

JUL 21 1986

OF MONTANA

FREE CONFERENCE COMMITTEE
SENATE BILL 20
June 28, 1986

The Senate and House Free Conference Committee for the 49th Legislature, Third Special Session, on Senate Bill 20 was called to order at 7:10 P.M. on June 28, 1986, by Chairman Joe Mazurek in Room 331 of the Capitol Building.

ROLL CALL: All committee members were present, Representatives Swift, Mercer, Keenan and Schye and Senators Mazurek, McCallum and Boylan.

CONSIDERATION OF REPRESENTATIVE MERCER'S AMENDMENT ON PAGE 13, SECTION 2, of the attached white copy of SB 20 (Exhibit 1): Representative Mercer said his amendment was an attempt to allow that if a tract of land is over 20 acres or more and wasn't commercial or industrial, it would still be tested at the agricultural value and not automatically receive the agricultural classification. The way it is right now those residences that would be built on this land would get the agricultural tax break. He wants them to be taxed as class 14.

Representative Mercer said for purposes of discussion he would move to delete "or noncontiguous" on page 13, line 5, and then do whatever is necessary to see that any improvements on that property are taxed as class 14 with the 80% tax.

Jim Lear said what you would be doing would be bringing in section 15-6-144, class 14 property, as defined.

Senator Mazurek said what you are saying is if a person had a 20 acre piece of land he would still have to pass the income test to get the agriculture rate on the house.

Representative Mercer said that would be the intent and what he would want this to do.

Senator Mazurek questioned whether that is legal and whether we will create problems by taxing the land as agricultural but by not giving the full benefit to the residence.

Jim Lear said the question is are we treating within one class of property another class of property. There is only one test for class 4 and that would be the income test.

Senator Mazurek said in everything over 20 acres the land will be valued at agriculture but to get the 20% reduction you still would have to meet the income test.

Representative Mercer's motion to amend section 2 on line 5 by striking "or noncontiguous" carried.

Representative Mercer made a motion to insert section 15-6-144, which would be amended to read "Class fourteen property includes all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(2)." The effect of this motion is to say your house will be eligible for the 20% reduction only if it meets the agricultural income test.

Representative Mercer's motion carried.

CONSIDERATION OF REPRESENTATIVE COBB'S AMENDMENT CHANGING \$1500 to \$1000 on page 13, line 16 (per attached Exhibit 1): Representative Mercer said Representative Cobb's amendment reduced the income test from \$1500 to \$1000. The purpose of this amendment was to try to make it easier to qualify for the greenbelt; however, this would require the county to go back and check on those applications, plus there would be other people that may have been able to qualify.

Representative Mercer made a motion that the House recede from the Cobb amendment and go back to the \$1500 limit. The motion carried.

CONSIDERATION OF REPRESENTATIVE SWIFT'S AMENDMENT ON PAGE 7, LINES 10-13 (per attached Exhibit 1): Senator Mazurek said this places all land, together with improvements, with acreage between 5 and less than 20 acres, at the same tax level as golf courses. His understanding of the effect of this is any parcel from five to less than twenty acres would be entitled to a 50% reduction.

Representative Swift said this was his amendment and the reason for that amendment was, particularly in his area and he has heard it elsewhere, that in quite a number of districts lands have been shifted placing a high market value on them. He said these are lands that are more or less non-productive. He said this will impact the budget. All you need to do is look at the fiscal note and you can see what is being done.

Representative Keenan asked if a new fiscal note would be required.

John LaFaver said of course there would be a fiscal impact back on the revenue that they expect. He said we do not have the operation money to carry this out.

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Representative Keenan asked what would the operational costs be.

John LaFaver said we have a time problem that even if we had all the money to do the work, that we would not have the time. We have reservations that it could be done, but to get it done would take a lot of money being spent in a very short period of time.

Senator Mazurek understands the concern of Representative Swift but believes this is an appraisal problem.

Representative Swift agrees that this is an appraisal problem, valuation problem, and that is the very reason it is here. There is no consideration given for the use of the land.

Representative Schye asked if Representative Swift thought SB 19 would help some of the appraisal problems.

Representative Swift said SB 19 allows for an extension of time but does not change how the appraisal has been viewed.

Senator Mazurek said under SB 19 if the value has gone up more than 180% there will be a review by the County Tax Appeal Board to look at the values. If they weren't class 4 before they may not look at that on this.

Representative Swift said his point in addressing this particular section of this bill was because these properties (5 to less than 20 acres) didn't get consideration as other properties did and their appraisal will increase in value and the actual value of the land is not reflected.

Senator Mazurek understands the concern and feels that extending the deadline to August 1 for the purpose of concerned people who do not understand their appraisal is helpful in this area. He asked how difficult it would be to simply notify these people that were in agriculture before that they may appeal and have until August 1 to do this.

Greg Groepper said we could incorporate this with SB 19 to notify these people.

Representative Mercer would like to see some kind of notification process. He thinks it could almost be as basic as putting Mr. Groepper on the television or radio telling them about this. He would be in favor of some kind of notice.

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Representative Swift said to notify those people and give some attention to the problem is good but it will not alleviate the problem of real market value in these situations.

Mr. Groepper said the average tract land statewide runs between \$1,000 and \$1,500 an acre. He said we could notify people whose land value increased above a statewide average.

Senator McCallum suggested sending out a news release to all weekly papers.

Mr. Groepper said we have done the news release once and he is sure they could send it out again.

Senator Mazurek asked if a county average could be used instead of a statewide average.

Mr. Groepper said it could be done by county average on the computer. We have the ability to do that. We could notify everybody in the county, on 5 to less than 20 acres, whose value increased more than the county average.

Senator Mazurek made a motion to amend SB 20 on page 19, line 15, section (7) following "APPRAISAL" to insert ", whichever is later". He feels this motion is necessary to make this consistent with the language, as far as the deadline, in SB 19. The motion carried.

Representative Mercer made a motion that the House recede from its amendments on line 10-13, page 7 (Swift amendment 6/28/86). The motion carried with Representative Swift voting no.

Representative Mercer would move to amend the bill, and the title if necessary, to require a renotification to taxpayers as follows: "Land valued in excess of average county land value -- renotification to taxpayer. For persons paying taxes on real property containing more than 5 acres but less than 20 acres, the department of revenue shall notify each taxpayer whose land value for 1986 due to reclassification to class four by application of 15-7-202 exceeds the average value per acre for such land in the taxpayer's county. The new notice must fully inform the taxpayer as to the reasons for the new notice, including the cause of the increase in value, the right to appeal to the county tax appeal board, and the extension of time for appeal."

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Senator Mazurek said the letter should state the current value of the property, that it exceeds the average county value per acre, that the legislature has extended the appeal deadline and that their land has increased as a result of the reclassification.

Representative Mercer's motion carried unanimously.

Senator McCallum moved that the committee report be adopted. The motion carried unanimously.

There being no further business the meeting adjourned at 7:55 P.M.


SENATOR MAZUREK, CHAIRMAN

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SENATE BILL NO. 20

INTRODUCED BY MCCALLUM, SWIFT, RAPP-SVRCEK, COBB,
KEATING, O'HARA, FARRELL, NORMAN, BRANDEWIE, GLASER,
PHILLIPS, RAMIREZ, CONNELLY, NATHE, SEVERSON, PATTERSON,
CHRISTIAENS, DRISCOLL, BOYLAN, MARKS

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE CRITERIA
FOR CLASSIFICATION OF CERTAIN PROPERTY AS CLASS-THREE-OR
CLASS FOUR; ~~TO ESTABLISH A NEW CLASS EIGHTEEN--PROPERTY--FOR~~
~~NONPRODUCTIVE--REAL-PROPERTY-CONTAINING-20-ACRES-OR-MORE,--TO~~
~~ESTABLISH A NEW CLASS NINETEEN-PROPERTY--FOR--REAL--PROPERTY~~
~~CONTAINING---LESS---THAN---20---ACRES---AND---THAT---IS---RENDERED~~
~~NONPRODUCTIVE-BY-LAND-USE-LAWS~~ TO REVISE THE ELIGIBILITY OF
LAND FOR VALUATION AS AGRICULTURAL; TO EXTEND THE
APPLICATION DEADLINE FOR REDUCTION IN 1986 VALUATIONS;
AMENDING SECTIONS--15-6-134--AND--15-7-202 SECTION SECTIONS
15-6-134, 15-7-202, AND 15-8-111, MCA; AND PROVIDING AN
APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."

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

Section-1.--Section--15-6-134, MCA, is amended to read:
"15-6-134. Class--four--property-----description-----
taxable--percentage.--(1) Class--four--property--includes--
(a)--all--land--except--that--specifically--included--in
another--class;

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1 (b) all improvements except those specifically
2 included in another class;

3 (c) the first \$35,000 or less of the market value of
4 any improvement on real property and appurtenant land not
5 exceeding 5 acres owned or under contract for deed and
6 actually occupied for at least 10 months a year as the
7 primary residential dwelling of any person whose total
8 income from all sources including otherwise tax-exempt
9 income of all types is not more than \$10,000 for a single
10 person or \$12,000 for a married couple;

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

14 (e) all land, together with improvements, not devoted
15 to a residential, commercial, industrial, agricultural, or
16 timberland use is:

17 (i) the land contains more than 5 acres and less than
18 20 acres, or

19 (ii) the land contains not more than 5 acres and is
20 precluded from being devoted to residential, commercial, or
21 industrial use because of subdivision or zoning laws,
22 regulations, or ordinances;

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

24 (a) Except as provided in 15-24-1402 or 15-24-1501,
25 property described in subsections (1)(a) and (1)(b) is taxed

1 at-the-taxable-percentage-rate-"P" of-its-market-value.

2 (b)--Property--described--in-subsection-(1)(c)-is-taxed
 3 at-the-taxable-percentage--rate--"P"--of--its--market--value
 4 multiplied--by--a--percentage--figure--based--on--income--and
 5 determined-from-the-following-table:

6	Income	Income	Percentage
7	Single-Person	Married-Couple	Multiplier
8	\$0-----\$17,000	\$0-----\$17,200	0%
9	17,001----27,000	17,201----27,400	10%
10	27,001----37,000	27,401----37,600	20%
11	37,001----47,000	37,601----47,800	30%
12	47,001----57,000	47,801----67,000	40%
13	57,001----67,000	67,001----77,200	50%
14	67,001----77,000	77,201----87,400	60%
15	77,001----87,000	87,401----97,600	70%
16	87,001----97,000	97,601----107,800	80%
17	97,001----107,000	107,801----127,000	90%

18 (c)--Property-described-in-subsection-(1)(d) and-(1)(e)
 19 is--taxed--at--one-half--the--taxable--percentage--rate--"P"
 20 established-in-subsection-(2)(a):

21 (3)--Until-January-17-1986-the-taxable-percentage-rate
 22 "P" for-class-four-property-is-8.55%.

23 (4)--Prior--to--July-17-1986-the-department-of-revenue
 24 shall-determine-the-taxable-percentage-rate--"P"--applicable
 25 to--class--four-property-for-the-revaluation-cycle-beginning

1 January-17-19867-as-follows:

2 (a)--The-director-of-the-department--of--revenue--shall
 3 certify--to-the-governor-before-July-17-19867-the-percentage
 4 by-which-the-appraised-value-of-all-property--in--the--state
 5 classified--under--class--four--as--of--January-17-19867-has
 6 increased-due-to-the-revaluation-conducted--under--15-7-111.
 7 This--figure-is-the-certified-statewide-percentage-increase.

8 (b)--The-taxable-value-of-property--in--class--four--is
 9 determined--as--a--function--of--the--certified--statewide
 10 percentage-increase--in--accordance--with--the--table--shown
 11 below:

12 (c)--This--table--limits--the--statewide--increase--in
 13 taxable-valuation--resulting--from--reappraisal--to--0%.--In
 14 calculating--the-percentage-increase, the-department-may-not
 15 consider-changes-resulting-from-new-construction, additions,
 16 or-deletions-during-calendar-year-1985.

17 (d)--The--taxable--percentage--must--be--calculated--by
 18 interpolation--to--coincide--with--the--nearest-whole-number
 19 certified-statewide-percentage-increase-from--the--following
 20 table:

Certified-Statewide	Class-Four-Taxable
Percentage-Increase	Percentage- ¹¹ P ¹¹
0	8.55
10	7.77
20	7.12

1	Certified-Statewide	Class-Four-Taxable
2	Percentage-Increase	Percentage- ¹ / ₂ "
3	30	6-57
4	40	6-10
5	50	5-70
6	60	5-34
7	70	5-02
8	80	4-75
9	90	4-50
10	100	4-27
11	110	4-07
12	120	3-88
13	130	3-71
14	140	3-56
15	150	3-42
16	160	3-28
17	170	3-16
18	180	3-05
19	190	2-94
20	200	2-85
21	210	2-75
22	220	2-67
23	230	2-59
24	240	2-51
25	250	2-44

1	Certified-Statewide	Class-Four-Taxable
2	Percentage-Increase	Percentage-"P"
3	260	2.37
4	270	2.31
5	280	2.25
6	290	2.19
7	300	2.13

8 (5) -- After -- July -- 17 -- 1986, no adjustment may be made by
 9 the department to the taxable percentage rate -- "P" -- until a
 10 revaluation has been made as provided in 15-7-111.

11 (6) -- Within -- the -- meaning -- of -- comparable -- property -- as
 12 defined -- in -- 15-1-101, -- property -- assessed -- as -- commercial
 13 property -- is -- comparable -- only -- to -- other -- property -- assessed -- as
 14 commercial -- property, -- and -- property -- assessed -- as -- other -- than
 15 commercial -- property -- is -- comparable -- only -- to -- other -- property
 16 assessed -- as -- other -- than -- commercial -- property."

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
 23 included in another class;

24 (c) the first \$35,000 or less of the market value of
 25 any improvement on real property and appurtenant land not

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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 is not more than \$10,000 for a single
 6 person or \$12,000 for a married couple;

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

out
 5-20
 house tax
 1/2 of no.
 value

10 (e) all land, (together with improvements), not devoted
 11 to a residential, commercial, industrial, agricultural, or
 12 timberland use if the land contains more than 5 acres and
 13 less than 20 acres.

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

15 (a) Except as provided in 15-24-1402 or 15-24-1501,
 16 property described in subsections (1)(a) and (1)(b) is taxed
 17 at the taxable percentage rate "P" of its market value.

18 (b) Property described in subsection (1)(c) is taxed
 19 at the taxable percentage rate "P" of its market value
 20 multiplied by a percentage figure based on income and
 21 determined from the following table:

22	Income	Income	Percentage
23	Single Person	Married Couple	Multiplier
24	\$0 - \$1,000	\$0 - \$1,200	0%
25	1,001 - 2,000	1,201 - 2,400	10%

1	2,001 - 3,000	2,401 - 3,600	20%
2	3,001 - 4,000	3,601 - 4,800	30%
3	4,001 - 5,000	4,801 - 6,000	40%
4	5,001 - 6,000	6,001 - 7,200	50%
5	6,001 - 7,000	7,201 - 8,400	60%
6	7,001 - 8,000	8,401 - 9,600	70%
7	8,001 - 9,000	9,601 - 10,800	80%
8	9,001 - 10,000	10,801 - 12,000	90%

9 (c) Property described in subsection subsections
 10 (1)(d) and (1)(e) is taxed at one-half the taxable
 11 percentage rate "P" established in subsection (2)(a).

12 (3) Until January 1, 1986, the taxable percentage rate
 13 "P" for class four property is 8.55%.

14 (4) Prior to July 1, 1986, the department of revenue
 15 shall determine the taxable percentage rate "P" applicable
 16 to class four property for the revaluation cycle beginning
 17 January 1, 1986, as follows:

18 (a) The director of the department of revenue shall
 19 certify to the governor before July 1, 1986, the percentage
 20 by which the appraised value of all property in the state
 21 classified under class four as of January 1, 1986, has
 22 increased due to the revaluation conducted under 15-7-111.
 23 This figure is the certified statewide percentage increase.

24 (b) The taxable value of property in class four is
 25 determined as a function of the certified statewide

1 percentage increase in accordance with the table shown
 2 below.

3 (c) This table limits the statewide increase in
 4 taxable valuation resulting from reappraisal to 0%. In
 5 calculating the percentage increase, the department may not
 6 consider changes resulting from new construction, additions,
 7 or deletions during calendar year 1985.

8 (d) The taxable percentage must be calculated by
 9 interpolation to coincide with the nearest whole number
 10 certified statewide percentage increase from the following
 11 table:

12	Certified Statewide	Class Four Taxable
13	Percentage Increase	Percentage "P"
14	0	8.55
15	10	7.77
16	20	7.12
17	30	6.57
18	40	6.10
19	50	5.70
20	60	5.34
21	70	5.02
22	80	4.75
23	90	4.50
24	100	4.27
25	110	4.07
26	120	3.88

1	- Certified Statewide	Class Four Taxable
2	Percentage Increase	Percentage "P"
3	130	3.71
4	140	3.56
5	150	3.42
6	160	3.28
7	170	3.16
8	180	3.05
9	190	2.94
10	200	2.85
11	210	2.75
12	220	2.67
13	230	2.59
14	240	2.51
15	250	2.44
16	260	2.37
17	270	2.31
18	280	2.25
19	290	2.19
20	300	2.13

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

24 (6) Within the meaning of comparable property as
 25 defined in 15-1-101, property assessed as commercial
 26 property is comparable only to other property assessed as

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

4 Section 2. Section 15-7-202, MCA, is amended to read:

5 "15-7-202. Eligibility of land for valuation as
 6 agricultural: (1) Contiguous or noncontiguous parcels of
 7 land totaling 20 acres or more under one ownership shall be
 8 eligible for valuation, assessment, and taxation as
 9 agricultural land each year that none of the parcels is
 10 devoted to a commercial or industrial use.

11 (1)(2) Contiguous or noncontiguous parcels of land
 12 totaling less than 20 acres under one ownership that are
 13 actively devoted to agricultural use shall be eligible for
 14 valuation, assessment, and taxation as herein provided each
 15 year the parcels meet any of the following qualifications:

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

21 (b) the parcels would have met the qualification set
 22 out in subsection (1)(2)(a) were it not for independent
 23 intervening causes of production failure beyond the control
 24 of the producer or marketing delay for economic advantage,
 25 in which case proof of qualification in a prior year will

1 suffice.

2 (2) -- Parcels that do not meet the qualifications set
3 out in subsection (1) shall not be classified or valued as
4 agricultural if they are part of a platted subdivision that
5 is filed with the county clerk and recorder in compliance
6 with the Montana Subdivision and Platting Act.

7 (3) -- Contiguous parcels of land containing less than 20
8 acres per parcel under differing ownership that are actively
9 devoted to agricultural use shall be eligible for valuation,
10 assessment, and taxation as agricultural land each year that
11 the parcels as one combined operating entity meet any of the
12 qualifications in subsection (2):

13 (3)(4) -- Land shall not be classified or valued as
14 agricultural if it is subdivided with stated restrictions
15 prohibiting its use for agricultural purposes.

16 (4) -- The grazing on land by a horse or other animals
17 kept as a hobby and not as a part of a bona fide
18 agricultural enterprise shall not be considered a bona fide
19 agricultural operation.

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

25 (6) -- For the purposes of this part, growing timber is

1 not-an-agricultural-use---(Subsection-(6)-terminates-January
2 17-1991--sec.-107-Ch.-6817-B.-1985.)"

Amended

3 SECTION 2. SECTION 15-7-202, MCA, IS AMENDED TO READ:

Mercer

4 "15-7-202. Eligibility of land for valuation as
5 agricultural. (1) Contiguous (or noncontiguous) parcels of
6 land totaling 20 acres or more under one ownership shall be
7 eligible for valuation, assessment, and taxation as
8 agricultural land each year that none of the parcels is
9 devoted to a commercial or industrial use. - *Imp. - 20%*

Bldgs Class II

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

15 (a) the parcels produce and the owner or the owner's
16 agent, employee, or lessee markets not less than *\$1,500.*
17 \$1,000 in annual gross income from the raising of livestock,
18 poultry, field crops, fruit, and other animal and vegetable
19 matter for food or fiber; or

20 (b) the parcels would have met the qualification set
21 out in subsection (2)(a) were it not for independent
22 intervening causes of production failure beyond the control
23 of the producer or marketing delay for economic advantage,
24 in which case proof of qualification in a prior year will
25 suffice.

include non-cont. parcels 6 @ house on 20 - ac land 20% red

Blggs 4

\$1,000 Colby

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

7 †3) (4) Land shall not be classified or valued as
 8 agricultural if it is subdivided with stated restrictions
 9 prohibiting its use for agricultural purposes.

10 †4) (5) The grazing on land by a horse or other animals
 11 kept as a hobby and not as a part of a bona fide
 12 agricultural enterprise shall not be considered a bona fide
 13 agricultural operation.

14 †5) (6) If land has been valued, assessed, and taxed as
 15 agricultural land in any year, it shall continue to be so
 16 valued, assessed, and taxed until the department
 17 reclassifies the property. A reclassification does not mean
 18 revaluation pursuant to 15-7-111.

19 †6) (7) For the purposes of this part, growing timber
 20 is not an agricultural use. (Subsection (6) (now (7))
 21 terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

22 NEW-SECTION--SECTION-1--CLASS--EIGHTEEN--PROPERTY----
 23 DESCRIPTION-----TAXABLE--PERCENTAGE:-----(1)--CLASS--EIGHTEEN
 24 PROPERTY--INCLUDES--PARCELS--OF--NONPRODUCTIVE-REAL-PROPERTY
 25 CONTAINING-20-OR-MORE-CONTIGUOUS-ACRES-UNDER--ONE--OWNERSHIP

Ex. #1 SB 20
 S.B. 20
 10/20/01

1 THAT--DO--NOT--QUALIFY--AS--AGRICULTURAL--LAND,--TIMBERLAND,--OR
2 COMMERCIAL--OR--INDUSTRIAL--PROPERTY.

3 (2)--IMPROVEMENTS--TO--CLASS--EIGHTEEN--PROPERTY--ARE--TAXED
4 AS--CLASS--FOUR--PROPERTY.

5 (3)--CLASS--EIGHTEEN--PROPERTY--IS--TAXED--AT--2%--OF--ITS
6 MARKET--VALUE.

Non
prod. under
20-

7 NEW SECTION. SECTION 3. CLASS NINETEEN EIGHTEEN
8 PROPERTY -- DESCRIPTION -- TAXABLE PERCENTAGE. (1) CLASS

9 NINETEEN EIGHTEEN PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE
10 REAL PROPERTY CONTAINING LESS THAN 20 ACRES THAT ARE
11 PRECLUDED FROM BEING DEVELOPED FOR RESIDENTIAL, COMMERCIAL,
12 OR INDUSTRIAL PURPOSES BECAUSE OF SUBDIVISION OR ZONING
13 LAWS, REGULATIONS, OR ORDINANCES OR THAT ARE PRECLUDED FROM
14 BEING SO DEVELOPED (FOR OTHER REASONS.)

15 (2) IMPROVEMENTS TO CLASS NINETEEN EIGHTEEN PROPERTY
16 ARE TAXED AS CLASS FOUR PROPERTY.

17 (3) CLASS NINETEEN EIGHTEEN PROPERTY IS TAXED AT 2% OF
18 ITS MARKET VALUE.

19 NEW SECTION. SECTION 4. APPLICATION FOR
20 CLASSIFICATION AS CLASS NINETEEN EIGHTEEN PROPERTY. A PERSON
21 APPLYING FOR CLASSIFICATION OF PROPERTY AS CLASS NINETEEN
22 EIGHTEEN PROPERTY SHALL MAKE AN AFFIDAVIT TO THE DEPARTMENT
23 OF REVENUE, ON A FORM PROVIDED BY THE DEPARTMENT WITHOUT
24 COST, STATING:

25 (1) THAT THE PROPERTY IS PRECLUDED FROM BEING

1 DEVELOPED FOR RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL
2 PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS,
3 OR ORDINANCES OR FOR OTHER REASONS;

4 (2) WHAT LAW, REGULATION, OR ORDINANCE OR OTHER REASON
5 PRECLUDES SUCH USE;

6 (3) WHAT DETERMINATIONS, IF ANY, BY A GOVERNMENTAL
7 ENTITY HAVE BEEN MADE TO SUBSTANTIATE THE APPLICATION FOR
8 CLASSIFICATION AS CLASS NINETEEN EIGHTEEN PROPERTY; AND

9 (4) SUCH OTHER INFORMATION AS IS RELEVANT TO THE
10 APPLICATION OR AS MAY BE REQUIRED BY THE DEPARTMENT.

SECTION 5. SECTION 15-8-111, MCA, IS AMENDED TO READ:

"15-8-111. Assessment -- market value standard --
exceptions. (1) All taxable property must be assessed at
100% of its market value except as provided in subsection
(5) of this section and in 15-7-111 through 15-7-114.

(2) (a) Market value is the value at which property
would change hands between a willing buyer and a willing
seller, neither being under any compulsion to buy or to sell
and both having reasonable knowledge of relevant facts.

(b) Except as provided in subsection (3), the market
value of all motor trucks; agricultural tools, implements,
and machinery; and vehicles of all kinds, including but not
limited to aircraft and boats and all watercraft, is the
average wholesale value shown in national appraisal guides
and manuals or the value of the vehicle before

*technical
add to
inform
new class*

1 reconditioning and profit margin. The department of revenue
2 shall prepare valuation schedules showing the average
3 wholesale value when no national appraisal guide exists.

4 (3) The department of revenue or its agents may not
5 adopt a lower or different standard of value from market
6 value in making the official assessment and appraisal of the
7 value of property in 15-6-134 through 15-6-140, and 15-6-145
8 through 15-6-147, and [sections-1-and-2 SECTION 3], except:

9 (a) the wholesale value for agricultural implements
10 and machinery is the loan value as shown in the Official
11 Guide, Tractor and Farm Equipment, published by the national
12 farm and power equipment dealers association, St. Louis,
13 Missouri; and

14 (b) for agricultural implements and machinery not
15 listed in the official guide, the department shall prepare a
16 supplemental manual where the values reflect the same
17 depreciation as those found in the official guide.

18 (4) For purposes of taxation, assessed value is the
19 same as appraised value.

20 (5) The taxable value for all property in classes four
21 through eleven and fifteen through seventeen nineteen
22 EIGHTEEN is the percentage of market value established for
23 each class of property in 15-6-134 through 15-6-141, and
24 15-6-145 through 15-6-147, and [sections-1-and-2 SECTION 3].

25 (6) The assessed value of properties in 15-6-131

1 through 15-6-133 is as follows:

2 (a) Properties in 15-6-131, under class one, are
3 assessed at 100% of the annual net proceeds after deducting
4 the expenses specified and allowed by 15-23-503.

5 (b) Properties in 15-6-132, under class two, are
6 assessed at 100% of the annual gross proceeds.

7 (c) Properties in 15-6-133, under class three, are
8 assessed at 100% of the productive capacity of the lands
9 when valued for agricultural purposes. All lands that meet
10 the qualifications of 15-7-202 are valued as agricultural
11 lands for tax purposes.

12 (d) Properties in 15-6-143, under class thirteen, are
13 assessed at 100% of the combined appraised value of the
14 standing timber and grazing productivity of the land when
15 valued as timberland.

16 (7) Land and the improvements thereon are separately
17 assessed when any of the following conditions occur:

18 (a) ownership of the improvements is different from
19 ownership of the land;

20 (b) the taxpayer makes a written request; or

21 (c) the land is outside an incorporated city or town.

22 (8) The taxable value of all property in 15-6-131 and
23 classes two, three, and thirteen is the percentage of
24 assessed value established in 15-6-131(2), 15-6-132,
25 15-6-133, and 15-6-143 for each class of property.

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1 (Subsections (3)(a) and (3)(b) applicable to tax years
2 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
3 Subsection (6)(d) and references in (8) to class thirteen
4 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
5 1985.)"

6 NEW SECTION. SECTION 6. CODIFICATION INSTRUCTION.
7 SECTIONS 1-THROUGH 3 AND 4 ARE INTENDED TO BE CODIFIED AS AN
8 INTEGRAL PART OF TITLE 15, CHAPTER 6, PART 1, AND THE
9 PROVISIONS OF TITLE 15 APPLY TO SECTIONS 1-THROUGH 3 AND 4.

10 NEW SECTION. Section 7. Application deadline for
11 reduction in 1986 valuation. Notwithstanding the provisions
12 of 15-15-102, the application deadline for reduction in 1986
13 taxable valuations is August 1, 1986, OR 15 DAYS AFTER
14 RECEIPT BY THE TAXPAYER OF A REVISED NOTICE OF
15 CLASSIFICATION AND APPRAISAL.

Sen.

whichever

16 NEW SECTION. Section 8. Extension of authority. Any
17 existing authority of the department of revenue to make
18 rules on the subject of the provisions of this act is
19 extended to the provisions of this act.

20 NEW SECTION. Section 9. Applicability. This act
21 applies retroactively, within the meaning of 1-2-109, to
22 taxable years beginning after December 31, 1985.

23 NEW SECTION. Section 10. Effective date. This act is
24 effective on passage and approval.

-End-