

SENATE BILL NO. 152

INTRODUCED BY TOWE, ECK

IN THE SENATE

JANUARY 21, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

 FIRST READING.

FEBRUARY 6, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 7, 1991 PRINTING REPORT.

FEBRUARY 8, 1991 SECOND READING, DO PASS.

FEBRUARY 9, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 47; NOES, 0.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

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

 FIRST READING.

MARCH 5, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

MARCH 9, 1991 SECOND READING, CONCURRED IN.

MARCH 11, 1991 THIRD READING, CONCURRED IN.
AYES, 79; NOES, 19.

 RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

MARCH 16, 1991 RECEIVED FROM HOUSE.

 SECOND READING, AMENDMENTS
CONCURRED IN.

MARCH 18, 1991 THIRD READING, AMENDMENTS

CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 Senate BILL NO. 152
2 INTRODUCED BY Don Cook

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE EXTENT
5 OF THE TAX EXEMPTION ACCORDED PROPERTY OF NONPROFIT MUSEUMS,
6 ART GALLERIES, ZOOS, AND OBSERVATORIES; AMENDING SECTION
7 15-6-201, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND
8 A RETROACTIVE APPLICABILITY DATE."

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

11 **Section 1.** Section 15-6-201, MCA, is amended to read:

12 "15-6-201. Exempt categories. (1) The following
13 categories of property are exempt from taxation:

14 (a) the property of:

15 (i) the United States, the state, counties, cities,
16 towns, school districts, except, if congress passes
17 legislation that allows the state to tax property owned by
18 an agency created by congress to transmit or distribute
19 electrical energy, the property constructed, owned, or
20 operated by a public agency created by the congress to
21 transmit or distribute electric energy produced at privately
22 owned generating facilities (not including rural electric
23 cooperatives);

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

1 (iii) municipal corporations; and
2 (iv) public libraries;
3 (b) buildings, with land they occupy and furnishings
4 therein, owned by a church and used for actual religious
5 worship or for residences of the clergy, together with
6 adjacent land reasonably necessary for convenient use of the
7 buildings;
8 (c) property used exclusively for agricultural and
9 horticultural societies, for educational purposes, and for
10 nonprofit health care facilities, as defined in 50-5-101,
11 licensed by the department of health and environmental
12 sciences and organized under Title 35, chapter 2 or 3. A
13 health care facility that is not licensed by the department
14 of health and environmental sciences and organized under
15 Title 35, chapter 2 or 3, is not exempt.
16 (d) property that meets the following conditions:
17 (i) is owned and held by any association or corporation
18 organized under Title 35, chapter 2, 3, 20, or 21;
19 (ii) is devoted exclusively to use in connection with a
20 cemetery or cemeteries for which a permanent care and
21 improvement fund has been established as provided for in
22 Title 35, chapter 20, part 3; and
23 (iii) is not maintained and operated for private or
24 corporate profit;
25 (e) institutions of purely public charity;



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

3 (g) public museums, art galleries, zoos, and public
4 observatories not used or held for private or corporate
5 profit;

6 (h) all household goods and furniture, including but
7 not limited to clocks, musical instruments, sewing machines,
8 and wearing apparel of members of the family, used by the
9 owner for personal and domestic purposes or for furnishing
10 or equipping the family residence;

11 (i) a truck canopy cover or topper weighing less than
12 300 pounds and having no accommodations attached. This
13 property is also exempt from taxation under 61-3-504(2) and
14 61-3-537.

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

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

18 (l) all watercraft;

19 (m) land, fixtures, buildings, and improvements owned
20 by a cooperative association or nonprofit corporation
21 organized to furnish potable water to its members or
22 customers for uses other than the irrigation of agricultural
23 land;

24 (n) the right of entry that is a property right
25 reserved in land or received by mesne conveyance (exclusive

1 of leasehold interests), devise, or succession to enter land
2 whose surface title is held by another to explore, prospect,
3 or dig for oil, gas, coal, or minerals;

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

9 (p) all farm buildings with a market value of less than
10 \$500 and all agricultural implements and machinery with a
11 market value of less than \$100;

12 (q) property owned by a nonprofit corporation organized
13 to provide facilities primarily for training and practice
14 for or competition in international sports and athletic
15 events and not held or used for private or corporate gain or
16 profit. For purposes of this subsection (q), "nonprofit
17 corporation" means an organization exempt from taxation
18 under section 501(c) of the Internal Revenue Code and
19 incorporated and admitted under the Montana Nonprofit
20 Corporation Act.

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

24 (i) construct, repair, and maintain improvements to
25 real property; or

1 (ii) repair and maintain machinery, equipment,
 2 appliances, or other personal property;
 3 (s) harness, saddlery, and other tack equipment; and
 4 (t) a title plant owned by a title insurer or a title
 5 insurance producer, as those terms are defined in 33-25-105.
 6 (2) (a) The term "institutions of purely public
 7 charity" includes organizations owning and operating
 8 facilities for the care of the retired or aged or
 9 chronically ill, which are not operated for gain or profit.
 10 (b) The terms For the purposes of subsection (1)(g),
 11 the term "public museums, art galleries", zoos, and "public
 12 observatories" include--only--those--art---galleries---and
 13 observatories,--whether-of-public-or-private-ownership?--that
 14 are-open-to-the-public--without--charge--at--all--reasonable
 15 hours--and--are-used-for-the-purpose-of-education-only means
 16 governmental entities or nonprofit organizations whose
 17 principal purpose is to hold property for public display or
 18 for use as a museum, art gallery, zoo, or observatory. The
 19 exempt property includes all real and personal property
 20 under the control of governmental entities or nonprofit
 21 organizations and all property reasonably necessary for use
 22 in connection with the public display or observatory use,
 23 including property that is owned by persons other than
 24 governmental entities or nonprofit organizations if the
 25 property is under the control of governmental entities or

1 nonprofit organizations.

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

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

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

11 NEW SECTION. Section 2. Effective date -- retroactive
 12 applicability. [This act] is effective on passage and
 13 approval and applies retroactively, within the meaning of
 14 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 SB0152, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to clarify the extent of the tax exemption accorded property of nonprofit museums, art galleries, zoos, and observatories; and providing an immediate effective date and a retroactive applicability date.


FISCAL IMPACT:

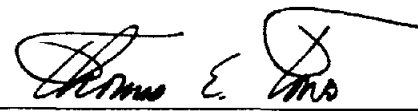
This proposal would have minimal impact on state expenditures and revenues.

LOCAL IMPACT:

Language in this proposal clarifies that the property tax exemption applies specifically to "museums" and "zoos" not held or used for public or private profit. In addition, the exemption would apply to privately held property if that property is under the control of the governmental or nonprofit entities.

To the extent this additional language results in property currently being taxed being provided exempt status, local government revenue could decline. This impact is expected to be very small.


ROD SUNDSTED, BUDGET DIRECTOR 1-24-91 DATE
Office of Budget and Program Planning

 1/24/91
THOMAS E. "TOM" TOWE, PRIMARY SPONSOR DATE
Fiscal Note for SB0152, as introduced **SB 152**

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

3 (g) public museums, art galleries, zoos, and public
4 observatories not used or held for private or corporate
5 profit;

6 (h) all household goods and furniture, including but
7 not limited to clocks, musical instruments, sewing machines,
8 and wearing apparel of members of the family, used by the
9 owner for personal and domestic purposes or for furnishing
10 or equipping the family residence;

11 (i) a truck canopy cover or topper weighing less than
12 300 pounds and having no accommodations attached. This
13 property is also exempt from taxation under 61-3-504(2) and
14 61-3-537.

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

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18 (l) all watercraft;

19 (m) land, fixtures, buildings, and improvements owned
20 by a cooperative association or nonprofit corporation
21 organized to furnish potable water to its members or
22 customers for uses other than the irrigation of agricultural
23 land;

24 (n) the right of entry that is a property right
25 reserved in land or received by mesne conveyance (exclusive

1 of leasehold interests), devise, or succession to enter land
2 whose surface title is held by another to explore, prospect,
3 or dig for oil, gas, coal, or minerals;

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

9 (p) all farm buildings with a market value of less than
10 \$500 and all agricultural implements and machinery with a
11 market value of less than \$100;

12 (q) property owned by a nonprofit corporation organized
13 to provide facilities primarily for training and practice
14 for or competition in international sports and athletic
15 events and not held or used for private or corporate gain or
16 profit. For purposes of this subsection (q), "nonprofit
17 corporation" means an organization exempt from taxation
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19 incorporated and admitted under the Montana Nonprofit
20 Corporation Act.

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

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25 real property; or

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2 appliances, or other personal property;

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

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5 insurance producer, as those terms are defined in 33-25-105.

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

10 (b) ~~The terms for the purposes of subsection (1)(g),~~
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13 ~~observatories,--whether-of-public-or-private-ownership,--that~~
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16 ~~governmental entities or nonprofit organizations whose~~
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4 HELD FOR FUTURE DISPLAY IS EXEMPT UNLESS THE PERSONAL
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7 ORGANIZATION.

8 (3) The following portions of the appraised value of a
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14 dwelling;

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

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THIRD READING



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-End-

HOUSE STANDING COMMITTEE REPORT

March 5, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 152 (third reading copy -- blue) be concurred in as amended.

Signed: _____

Dan Harrington
Dan Harrington, Chairman

Carried by: Rep. *HARRINGTON*

And, that such amendments read:

1. Page 6, line 1.

Following: "organizations."

Insert: "Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and"

2. Page 6, line 2.

Following: "PERSONS"

Strike: "THAT"

Insert: "is exempt if it"

Following: "IS"

Insert: ":

(i)"

3. Page 6, line 3.

Strike: "OR IS"

Insert: ";

(ii)"

4. Page 6, line 4.

Strike: "IS"

Insert: " ; or

(iii) used to house or store a public display"

5. Page 6, lines 4 through 7.

Strike: "EXEMPT" on line 4 through "ORGANIZATION" on line 7

HOUSE

SB 152

471239SC.HSF

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25 ~~property is under the control of governmental entities or~~

1 ~~nonprofit organizations. PERSONAL UNLESS THE PROPERTY IS~~
2 ~~LEASED FOR A PROFIT TO A GOVERNMENTAL ENTITY OR NONPROFIT~~
3 ~~ORGANIZATION BY AN INDIVIDUAL OR FOR-PROFIT ORGANIZATION,~~
4 ~~REAL AND PERSONAL PROPERTY OWNED BY OTHER PERSONS THAT IS~~
5 ~~EXEMPT IF IT IS:~~

6 (I) ~~ACTUALLY USED BY THE GOVERNMENTAL ENTITY OR~~
7 ~~NONPROFIT ORGANIZATION AS A PART OF ITS PUBLIC DISPLAY OR~~
8 ~~IS;~~

9 (II) ~~HELD FOR FUTURE DISPLAY IS; OR~~

10 (III) ~~USED TO HOUSE OR STORE A PUBLIC DISPLAY EXEMPT~~
11 ~~UNLESS--THE--PERSONAL--PROPERTY--IS--LEASED--FOR--A--PROFIT--TO--THE~~
12 ~~GOVERNMENTAL--ENTITY--OR--NONPROFIT--ORGANIZATION--BY--AN~~
13 ~~INDIVIDUAL--OR--FOR--PROFIT--ORGANIZATION.~~

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

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

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

23 NEW SECTION. Section 2. Effective date -- retroactive
24 applicability. [This act] is effective on passage and
25 approval and applies retroactively, within the meaning of

SB 0152/03

1 1-2-109, to taxable years beginning after December 31, 1990.

-End-