

HOUSE BILL 972

Introduced by Simpkins, et al.

2/23	Introduced
2/23	Referred to Taxation
2/23	First Reading
2/25	Fiscal Note Requested
3/05	Fiscal Note Printed
3/22	Hearing
3/27	Tabled in Committee

1 HOUSE BILL NO. 972
 2 INTRODUCED BY [Signature]
 3 [Signature] [Signature] [Signature]
 4 A BILL FOR AN ACT ENTITLED: AN ACT ENCOURAGING BUSINESSES
 5 TO INVEST IN PRINTING EQUIPMENT AND TO CREATE NEW JOB
 6 OPPORTUNITIES; PROVIDING A 3-YEAR PROPERTY TAX EXEMPTION
 7 UNDER CERTAIN CONDITIONS FOR PRINTING EQUIPMENT PURCHASED
 8 AND PLACED IN OPERATION; PROVIDING REDUCED PROPERTY TAXES
 9 FOR AN ADDITIONAL 4 YEARS; PROVIDING FOR THE RECAPTURE OF
 10 PROPERTY TAXES; AND PROVIDING AN APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because the department of revenue is granted authority to adopt rules for the administration of this bill.

The legislature contemplates that rules adopted by the department should, at a minimum, provide the following:

- (1) guidelines for information that must be contained in the application for the property tax benefit;
- (2) the forms to be used by a firm to apply for the property tax benefit and to report employment associated with the use of printing equipment for which the tax benefit is received;
- (3) the procedures to ensure that a taxpayer receiving a tax benefit under this bill does not receive any other

- property tax exemption or reduction for printing equipment;
- (4) the procedures for determining when taxes on printing equipment for which the tax benefit is received are subject to recapture;
- (5) the method of assessing and collecting taxes subject to recapture;
- (6) the definition of terms and establishment of procedures that are appropriate for the efficient administration of the property tax benefit.

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

NEW SECTION. Section 1. Purpose. The purpose of [sections 1 through 6] is to encourage the printing industry in Montana to make capital investments in new printing equipment to improve its competitive position in national and international markets.

NEW SECTION. Section 2. Definitions. Unless the context requires otherwise, in [sections 1 through 6] the following definitions apply:

- (1) "Direct labor" means the necessary labor required for the operation of printing equipment.
- (2) "Printing equipment" means equipment directly used for the printing of newspapers, books, reports, brochures, maps, and other printed material. Printing equipment includes but is not limited to:

- 1 (a) bindery equipment;
- 2 (b) color processing equipment;
- 3 (c) photocopiers;
- 4 (d) printing presses and composing equipment; and
- 5 (e) reproduction cameras and associated photographic
- 6 equipment.

7 **NEW SECTION. Section 3. Printing equipment -- tax**
 8 **benefit.** (1) Except as provided in subsection (2), printing
 9 equipment purchased and placed in operation after June 30,
 10 1991, but before July 1, 1993, qualifies for a tax benefit
 11 during the tax year in which the property was purchased and
 12 placed in operation and for the following 6 years in
 13 accordance with subsections (2) through (7) and the
 14 following schedule:

15 <u>Year</u>	15 <u>Percentage of tax paid</u>
16 Year purchased and placed in operation	0%
17 Second and third year	0%
18 Fourth year	20%
19 Fifth year	40%
20 Sixth year	60%
21 Seventh year	80%
22 Eighth and following years	100%

23 (2) If printing equipment purchased and placed in
 24 operation replaces existing, similar equipment, the tax
 25 benefit schedule described in subsection (1) applies only to

1 the difference between the assessed value of the new
 2 equipment and the assessed value of the existing equipment
 3 at the time the new equipment is placed in operation.

4 (3) Printing equipment qualifies for the tax benefit
 5 provided in subsection (1) if:

6 (a) the purchase of the printing equipment results in:
 7 (i) the hiring of five or more additional full-time
 8 employees within 1 year from the date the equipment was
 9 purchased and placed into operation who must be used as
 10 direct labor and retained during the exemption period as
 11 provided in subsection (1); and

12 (ii) the retention of at least four additional full-time
 13 employees, used as direct labor, for the remainder of the
 14 period that the tax benefit is in effect; and

15 (b) the full-time employees described in subsection
 16 (3)(a) receive medical coverage as a benefit of employment.

17 (4) A person, firm, or other group seeking to qualify
 18 its printing equipment for the tax benefit provided in
 19 subsection (1) shall apply to the department of revenue on a
 20 form provided by the department. The application must
 21 include:

22 (a) a description of the printing equipment that may
 23 qualify for the tax benefit;

24 (b) the date on which the qualifying printing equipment
 25 is intended to be placed in operation;

1 (c) a statement on whether the printing equipment
2 replaces existing, similar equipment;

3 (d) the number of additional employees to be used in
4 the operation of the printing equipment;

5 (e) the kind and scope of coverage of the medical
6 benefits provided to the new employees;

7 (f) a statement that all the applicant's taxes are paid
8 in full.

9 (5) (a) If the department makes a determination that
10 the printing equipment qualifies for the tax benefit
11 provided in subsection (1), it shall notify the county
12 assessor in the county in which the printing equipment is
13 located.

14 (b) Upon notification from the department, the assessor
15 shall make the assessment change for the tax benefit
16 provided for in this section.

17 (6) The tax benefit described in subsection (1) applies
18 to all of the mills levied and assessed, including levies or
19 assessments required under Title 15, chapter 10; 20-9-331;
20 20-9-333; and 20-9-360, in the taxing jurisdictions in which
21 the printing equipment is located.

22 (7) For each year that the tax benefit is in effect,
23 the taxpayer shall report by June 1 to the department of
24 revenue on forms prescribed by the department the number of
25 additional full-time employees used in the operation of the

1 printing equipment for which the tax benefit was granted.

2 NEW SECTION. **Section 4. Exclusion from other property**
3 **tax reductions or exemptions.** If a property tax benefit is
4 taken pursuant to [sections 1 through 6], other property tax
5 reductions or exemptions, including but not limited to those
6 provided in 15-24-1402, are not allowed for the qualifying
7 property.

8 NEW SECTION. **Section 5. Recapture of taxes --**
9 **exception.** (1) Except as provided in subsection (2), if a
10 person who owns printing equipment for which a tax benefit
11 is received under [sections 1 through 6] fails to comply
12 with the requirements contained in [section 3(3)(a) and
13 (3)(b)], the owner of the printing equipment for which the
14 tax benefit is received is subject to the recapture of all
15 taxes that would have been levied on the qualifying printing
16 equipment plus a penalty as provided in Title 15, chapter
17 16, part 1. The recapture is a lien on the printing
18 equipment and is due and payable by the owner of the
19 printing equipment at the time the owner fails to comply
20 with the requirements in [section 3(3)(a) and (3)(b)].

21 (2) There is no recapture of the tax benefit on the
22 transfer of ownership of the printing equipment if the new
23 owner complies with the requirements contained in [section
24 3(3)(a) and (3)(b)].

25 NEW SECTION. **Section 6. Rules.** The department of

LC 1857/01

1 revenue shall prescribe rules necessary to carry out the
2 provisions of [sections 1 through 6].

3 NEW SECTION. **Section 7. Codification instruction.**
4 [Sections 1 through 6] are intended to be codified as an
5 integral part of Title 15, chapter 24, and the provisions of
6 Title 15, chapter 24, apply to [sections 1 through 6].

7 NEW SECTION. **Section 8. Applicability.** [This act]
8 applies to taxable years beginning after December 31, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

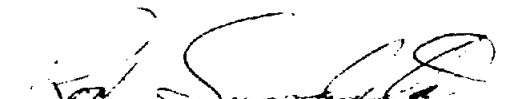
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0972, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act encouraging businesses to invest in printing equipment and to create new job opportunities; providing a 3-year property tax exemption under certain conditions for printing equipment purchased and placed in operation; providing reduced property taxes for an additional 4 years; providing for the recapture of property taxes; and providing an applicability date.

FISCAL IMPACT:

This proposal provides tax benefits for certain purchases of printing equipment purchased after June 30, 1991 and before July 1, 1993. The Department of Revenue has no information to predict the impact on future revenues.



ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning 3-5-91



RICHARD D. SIMPKINS, PRIMARY SPONSOR DATE
Fiscal Note for HB0972, as introduced 3-5-91
HB 972