

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 6, 1985  
(Second meeting of  
this date.)

The twenty-fourth meeting of the Senate Taxation Committee was called to order at 5 pm by Chairman Thomas E. Towe in Room 413-415 of the Capitol Building.

ROLL CALL: All members were present.

FURTHER CONSIDERATION OF SB 48: Mr. Gregg Groepper of the Department of Revenue was recognized to discuss the amendments to the bill related to timber taxation. He said the amendments (Exhibit 1) addressed the separation of timber and agriculture in a way that would leave timber interests unhurt by the decoupling. The amendments take away any arbitrary decision-making outside of the Department of Revenue and leave a number of options to apply for commercial timber classification.

MOTION: Senator McCallum moved the amendments attached in Exhibit 1. With Senators Brown and Goodover voting no and all others voting yes, the motion carried.

MOTION: Senator Eck moved that SB 48 do pass as amended.

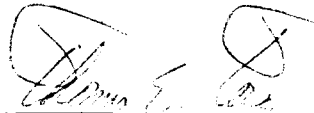
Senator Goodover asked when an amended fiscal note would be available. Chairman Towe said that it had been requested.

Senator Hager asked about which alternative would be used for the annual appraisal. Chairman Towe said that Alternative One from the fiscal note had been used in all assumptions as others were too expensive.

Senator Brown discussed the unprecedented nature of the meeting on adjournment to pass out a particular bill. Sentiment was expressed asking the committee to avoid partisan tactics.

Senator Eck called for the question. With Senators Eck, Halligan, Hirsch, Lybeck, Mazurek, Neuman and Towe voting yes; Senators Brown, Goodover, Hager, McCallum and Severson voting no; the motion carried.

Senator Towe adjourned the meeting at 5:31 pm.

  
\_\_\_\_\_  
Chairman

# ROLL CALL

## SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date February 6, 1985, second meeting 5pm

Location -- Room 413-415

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Name	Present	Absent	Excused
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Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	5:06pm		
Senator Severson	✓		
Senator Towe	✓		

Suggested Amendments to SB 48

(1) Page 24, line 23

Following: "ownership"

Strike: "and from which is harvested 30,000 or more board feet in any year during the appraisal cycle."

Insert: "including:

*30,000* (a) timber land from which is harvested ~~10,000~~ or more board feet in any year during the appraisal cycle; or

(b) timber land which is enrolled in the private forestry assistance program administered by the department of state lands forestry division. A timber management plan prepared and approved by the department of state lands, forestry division must be filed with the department of revenue.

(3) For purposes of this section, timber cleared to establish an agricultural use shall not be included in the ~~10,000~~ board foot limit if the timber harvested is ~~only sold for firewood, and no other commercial purpose.~~ *not used for*

Renumber: subsequent sections

*30,000*

# STANDING COMMITTEE REPORT

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MR. PRESIDENT

## TAXATION

We, your committee on.....

having had under consideration..... SENATE BILL No. 43

Introduced reading copy ( white color )

GENERALLY REVISE PROPERTY TAX CLASSIFICATION TO COMPLY WITH  
FEDERAL LAW; 12 CLASSES

Respectfully report as follows: That..... SENATE BILL No. 48

be amended as follows:

1. Title, line 6.  
Following: "TO"  
Insert: "IMPLEMENT PROVISIONS OF THE MONTANA CONSTITUTION  
AND TO"
2. Title, line 14.  
Following: "15-6-191,"  
Insert: "15-6-133,"
3. Page 6, line 1.  
Following: "chapter"  
Insert: "to implement provisions of the Montana constitution  
and"
4. Page 5, lines 19 and 20.  
Following: "land" on line 19  
Strike: ", including, for farm homes, 1 acre of agricultural  
land at market value,"

DO PASS

DO NOT PASS

Chairman.

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5. Page 8, line 13.

Following: "at"

Strike: "8.55%"

Insert: "the taxable percentage rate "P""

6. Page 8, line 15.

Following: "at"

Strike: "8.55%"

Insert: "the taxable percentage rate "P""

7. Page 9, lines 6 and 7.

Following: "percentage" on line 6

Strike: "established in subsection (2)(a), or 4.275%."

Insert: "rate "P".

(3) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate "P" applicable to class four property is  $8.55\%/B$ , where B is the certified statewide percentage increase to be determined by the department of revenue as provided in subsection (4). The taxable percentage rate "P" shall be rounded downward to the nearest 0.01% and shall be calculated by the department of revenue before July 1, 1986.

(4)(a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class four property using the formula  $B = X/Y$ , where:

(i) X is the appraised value, as of January 1, 1986, of all property in the state, excluding new construction, additions, or deletions of property during the preceding year, classified under class four as class four is described in this section; and

(ii) Y is the appraised value, as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class four as class four is described in this section.

(b) B shall be rounded downward to the nearest 0.0001%.

(5) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-111."

8. Page 14, line 6.

Following: "11%"

Strike: "8.55%"

Insert: "the taxable percentage rate "P""

9. Page 14, line 7.

Following: "value."

Insert: "(3) For the taxable year beginning January 1, 1986, the taxable percentage rate "P" applicable to class eight

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property is  $8.55\%/B$ , where  $B$  is the certified statewide percentage increase to be determined by the department of revenue as provided in subsection (4). The taxable percentage rate "P" shall be rounded downward to the nearest 0.01% and shall be calculated by the department before July 1, 1986.

(4)(a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class eight property using the formula  $B = X/Y$ , where:

(i)  $X$  is the appraised value, as of January 1, 1986, of all property in the state, excluding new construction, additions, or deletions of property during the preceding year, classified under class eight as class eight is described in this section; and

(ii)  $Y$  is the appraised value, as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class eight as class eight is described in this section.

(b)  $B$  shall be rounded downward to the nearest 0.0001%.

(5) For taxable years beginning January 1, 1987, and for every taxable year thereafter, the department shall, before July 1 of each year, determine the taxable percentage rate "P" applicable to class eight property. The determination shall be made as provided in subsection (6).

(6)  $P = A/B$ , where:

(a)  $P$  is the taxable percentage rate applicable to class eight property for the calendar year beginning January 1 in the year in which  $P$  is calculated. The taxable percentage rate "P" shall be rounded downward to the nearest 0.01%.

(b)  $A$  is the taxable percentage rate  $P$  applicable to class eight property as established by the department for the immediately preceding year; and

(c)  $B$  is the certified statewide percentage increase to be determined by the department using the formula  $B = X/Y$ , where:

(i)  $X$  is the appraised value, as of January 1 of the year for which  $P$  is being calculated, of all property in the state, excluding new construction, additions, or deletions of property during the preceding year, classified under class eight as class eight is described in this section; and

(ii)  $Y$  is the appraised value, as of January 1 of the year preceding the year for which  $P$  is being calculated, of all property in the state that, as of January 1 of the year for which  $P$  is being calculated, would be classified under class eight as class eight is described in this section.

(d)  $B$  shall be rounded downward to the nearest 0.0001%."

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10. Page 17, line 25.  
Following: "percentage"  
Insert: "rate "P""

11. Page 20, line 3.  
Following: "by"  
Strike: "cooperative"

12. Page 20, line 4.  
Following: "and"  
Strike: "cooperative"

13. Page 21, line 25.  
Following: "at"  
Strike: "30%"  
Insert: "the percentage rate "P""

14. Page 22, line 2.  
Following: "property."  
Insert: "(4) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate "P" applicable to class twelve property is 30%/B, where B is the certified statewide percentage increase to be determined by the department of revenue as provided in subsection (5). The taxable percentage rate "P" shall be rounded downward to the nearest 0.01% and shall be calculated by the department before July 1, 1986.

(5)(a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class twelve property using the formula  $B = X/Y$ , where:

(i) X is the appraised value as of January 1, 1986, of all property in the state, excluding use changes occurring during the preceding year, classified under class twelve as class twelve is described in this section; and

(ii) Y is the appraised value as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class twelve as class twelve is described in this section.

(b) B shall be rounded downward to the nearest 0.0001%.

(6) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-111."

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19.....

15. Page 21, line 15.

Following: "ownership"Strike: "and from which is harvested 30,000 or more board feet in any year during the appraisal cycle"Insert: "including:

(a) timber land from which is harvested 30,000 or more board feet in any year during the appraisal cycle; or

(b) timber land which is enrolled in the private forestry assistance program administered by the department of state lands forestry division. A timber management plan prepared and approved by the department of state lands, forestry division must be filed with the department of revenue.

(3) For purposes of this section, timber cleared to establish an agricultural use shall not be included in the 30,000 board foot limit if the timber harvested is not used for commercial purposes"

Renumber: subsequent subsections

16. Page 26, lines 15 through 22.

Following: "is" on line 15

Strike: the remainder of line 15 through line 22

Insert: "to be determined in the same manner that market value was determined before [the effective date of this act] except to the extent that a sales-assessment ratio study indicates that a different value would more closely approximate market value."

17. Page 31, line 6.

Following: "value."Insert: "If the department determines that a sales-assessment ratio study is applicable, helpful in determining true market value, and reasonably available, it may use such study as an audit tool."

18. Page 31.

Following: line 8

Insert: "Section 19. Section 15-6-133, MCA, is amended to read:"15-6-133. Class three property - description - taxable percentage. (1) Class three property includes agricultural land as defined in 15-7-202.(2) Class three property is taxed at 30% the percentage rate "P" of its productive capacity.(3) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate "P" applicable to class three property is 30%/B, where B is the certified



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statewide percentage increase to be determined by the department of revenue as provided in subsection (4). The taxable percentage rate "P" shall be rounded downward to the nearest 0.01% and shall be calculated by the department of revenue before July 1, 1986.

(4) (a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class three property using the formula  $B = X/Y$ , where:

(i) X is the appraised value as of January 1, 1986, of all property in the state, excluding agricultural use changes occurring during the preceding year, classified under class three as class three is described in this section; and

(ii) Y is the appraised value as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class three as class three is described in this section.

(b) B shall be rounded downward to the nearest 0.0001%.

(5) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" applicable to class three property until a revaluation has been made as provided in 15-7-111."

Renumber: subsequent sections

19. Page 31, line 24.

Following: "except section"

Strike: "19"

Insert: "20"

20. Page 32, line 1.

Following: "Section"

Strike: "19"

Insert: "20"

AND AS AMENDED

DO PASS

# ROLL CALL VOTE

## SENATE TAXATION COMMITTEE 48th Legislative Session -- 1985

Time 5:25 p Date \_\_\_\_\_ Room 413-415

Motion: SB 41 do pass as amended Eck

Name	Yes	No	Excused
Senator Brown		✓	
Senator Eck	✓		
Senator Goodover		✓	
Senator Hager		✓	
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum		✓	
Senator Neuman	✓		
Senator Severson		✓	
Senator Towe	✓		