an individual natural person who
 6 is eligible to file a claim under 15-30-172.

7 (4) "Household" means an association of persons who
 8 live in the same dwelling, sharing its furnishings,
 9 facilities, accommodations, and expenses. The term does not
 10 include bona fide lessees, tenants, or roomers and boarders
 11 on contract.

12 (5) "Gross household income" means all income received
 13 by all individuals of a household while they are members of
 14 the household.

15 (6) "Household income" means \$0 or the amount obtained
 16 by subtracting the greater of \$4,000 or 50% of total
 17 retirement benefits from gross household income, whichever
 18 is greater.

19 (7) "Homestead" means:

20 (a) a single-family dwelling or unit of a multiple-unit
 21 dwelling that is subject to ad valorem taxes in Montana and
 22 as much of the surrounding land, but not in excess of 1
 23 acre, as is reasonably necessary for its use as a dwelling;
 24 or

25 (b) a single-family dwelling or unit of a multiple-unit

1 dwelling that is rented from a county or municipal housing
2 authority as provided in Title 7, chapter 15.

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

4 (9) "Gross rent" means the total rent in cash or its
5 equivalent actually paid during the claim period by the
6 renter or lessee for the right of occupancy of the homestead
7 pursuant to an arm's length transaction with the landlord.

8 (10) "Property tax paid" means general ad valorem taxes
9 levied against the homestead, exclusive of special
10 assessments, penalties, or interest and paid during the
11 claim period.

12 (11) "Rent-equivalent tax paid" means 15% of the gross
13 rent."

14 NEW SECTION. **Section 4.** Effective date -- retroactive
15 applicability. [This act] is effective on passage and
16 approval and applies retroactively, within the meaning of
17 1-2-109, to tax years beginning after December 31, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0904, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act excluding social security income paid directly to a nursing home from the definitions of income used to calculate the low-income property tax reduction and the residential property tax credit for the elderly; and providing an immediate effective date and a retroactive applicability date.

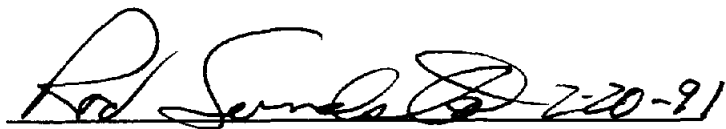
FISCAL IMPACT:

Expenditures:

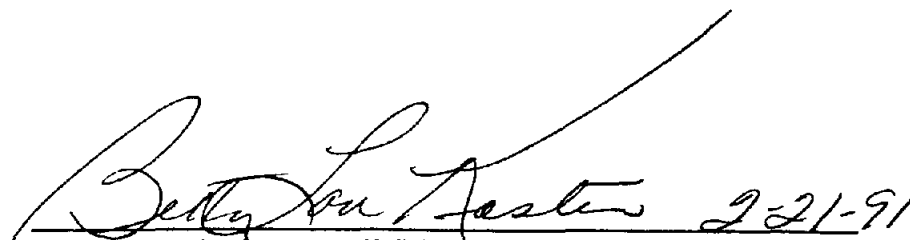
This proposal has no impact on department administrative expenses.

Revenues:

Revising the definitions of income for the low-income residential property tax reduction and the elderly credit will reduce both property tax and income tax collections. While the department does not have information available allowing an accurate estimate of these impacts, they are believed to be very small.



ROD SUNDESTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning



BETTY LOU KASTEN, PRIMARY SPONSOR DATE

Fiscal Note for HB0904, as introduced

HB 904

APPROVED BY COMMITTEE ON TAXATION

1 *House* BILL NO. *904*
 2 INTRODUCED BY *Rep. Fester* *MERCER* *Sen. Fester* *Sen. Fester*
 3 *Sen. Fester* *Sen. Fester* *Sen. Fester* *Sen. Fester*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING SOCIAL SECURITY INCOME PAID DIRECTLY TO A NURSING HOME FROM THE DEFINITIONS OF INCOME USED TO CALCULATE THE LOW-INCOME PROPERTY TAX REDUCTION AND THE RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY; AMENDING SECTIONS 15-6-134, 15-6-142, AND 15-30-171, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."
 5
 6
 7
 8
 9
 10
 11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 13 **Section 1.** Section 15-6-134, MCA, is amended to read:
 14 "15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:
 15 (a) all land except that specifically included in
 16 another class;
 17 (b) all improvements except those specifically included
 18 in another class;
 19 (c) the first \$80,000 or less of the market value of
 20 any improvement on real property and appurtenant land not
 21 exceeding 5 acres owned or under contract for deed and
 22 actually occupied for at least 10 months a year as the
 23 primary residential dwelling of any person whose total
 24 income from all sources, including otherwise tax-exempt
 25

1 income of all types but not including social security income
 2 paid directly to a nursing home, is not more than \$10,000
 3 for a single person or \$12,000 for a married couple, as
 4 adjusted according to subsection (2)(b)(ii);
 5 (d) all golf courses, including land and improvements
 6 actually and necessarily used for that purpose, that consist
 7 of at least 9 holes and not less than 3,000 lineal yards.
 8 (2) Class four property is taxed as follows:
 9 (a) Except as provided in 15-24-1402 or 15-24-1501,
 10 property described in subsections (1)(a) and (1)(b) is taxed
 11 at 3.86% of its market value.
 12 (b) (i) Property described in subsection (1)(c) is
 13 taxed at 3.86% of its market value multiplied by a
 14 percentage figure based on income and determined from the
 15 following table:

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

1	8,001 - 9,000	9,601 - 10,800	80%
2	9,001 - 10,000	10,801 - 12,000	90%

3 (ii) The income levels contained in the table in
4 subsection (2)(b)(i) must be adjusted for inflation annually
5 by the department of revenue. The adjustment to the income
6 levels is determined by:

7 (A) multiplying the appropriate dollar amount from the
8 table in subsection (2)(b)(i) by the ratio of the PCE for
9 the second quarter of the year prior to the year of
10 application to the PCE for the second quarter of 1986; and

11 (B) rounding the product thus obtained to the nearest
12 whole dollar amount.

13 (iii) "PCE" means the implicit price deflator for
14 personal consumption expenditures as published quarterly in
15 the Survey of Current Business by the bureau of economic
16 analysis of the U.S. department of commerce.

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

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

24 (4) Within the meaning of comparable property as
25 defined in 15-1-101, property assessed as commercial

1 property is comparable only to other property assessed as
2 commercial property, and property assessed as other than
3 commercial property is comparable only to other property
4 assessed as other than commercial property."

5 **Section 2.** Section 15-6-142, MCA, is amended to read:

6 "15-6-142. Class twelve property -- description --
7 taxable percentage. (1) Class twelve property includes:

8 (a) a trailer or mobile home used as a residence except
9 when:

10 (i) held by a distributor or dealer of trailers or
11 mobile homes as his stock in trade; or

12 (ii) specifically included in another class;

13 (b) the first \$80,000 or less of the market value of a
14 trailer or mobile home used as a residence and actually
15 occupied for at least 10 months a year as the primary
16 residential dwelling of any person whose total income from
17 all sources, including otherwise tax-exempt income of all
18 types but not including social security income paid directly
19 to a nursing home, is not more than \$10,000 for a single
20 person or \$12,000 for a married couple, as adjusted
21 according to 15-6-134(2)(b)(ii).

22 (2) Class twelve property is taxed as follows:

23 (a) Property described in subsection (1)(a) that is not
24 of the type described in subsection (1)(b) is taxed at 3.86%
25 of its market value.

1 (b) Property described in subsection (1)(b) is taxed at
 2 3.86% of its market value multiplied by a percentage figure
 3 based on income and determined from the table established in
 4 subsection (2)(b)(i) of 15-6-134."

5 **Section 3.** Section 15-30-171, MCA, is amended to read:

6 "15-30-171. Residential property tax credit for elderly
 7 -- definitions. As used in 15-30-171 through 15-30-179, the
 8 following definitions apply:

9 (1) "Income" means federal adjusted gross income,
 10 without regard to loss, as that quantity is defined in the
 11 Internal Revenue Code of the United States, plus all
 12 nontaxable income, including but not limited to:

13 (a) the gross amount of any pension or annuity
 14 (including Railroad Retirement Act benefits and veterans'
 15 disability benefits);

16 (b) the amount of capital gains excluded from adjusted
 17 gross income;

18 (c) alimony;

19 (d) support money;

20 (e) nontaxable strike benefits;

21 (f) cash public assistance and relief;

22 (g) payments and interest on federal, state, county,
 23 and municipal bonds; and

24 (h) all payments received under federal social security
 25 except social security paid directly to a nursing home.

1 (2) "Claim period" means the tax year for individuals
 2 required to file Montana individual income tax returns and
 3 the calendar year for individuals not required to file
 4 returns.

5 (3) "Claimant" means an individual natural person who
 6 is eligible to file a claim under 15-30-172.

7 (4) "Household" means an association of persons who
 8 live in the same dwelling, sharing its furnishings,
 9 facilities, accommodations, and expenses. The term does not
 10 include bona fide lessees, tenants, or roomers and boarders
 11 on contract.

12 (5) "Gross household income" means all income received
 13 by all individuals of a household while they are members of
 14 the household.

15 (6) "Household income" means \$0 or the amount obtained
 16 by subtracting the greater of \$4,000 or 50% of total
 17 retirement benefits from gross household income, whichever
 18 is greater.

19 (7) "Homestead" means:

20 (a) a single-family dwelling or unit of a multiple-unit
 21 dwelling that is subject to ad valorem taxes in Montana and
 22 as much of the surrounding land, but not in excess of 1
 23 acre, as is reasonably necessary for its use as a dwelling;
 24 or

25 (b) a single-family dwelling or unit of a multiple-unit

1 dwelling that is rented from a county or municipal housing
2 authority as provided in Title 7, chapter 15.

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

4 (9) "Gross rent" means the total rent in cash or its
5 equivalent actually paid during the claim period by the
6 renter or lessee for the right of occupancy of the homestead
7 pursuant to an arm's length transaction with the landlord.

8 (10) "Property tax paid" means general ad valorem taxes
9 levied against the homestead, exclusive of special
10 assessments, penalties, or interest and paid during the
11 claim period.

12 (11) "Rent-equivalent tax paid" means 15% of the gross
13 rent."

14 **NEW SECTION. Section 4. Effective date -- retroactive**
15 **applicability.** [This act] is effective on passage and
16 approval and applies retroactively, within the meaning of
17 1-2-109, to tax years beginning after December 31, 1990.

-End-

1 *House* BILL NO. *904*
 2 INTRODUCED BY *Montana* *Legislature* *Messmore* *Fagg*
 3 *Back* *off* *Ester* *MERCER* *De* *Craig* *County* *Raney* *Deakin*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING SOCIAL
 5 SECURITY INCOME PAID DIRECTLY TO A NURSING HOME FROM THE
 6 DEFINITIONS OF INCOME USED TO CALCULATE THE LOW-INCOME
 7 PROPERTY TAX REDUCTION AND THE RESIDENTIAL PROPERTY TAX
 8 CREDIT FOR THE ELDERLY; AMENDING SECTIONS 15-6-134,
 9 15-6-142, AND 15-30-171, MCA; AND PROVIDING AN IMMEDIATE
 10 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."
 11

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

13 **Section 1.** Section 15-6-134, MCA, is amended to read:

14 "15-6-134. Class four property -- description --
15 taxable percentage. (1) Class four property includes:

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

18 (b) all improvements except those specifically included
19 in another class;

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

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

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

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

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

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

	Income	Income	Percentage
	Single Person	Married Couple	Multiplier
16	\$ 0 - \$ 1,000	\$ 0 - \$ 1,200	0%
17	1,001 - 2,000	1,201 - 2,400	10%
18	2,001 - 3,000	2,401 - 3,600	20%
19	3,001 - 4,000	3,601 - 4,800	30%
20	4,001 - 5,000	4,801 - 6,000	40%
21	5,001 - 6,000	6,001 - 7,200	50%
22	6,001 - 7,000	7,201 - 8,400	60%
23	7,001 - 8,000	8,401 - 9,600	70%
24			
25			



1	8,001 - 9,000	9,601 - 10,800	80%
2	9,001 - 10,000	10,801 - 12,000	90%

3 (ii) The income levels contained in the table in
4 subsection (2)(b)(i) must be adjusted for inflation annually
5 by the department of revenue. The adjustment to the income
6 levels is determined by:

7 (A) multiplying the appropriate dollar amount from the
8 table in subsection (2)(b)(i) by the ratio of the PCE for
9 the second quarter of the year prior to the year of
10 application to the PCE for the second quarter of 1986; and

11 (B) rounding the product thus obtained to the nearest
12 whole dollar amount.

13 (iii) "PCE" means the implicit price deflator for
14 personal consumption expenditures as published quarterly in
15 the Survey of Current Business by the bureau of economic
16 analysis of the U.S. department of commerce.

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

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

24 (4) Within the meaning of comparable property as
25 defined in 15-1-101, property assessed as commercial

1 property is comparable only to other property assessed as
2 commercial property, and property assessed as other than
3 commercial property is comparable only to other property
4 assessed as other than commercial property."

5 **Section 2.** Section 15-6-142, MCA, is amended to read:

6 "15-6-142. Class twelve property -- description --
7 taxable percentage. (1) Class twelve property includes:

8 (a) a trailer or mobile home used as a residence except
9 when:

10 (i) held by a distributor or dealer of trailers or
11 mobile homes as his stock in trade; or

12 (ii) specifically included in another class;

13 (b) the first \$80,000 or less of the market value of a
14 trailer or mobile home used as a residence and actually
15 occupied for at least 10 months a year as the primary
16 residential dwelling of any person whose total income from
17 all sources, including otherwise tax-exempt income of all
18 types but not including social security income paid directly
19 to a nursing home, is not more than \$10,000 for a single
20 person or \$12,000 for a married couple, as adjusted
21 according to 15-6-134(2)(b)(ii).

22 (2) Class twelve property is taxed as follows:

23 (a) Property described in subsection (1)(a) that is not
24 of the type described in subsection (1)(b) is taxed at 3.86%
25 of its market value.

1 (b) Property described in subsection (1)(b) is taxed at
 2 3.86% of its market value multiplied by a percentage figure
 3 based on income and determined from the table established in
 4 subsection (2)(b)(i) of 15-6-134."

5 **Section 3.** Section 15-30-171, MCA, is amended to read:

6 "15-30-171. Residential property tax credit for elderly
 7 -- definitions. As used in 15-30-171 through 15-30-179, the
 8 following definitions apply:

9 (1) "Income" means federal adjusted gross income,
 10 without regard to loss, as that quantity is defined in the
 11 Internal Revenue Code of the United States, plus all
 12 nontaxable income, including but not limited to:

13 (a) the gross amount of any pension or annuity
 14 (including Railroad Retirement Act benefits and veterans'
 15 disability benefits);

16 (b) the amount of capital gains excluded from adjusted
 17 gross income;

18 (c) alimony;

19 (d) support money;

20 (e) nontaxable strike benefits;

21 (f) cash public assistance and relief;

22 (g) payments and interest on federal, state, county,
 23 and municipal bonds; and

24 (h) all payments received under federal social security
 25 except social security paid directly to a nursing home.

1 (2) "Claim period" means the tax year for individuals
 2 required to file Montana individual income tax returns and
 3 the calendar year for individuals not required to file
 4 returns.

5 (3) "Claimant" means an individual natural person who
 6 is eligible to file a claim under 15-30-172.

7 (4) "Household" means an association of persons who
 8 live in the same dwelling, sharing its furnishings,
 9 facilities, accommodations, and expenses. The term does not
 10 include bona fide lessees, tenants, or roomers and boarders
 11 on contract.

12 (5) "Gross household income" means all income received
 13 by all individuals of a household while they are members of
 14 the household.

15 (6) "Household income" means \$0 or the amount obtained
 16 by subtracting the greater of \$4,000 or 50% of total
 17 retirement benefits from gross household income, whichever
 18 is greater.

19 (7) "Homestead" means:

20 (a) a single-family dwelling or unit of a multiple-unit
 21 dwelling that is subject to ad valorem taxes in Montana and
 22 as much of the surrounding land, but not in excess of 1
 23 acre, as is reasonably necessary for its use as a dwelling;
 24 or

25 (b) a single-family dwelling or unit of a multiple-unit

1 dwelling that is rented from a county or municipal housing
2 authority as provided in Title 7, chapter 15.

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

4 (9) "Gross rent" means the total rent in cash or its
5 equivalent actually paid during the claim period by the
6 renter or lessee for the right of occupancy of the homestead
7 pursuant to an arm's length transaction with the landlord.

8 (10) "Property tax paid" means general ad valorem taxes
9 levied against the homestead, exclusive of special
10 assessments, penalties, or interest and paid during the
11 claim period.

12 (11) "Rent-equivalent tax paid" means 15% of the gross
13 rent."

14 **NEW SECTION. Section 4. Effective date -- retroactive**
15 **applicability.** [This act] is effective on passage and
16 approval and applies retroactively, within the meaning of
17 1-2-109, to tax years beginning after December 31, 1990.

-End-

1 HOUSE BILL NO. 904

2 INTRODUCED BY KASTEN, R. JOHNSON, MESSMORE, FAGG,

3 R. DEBRUYCKER, FOSTER, MERCER, LEE, CODY,

4 TUNBY, RANEY, DEVLIN, PECK, GAGE, KEATING,

5 PINSONEAULT, BRUSKI, HARDING, HAGER, SIMPKINS,

6 DARKO, BACHINI, NATHE

7
8 A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING SOCIAL
9 SECURITY INCOME PAID DIRECTLY TO A NURSING HOME FROM THE
10 DEFINITIONS OF INCOME USED TO CALCULATE THE LOW-INCOME
11 PROPERTY TAX REDUCTION AND THE RESIDENTIAL PROPERTY TAX
12 CREDIT FOR THE ELDERLY; AMENDING SECTIONS 15-6-134,
13 15-6-142, AND 15-30-171, MCA; AND PROVIDING AN IMMEDIATE
14 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:17 **Section 1.** Section 15-6-134, MCA, is amended to read:18 **"15-6-134. Class four property -- description --**
19 **taxable percentage.** (1) Class four property includes:20 (a) all land except that specifically included in
21 another class;22 (b) all improvements except those specifically included
23 in another class;24 (c) the first \$80,000 or less of the market value of
25 any improvement on real property and appurtenant land not

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

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

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

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

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

Income		Income	Percentage
Single Person	Married Couple		Multiplier
\$ 0 - \$ 1,000	\$ 0 - \$ 1,200		0%
1,001 - 2,000	1,201 - 2,400		10%
2,001 - 3,000	2,401 - 3,600		20%
3,001 - 4,000	3,601 - 4,800		30%

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

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

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

15 (B) rounding the product thus obtained to the nearest
 16 whole dollar amount.

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

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

24 (3) After July 1, 1986, no adjustment may be made by
 25 the department to the taxable percentage rate for class four

1 property until a revaluation has been made as provided in
 2 15-7-111.

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

9 **Section 2.** Section 15-6-142, MCA, is amended to read:

10 **"15-6-142. Class twelve property -- description --**
 11 **taxable percentage. (1) Class twelve property includes:**

12 (a) a trailer or mobile home used as a residence except
 13 when:

14 (i) held by a distributor or dealer of trailers or
 15 mobile homes as his stock in trade; or

16 (ii) specifically included in another class;

17 (b) the first \$80,000 or less of the market value of a
 18 trailer or mobile home used as a residence and actually
 19 occupied for at least 10 months a year as the primary
 20 residential dwelling of any person whose total income from
 21 all sources, including otherwise tax-exempt income of all
 22 types but not including social security income paid directly
 23 to a nursing home, is not more than \$10,000 for a single
 24 person or \$12,000 for a married couple, as adjusted
 25 according to 15-6-134(2)(b)(ii).

1 (2) Class twelve property is taxed as follows:
 2 (a) Property described in subsection (1)(a) that is not
 3 of the type described in subsection (1)(b) is taxed at 3.86%
 4 of its market value.
 5 (b) Property described in subsection (1)(b) is taxed at
 6 3.86% of its market value multiplied by a percentage figure
 7 based on income and determined from the table established in
 8 subsection (2)(b)(i) of 15-6-134."

9 **Section 3.** Section 15-30-171, MCA, is amended to read:
 10 "15-30-171. Residential property tax credit for elderly
 11 -- definitions. As used in 15-30-171 through 15-30-179, the
 12 following definitions apply:

13 (1) "Income" means federal adjusted gross income,
 14 without regard to loss, as that quantity is defined in the
 15 Internal Revenue Code of the United States, plus all
 16 nontaxable income, including but not limited to:

- 17 (a) the gross amount of any pension or annuity
- 18 (including Railroad Retirement Act benefits and veterans'
- 19 disability benefits);
- 20 (b) the amount of capital gains excluded from adjusted
- 21 gross income;
- 22 (c) alimony;
- 23 (d) support money;
- 24 (e) nontaxable strike benefits;
- 25 (f) cash public assistance and relief;

1 (g) payments and interest on federal, state, county,
 2 and municipal bonds; and
 3 (h) all payments received under federal social security
 4 except social security paid directly to a nursing home.
 5 (2) "Claim period" means the tax year for individuals
 6 required to file Montana individual income tax returns and
 7 the calendar year for individuals not required to file
 8 returns.
 9 (3) "Claimant" means an individual natural person who
 10 is eligible to file a claim under 15-30-172.
 11 (4) "Household" means an association of persons who
 12 live in the same dwelling, sharing its furnishings,
 13 facilities, accommodations, and expenses. The term does not
 14 include bona fide lessees, tenants, or roomers and boarders
 15 on contract.
 16 (5) "Gross household income" means all income received
 17 by all individuals of a household while they are members of
 18 the household.
 19 (6) "Household income" means \$0 or the amount obtained
 20 by subtracting the greater of \$4,000 or 50% of total
 21 retirement benefits from gross household income, whichever
 22 is greater.
 23 (7) "Homestead" means:
 24 (a) a single-family dwelling or unit of a multiple-unit
 25 dwelling that is subject to ad valorem taxes in Montana and

1 as much of the surrounding land, but not in excess of 1
2 acre, as is reasonably necessary for its use as a dwelling;
3 or

4 (b) a single-family dwelling or unit of a multiple-unit
5 dwelling that is rented from a county or municipal housing
6 authority as provided in Title 7, chapter 15.

7 (8) "Department" means the department of revenue.

8 (9) "Gross rent" means the total rent in cash or its
9 equivalent actually paid during the claim period by the
10 renter or lessee for the right of occupancy of the homestead
11 pursuant to an arm's length transaction with the landlord.

12 (10) "Property tax paid" means general ad valorem taxes
13 levied against the homestead, exclusive of special
14 assessments, penalties, or interest and paid during the
15 claim period.

16 (11) "Rent-equivalent tax paid" means 15% of the gross
17 rent."

18 **NEW SECTION. Section 4.** Effective date -- retroactive
19 applicability. [This act] is effective on passage and
20 approval and applies retroactively, within the meaning of
21 1-2-109, to tax years beginning after December 31, 1990.

-End-