

SENATE BILL NO. 69

INTRODUCED BY ECK
BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE SENATE

JANUARY 11, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

 FIRST READING.

JANUARY 29, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

JANUARY 30, 1991 PRINTING REPORT.

 ON MOTION, CONSIDERATION PASSED
UNTIL THE 22ND LEGISLATIVE DAY.

JANUARY 31, 1991 ON MOTION, TAKEN FROM SECOND READING
AND REREFERRED TO COMMITTEE
ON TAXATION.

FEBRUARY 11, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 12, 1991 PRINTING REPORT.

 SECOND READING, DO PASS.

FEBRUARY 13, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 49; NOES, 0.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 13, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FEBRUARY 14, 1991 FIRST READING.

APRIL 4, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

APRIL 10, 1991 SECOND READING, CONCURRED IN.

APRIL 11, 1991 THIRD READING, CONCURRED IN.

AYES, 86; NOES, 13.

RETURNED TO SENATE.

IN THE SENATE

APRIL 12, 1991

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 Senate BILL NO. 69
 2 INTRODUCED BY Ch
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT LAND
 6 BURDENED WITH STATED RESTRICTIONS PROHIBITING ITS USE FOR
 7 AGRICULTURAL PURPOSES MAY NOT BE CLASSIFIED OR VALUED AS
 8 AGRICULTURAL LAND; AMENDING SECTION 15-7-202, MCA; AND
 9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
 10 APPLICABILITY DATE."

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

13 **Section 1.** Section 15-7-202, MCA, is amended to read:

14 "15-7-202. Eligibility of land for valuation as
 15 agricultural. (1) Contiguous parcels of land totaling 20
 16 acres or more under one ownership shall be eligible for
 17 valuation, assessment, and taxation as agricultural land
 18 each year that none of the parcels is devoted to a
 19 commercial or industrial use.

20 (2) Contiguous or noncontiguous parcels of land
 21 totaling less than 20 acres under one ownership that are
 22 actively devoted to agricultural use shall be eligible for
 23 valuation, assessment, and taxation as herein provided each
 24 year the parcels meet any of the following qualifications:

25 (a) the parcels produce and the owner or the owner's

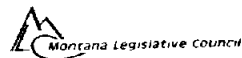
1 agent, employee, or lessee markets not less than \$1,500 in
 2 annual gross income from the raising of livestock, poultry,
 3 field crops, fruit, and other animal and vegetable matter
 4 for food or fiber; or

5 (b) the parcels would have met the qualification set
 6 out in subsection (2)(a) were it not for independent
 7 intervening causes of production failure beyond the control
 8 of the producer or marketing delay for economic advantage,
 9 in which case proof of qualification in a prior year will
 10 suffice.

11 (3) Parcels that do not meet the qualifications set out
 12 in subsections (1) and (2) shall not be classified or valued
 13 as agricultural if they are part of a platted subdivision
 14 that is filed with the county clerk and recorder in
 15 compliance with the Montana Subdivision and Platting Act.

16 (4) Land ~~shall not be classified or valued as~~
 17 ~~agricultural if it is subdivided with stated restrictions~~
 18 ~~prohibiting~~ burdened with restrictive covenants that
 19 prohibit its use for agricultural purposes and that are in
 20 effect on January 1 of the year of assessment may not be
 21 classified or valued as agricultural land under this part.

22 (5) The grazing on land by a horse or other animals
 23 kept as a hobby and not as a part of a bona fide
 24 agricultural enterprise shall not be considered a bona fide
 25 agricultural operation.



LC 0316/01

1 (6) If land has been valued, assessed, and taxed as
2 agricultural land in any year, it shall continue to be so
3 valued, assessed, and taxed until the department
4 reclassifies the property. A reclassification does not mean
5 revaluation pursuant to 15-7-111.

6 (7) For the purposes of this part, growing timber is
7 not an agricultural use. (Subsection (7) terminates January
8 1, 1991--sec. 10, Ch. 681, L. 1985.)"

9 NEW SECTION. **Section 2.** Effective date -- retroactive
10 applicability. [This act] is effective on passage and
11 approval and applies retroactively, within the meaning of
12 1-2-109, to taxable 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 SB0069, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act clarifying that land burdened with stated restrictions prohibiting its use for agricultural purposes may not be classified or valued as agricultural land, and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

This bill would clarify the law to provide that land burdened with restrictive covenants that prohibit its use for agricultural purposes may not be classified or valued as agricultural land. Because this clarification would conform the law to current administrative practices, there is no impact on revenues or administrative expenses.



ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning 1-15-91



DOROTHY ECK, PRIMARY SPONSOR DATE
1/15/91

Fiscal Note for SB0069, as introduced

APPROVED BY COMMITTEE
ON TAXATION

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7 AGRICULTURAL PURPOSES OR THAT DO NOT PROHIBIT ITS USE FOR
8 COMMERCIAL OR RESIDENTIAL PURPOSES MAY NOT BE CLASSIFIED OR
9 VALUED AS AGRICULTURAL LAND; AMENDING SECTION 15-7-202, MCA;
10 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
11 APPLICABILITY DATE."
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18 valuation, assessment, and taxation as agricultural land
19 each year that none of the parcels is devoted to a
20 commercial or industrial use.

21 (2) Contiguous or noncontiguous parcels of land
22 totaling less than 20 acres under one ownership that are
23 actively devoted to agricultural use shall be eligible for
24 valuation, assessment, and taxation as herein provided each
25 year the parcels meet any of the following qualifications:

1 (a) the parcels produce and the owner or the owner's
2 agent, employee, or lessee markets not less than \$1,500 in
3 annual gross income from the raising of livestock, poultry,
4 field crops, fruit, and other animal and vegetable matter
5 for food or fiber; or

6 (b) the parcels would have met the qualification set
7 out in subsection (2)(a) were it not for independent
8 intervening causes of production failure beyond the control
9 of the producer or marketing delay for economic advantage,
10 in which case proof of qualification in a prior year will
11 suffice.

12 (3) Parcels that do not meet the qualifications set out
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14 as agricultural if they are part of a platted subdivision
15 that is filed with the county clerk and recorder in
16 compliance with the Montana Subdivision and Platting Act.

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18 ~~agricultural if it is subdivided with stated restrictions~~
19 ~~prohibiting burdened with restrictive covenants that~~
20 ~~prohibit its use for agricultural purposes and that are in~~
21 ~~effect on January 1 of the year of assessment may not be~~
22 ~~classified or valued as agricultural land under this part~~
23 MAY NOT BE CLASSIFIED OR VALUED AS AGRICULTURAL LAND UNDER
24 THIS PART IF THE LAND IS BURDENED WITH RESTRICTIVE COVENANTS
25 THAT:

SECOND READING



- 1 (A) PROHIBIT ITS USE FOR AGRICULTURAL PURPOSES;
2 (B) DO NOT PROHIBIT ITS USE FOR COMMERCIAL OR
3 RESIDENTIAL PURPOSES; AND
4 (C) ARE IN EFFECT ON JANUARY 1 OF THE YEAR OF
5 ASSESSMENT.

6 (5) The grazing on land by a horse or other animals
7 kept as a hobby and not as a part of a bona fide
8 agricultural enterprise shall not be considered a bona fide
9 agricultural operation.

10 (6) If land has been valued, assessed, and taxed as
11 agricultural land in any year, it shall continue to be so
12 valued, assessed, and taxed until the department
13 reclassifies the property. A reclassification does not mean
14 revaluation pursuant to 15-7-111.

15 (7) For the purposes of this part, growing timber is
16 not an agricultural use. (Subsection (7) terminates January
17 1, 1991--sec. 10, Ch. 681, L. 1985.)"

18 NEW SECTION. Section 2. 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 taxable years beginning after December 31, 1990.

-End-

SB 0069/03
RE-REFERRED AND
APPROVED BY COMMITTEE
ON TAXATION AS AMENDED

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SECOND READING

SB 69

SECOND PRINTING



1 THAT:2 ~~(A) PROHIBIT ITS USE FOR AGRICULTURAL PURPOSES,~~3 ~~(B) DO NOT PROHIBIT ITS USE FOR COMMERCIAL OR~~4 ~~RESIDENTIAL PURPOSES, AND~~5 ~~(C) ARE IN EFFECT ON JANUARY 1 OF THE YEAR OF~~6 ~~ASSESSMENT. LAND MAY NOT BE CLASSIFIED OR VALUED AS~~7 ~~AGRICULTURAL IF IT IS SUBDIVIDED LAND WITH STATED~~8 ~~RESTRICTIONS EFFECTIVELY PROHIBITING ITS USE FOR~~9 ~~AGRICULTURAL PURPOSES. FOR THE PURPOSES OF THIS SUBSECTION~~10 ~~ONLY, "SUBDIVIDED LAND" INCLUDES PARCELS OF LAND LARGER THAN~~11 ~~20 ACRES THAT HAVE BEEN SUBDIVIDED FOR COMMERCIAL OR~~12 ~~RESIDENTIAL PURPOSES.~~

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THIRD READING

1 THAT:
 2 (A) PROHIBIT ITS USE FOR AGRICULTURAL PURPOSES;
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REFERENCE BILL

1 THAT:

2 {A}--PROHIBIT-ITS-USE-FOR-AGRICULTURAL-PURPOSES;
 3 {B}--DO---NOT---PROHIBIT---ITS--USE--FOR--COMMERCIAL--OR
 4 RESIDENTIAL-PURPOSES;-AND
 5 {C}--ARE--IN--EFFECT--ON--JANUARY--1--OF--THE--YEAR--OF
 6 ASSESSMENT- LAND MAY NOT BE CLASSIFIED OR VALUED AS
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