

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on April 1, 1991, at 1:50 p.m.

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (D)

Staff Present: Lee Heiman, Legislative Council
Lois O'Connor, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

EXECUTIVE ACTION ON HB 1004

Motion: REP. DOLEZAL MOVED HB 1004 DO PASS.

Motion: REP. DOLEZAL moved to amend HB 1004. EXHIBIT 1

Discussion:

REP. DOLEZAL said that HB 1004 was a bill he introduced on property tax reform. After all of the proponents and opponents had spoken, what he mentioned about the bill was true in that it would be a vehicle. We wanted to bring some of the issues out to

see how we felt about them. Over the weekend, we tried to figure out ways to address those concerns. We found out the a bill was introduced by REP. COHEN and another bill from the Senate which was the DOR bill on property tax reclassification. We combined all of the bills, and tried to pick the best from all three bills. He gave a summary of what the amendments do. EXHIBIT 2 OPI gave a summary sheet as to what all of the amendments do. EXHIBIT 3

REP. HOFFMAN asked REP. DOLEZAL if OPI knows that the rates will be changed. REP. HOFFMAN said yes. The changes on Exhibit 2 are from OPI. REP. FOSTER asked if we were going to receive a narrative. REP. DOLEZAL said yes that OPI was suppose to summarize all the things that he had talked about.

REP. COHEN said the biggest benefit in HB 1004 for small businessmen is moving the furniture and fixtures. There is \$31 million of taxable value that are removed from the tax roles. These same businessmen are going to have their real property and improvements increase from 3.86% to 5%. For many businessmen, this will be a wash; for others, they will be paying less. It is important to remember that furniture and fixtures has been a millstone around the necks of small businessmen in the state. Our neighboring states do not have it because it requires a lengthy form to be filled out every year, and DOR said that it cost them \$500,000 to administer. They tried to stay close to the outline that DOR gave them. The impacts on cities, counties, and towns should be about the same.

REP. COHEN stated further that the state collects taxes from income, property, and severance. It is pretty clear that the folks aren't prepared to increase severance taxes nor is there any desire to freeze the taxes on coal. REP. REAM'S bill is revenue neutral and was not designed to raise revenue. I-105 has become such a millstone around the necks of our local governments that it is about time we removed it. This proposal gives us an opportunity to allow local governments to do their job, free the state's revenue to do the state's job, and allow us to move forward in the next decade with a tax system that is fair and progressive. Without passage of HB 1004's package, we will be back in a special session faced with a sales tax. He doesn't want to see this and urged the committee's support.

REP. HOFFMAN asked if we are looking at a \$52 million in taxable values paid. REP. COHEN said he thinks it is somewhere in the vicinity of \$54 to \$57 million statewide. REP. HOFFMAN asked if most of it was on the taxation of commercial, industrial new property, improvements, agricultural, and timber land. REP. COHEN said that some of it is on commercial industrial and homes. It is hard to ignore the \$31 million that will be removed from the taxable value on furniture and fixture. REP. HOFFMAN asked Denis Adams, DOR, who is included in Class 5 property. Mr. Adams said Montana Power, Coalstrip units, Columbia Falls Aluminum plant, and some refineries.

REP. FOSTER said that he was looking at Class 4 property and asked REP. COHEN if he agreed that it was about \$70 million increase in the revised taxable value. REP. COHEN said some of the things grouped under Class 4 will be in the new class. The things with the 4% is residential property and will remain in Class 4. The things with the 5% is industrial and commercial which will be a new class. He is right that there will be an increase on commercial and industrial property; and in many cases, will be offset by the deductions on business equipment and the removal of furniture and fixtures. There will be an increase on net of \$54 million in taxable value assuming the changes in the counties are right.

REP. THOMAS asked what the overall picture of the revenue increases and decreases. REP. COHEN said the bill will increase for the university system \$350,000, increase the foundation program \$5.4 million. These are the two statewide levies which will vary from county to county and will show an increase of \$5.7 million. With the removal of the statutory appropriation for the block grants, it will free up another \$18 million. What is freed up from the block grant and the \$5.7 million from increased mills for university and foundation, will be \$23.7 million. The fiscal note on HB 1000, the income tax credit for property taxes paid, was \$23.2 million. We are looking at a \$500,000 cushion. The DOR also stated that they would save \$400,000 a year by the elimination of furniture and fixtures. There will be \$500,000 net a year to the general fund plus another \$400,000 savings from the DOR budget. We will need the \$900,000 cushion to go into something like this because we are not exactly sure what the findings are going to be.

REP. THOMAS said that we are eliminating the money from the block grant program and asked how they were making it up. REP. COHEN said they would make up \$11.5 million in the bill. The local governments that still have to raise additional revenue will have I-105 restrictions lifted if they have to increase the revenue they would lose. There are only four counties that will lose from the impacts of this.

REP. ELLISON asked if residential property will remain at 3.86%. REP. COHEN said no that it will be raised to 4%. REP. STANG asked what the overall affective tax rate be under the old method and the new method for property taxes. REP. COHEN said that he can't say unless he uses a statewide average of mills. Under this proposal, the counties that have the lowest per capita taxable value are the beneficiaries. The ones that have the highest taxable value would be some of the losers. As a result, if they were to adjust their mill levies, our statewide average mill would probably go down.

Vote: Motion to amend HB 1004 carried 14 to 7 with REPS. HANSON, GILBERT, FOSTER, ELLISON, FAGG, HOFFMAN, and THOMAS voting no.

Motion: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 1004 DO PASS AS AMENDED.

Motion: REP. COHEN moved to further amend HB 1004.

Discussion:

REP. COHEN said that he was approached by Denis Adams, DOR, with the amendments. He asked Judy Rippingale, DOR, to explain them. Ms. Rippingale said REP. LEE'S bill had a large dollar impact in it, but there were some things that he had amended into his bill that would be fair in terms of property tax. One was to get your low income exemption they had two categories-single or married. The problem is that we are running into many single family homes where the parent has a number of children living with them and a low enough income to qualify as if they were married. Because they are not married although they are raising their children, they have to under the single column. These amendments allow that head-of-household will get the same rate as the married couple.

The other amendment is for clarification. Currently, it just speaks to income. The staff has been interpreting "income" as gross income; therefore, anyone who runs a business of any nature regardless of the fact that they made no net income, there gross income is going to exceed the \$11,000 limit. If you put down the net income, the business that are really not making any income at all can qualify for the exemption.

Vote: Motion to further amend HB 1004 carried unanimously.

Motion: REP. COHEN moved to further amend HB 1004. EXHIBIT 4

Discussion:

Judy Rippingale, DOR, explained these amendments deals with timber land. Currently, the DOR must value forest land as agricultural land if the lands timber value is less than the value as grazing land. We had to go through and find all the parcels and raise everyone up to the lowest rate of tax. It is administratively very expensive and they do not have the ability to administer this. This amendment will make it consistent with HB 340.

Vote: Motion to further amend HB 1004 carried unanimously.

Discussion:

Madalyn Quinlan, OPI, informed the committee that she put together the spreadsheet that the committee is using, and she was told that the amendments would not exempt rental property. She sees that they do. Lee Heiman, Legislative Council, said that has been moved into the exempt area of small rental property.

The request he received told him to take out rental property. He put that on Page 14 in Subsection (b).

Motion/Vote: REP. COHEN moved to further amend HB 1004 by including (iii) the return and put back into Class 6 on Page 8 where it was. It will restore the language on Page 8 and strike it from Page 14 of the amendments. Motion carried 18 to 3 with REPS. GILBERT, FOSTER, and FAGG voting no.

Discussion:

REP. THOMAS said that the bill repeals I-105 and this is the most major property tax bill they have looked at in this session. He feels that they may be premature in kicking the bill out this early. REP. HOFFMAN said that he also is speaking against the bill, but not for the same reasons as REP. THOMAS. He sees an increase in taxable value of property across the state of \$50 million. We are looking at a \$60 million hit on agriculture and industries. What he does like about the bill is the increase to 4% in the residential. REP. COHEN said this package gives \$23 million in direct credits to homeowners and the biggest credits are going to the middle and lower income homeowners. He thinks this is something that is overdue. REP. GILBERT said that he also opposed the bill as a anti-business tax increase putting the burden back on the people who want to go into business. REP. FOSTER stated that one thing that caught his attention was the \$23 million error in water pollution control which is Montana Power to a big extent. It not just Montana Power we are talking about. This tax will be put on the rate payers of this state, and he doesn't feel it will be a small amount of money. It will have an impact on utility rates. REP. NELSON said he opposes the bill because it repeals I-105 and the majority of his voters have told him not to do anything about that. It is also a hidden rate increase on our electric bills.

REP. DOLEZAL said that he can understand the concerns of the opposition; but what we are losing in this issue is fairness. These property tax exemptions and dropping the rate on personal property are helping 80% of the small businesses throughout the state. We are providing those industries who are trying to survive with an incentive that they have been looking for. Also, many things in taxation are based upon one's ability to pay. There are many services the larger businesses enjoy that, under the current structure, they are not having to pay for. They are paying 3.86% which can be passed on to all Montanans, so they are not paying the tax anyway. We are asking for the issue of fairness. REP. O'KEEFE said that there have been comments made about how long this bill has been in the works. This is his bill draft and has been in the works alot longer than a week. Some have served on the committee two years ago and the concept of revamping the tax law was looked at by REP. COHEN then. All things were looked at to come up with what is sitting in front of us now. This is a good bill for a number of reasons. I-105 was fueled by the residents of the state who voted to have property

taxes lowered on what they considered their property which in most cases is their home. This bill lowers the affective rates on residential properties; and 80% of the small businesses are helped by this bill. The large industries will get an increase, but they also service outside of this state. Coalstrip ships power to the Pacific Northwest. If some of the tax burden can be taken off the residents and put on the out-of-state residents, he is all for it. Going to the flat tax is coming around to haunt our local governments and this is a good solution. It is not a perfect solution; but the Senate will have a shot at it, and maybe we will get a perfect one back.

Vote: Motion that HB 1004 Do Pass As Amended carried 13 to 8 on a roll call vote. EXHIBIT 5

EXECUTIVE ACTION ON HB 394

Discussion:

REP. S. RICE stated that she is "begging the committee's indulgence". In Great Falls and many other counties in the state, we have a problem with funding different things. Currently in law, there is an optional motor vehicle tax of .05% which can be levied by the county and distributed back to school districts, counties, and cities. She came up with the idea of amending current law such that instead of distributing back the money to each one of the taxing jurisdictions; they could, by resolution, pool the money and use it for something specific. The small amount of money for taxing authorities is a fair amount of money if it is pooled together. Her problem is that she needs a vehicle to have it put into law. She has REP. NISBET'S bill which was Tabled in committee. She would like the motion to reconsider for purposes of amending.

Motion/Vote: REP. DOLEZAL MOVED TO RECONSIDER HB 394 AND BRING FROM THE TABLE. Motion carried 11 to 10 on a roll call vote. EXHIBIT 6

Motion: REP. DOLEZAL MOVED HB 394 DO PASS.

Motion: REP. DOLEZAL moved to amend HB 394. EXHIBIT 7

Discussion:

CHAIR HARRINGTON said that some of the counties have already used the .05% that they could put on license plates. REP. S. RICE said the question is if this is going to raise your taxes. If you live in a county where the .05% is in affect, nothing will change. If you live in a county where it is not currently in affect; the county commissioners, after a public hearing, will have the authority to raise the .05%. Her amendment deals only in the distribution of the tax. REP. REAM said then it isn't necessarily raising taxes unless the local jurisdiction decide to do it. CHAIR HARRINGTON asked if the counties want the .05%

can't they impose it now. **REP. S. RICE** said yes the county can, but they have to distribute it the county, city, and school district. In this bill, it would give each of the taxing jurisdictions the ability to say "we don't want it. We are going to put it together for something". **CHAIR HARRINGTON** asked how many counties are using this option. **Alec Hansen, Montana League of Cities and Towns**, said that 13 counties have taken the option of the .05%. **REP. ELLISON** said that if this bill passes, every county in the state will do it because every county has a shortage.

REP. THOMAS said if he understand this proposal right, on the .05% that the county can establish goes to school districts. This reduces the guaranteed tax base to the schools. He asked **Denis Adams, DOR**, if it would increase the state's responsibility to the school districts utilizing the guaranteed tax base. **Mr. Adams** said that he would have to analyze it more closely. It does have an impact, but he is not prepared to say how much. **REP. THOMAS** said that he thinks the bill does increase the guaranteed tax base; and if it is passed, it will increase the state's responsibility to the school districts.

REP. HOFFMAN asked **Alec Hansen** what the League thinks of the bill. **Mr. Hansen** said that they would support it obviously. It helps us deal with the various community's problems in funding specific projects. You get an agreement from the city, county, and school district, to fund things such as the fairgrounds.

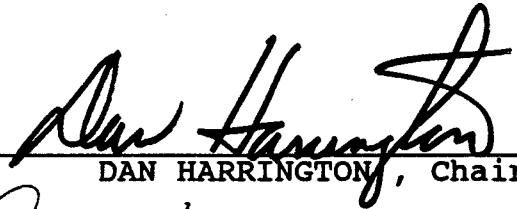
REP. GILBERT said that currently if a county enacts the .05%, the money is divided up between three entities. If these entities decide they want to put the money into some building or recreation, it will shorten the school budget by that much money. Then knowing that schools are always looking for money, they will have to look for alternative funding sources.

Vote: Motion to amend HB 394 carried 12 to 9 with **REPS. HOFFMAN, McCAFFREE, NELSON, COHEN, FAGG, GILBERT, HANSON, FOSTER**, and **THOMAS** voting no.

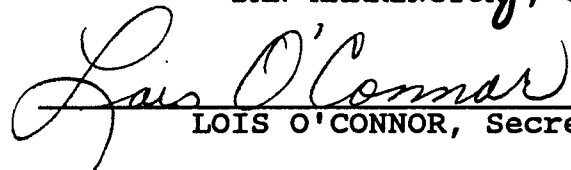
Motion/Vote: **REP. STANG** MADE A SUBSTITUTE MOTION HB 394 BE **TABLED**. Motion carried unanimously.

ADJOURNMENT

Adjournment: 3:05 p.m.



DAN HARRINGTON, Chair



LOIS O'CONNOR, Secretary

DH/lo

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 4/1/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓		
REP. BOB RANEY	✓		
REP. TED SCHYE	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS	✓		
REP. DAVE WANZENRIED	✓		

HOUSE STANDING COMMITTEE REPORT

April 1, 1991

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Mr. Speaker: We, the committee on Taxation report that House Bill 1004 (first reading copy -- white) do pass as amended.

Signed: Bob Ream
Bob Ream, Vice-Chairman

And, that such amendments read:

1. Title, page 1, line 5 through page 2, line 6.

Strike: "CLASSIFYING" on page 1, line 5 through "DATES" on page 2, line 6

Insert: "CONSOLIDATING PROPERTY TAX CLASSES; ELIMINATING PRESENT CLASS TWELVE PROPERTY AND INCLUDING TRAILERS AND MOBILE HOMES IN CLASS FOUR PROPERTY; ELIMINATING CLASS EIGHTEEN PROPERTY (NONPRODUCTIVE MINING CLAIMS), CLASS NINETEEN PROPERTY (NONPRODUCTIVE REAL ESTATE), AND CLASS TWENTY PROPERTY (OUT-OF-PRODUCTION AGRICULTURAL LAND AND TIMBERLAND), ALL OF WHICH BECOME TAXABLE AS CLASS FOUR PROPERTY; CONSOLIDATING RAILROAD PROPERTY AND AIRLINE PROPERTY INTO ONE CLASS; DELETING THE FORMULA FOR COMPUTING THE VALUE OF OTHER COMMERCIAL PROPERTY NECESSARY FOR TAXATION OF RAILROAD PROPERTY AND AIRLINE PROPERTY BY DELETING NET AND GROSS PROCEEDS; DELETING THE SEPARATE PROVISION IN CLASS SIX PROPERTY FOR MALTING BARLEY FACILITIES; REPEALING THE STATUTORY APPROPRIATION FOR REIMBURSEMENTS TO LOCAL GOVERNMENTS AND SCHOOLS FOR LOSS OF PERSONAL PROPERTY VALUATION; REPEALING THE PROPERTY TAX LIMITATIONS ENACTED BY INITIATIVE MEASURE NO. 105; AMENDING SECTIONS 7-13-2527, 15-1-101, 15-6-133, 15-6-134, 15-6-135, 15-6-136, 15-6-138, 15-16-111, 15-6-141, 15-6-143, 15-6-144, 15-6-145, 15-6-201, 15-8-205, 15-16-611, 17-7-502, and 67-3-204, MCA, AND SECTION 10, CHAPTER 681, LAWS OF 1985; REPEALING SECTIONS 15-1-111, 15-6-142, 15-6-147, 15-6-148, 15-6-149, 15-6-150, 15-6-153, 15-6-154, 15-6-155, 15-10-401, 15-10-402, 15-10-411, AND 15-10-412, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE"

2. Page 2, line 9 through page 42, line 12.

Strike: everything following the enacting clause

Insert: "

Section 1. Section 7-13-2527, MCA, is amended to read:

"7-13-2527. List of property owners. (1) A copy of the order creating the district shall be delivered to the county

assessor of each county within the district.

(2) The assessor shall, on or before August 1 of any given year, prepare and certify a list of all persons owning class ~~four, class twelve,~~ or class ~~fourteen~~ eleven property within such district and deliver a copy of such list to the board of trustees of said district."

Section 2. Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, poultry, bees, and other species of domestic animals and wildlife in domestication or a captive environment, and the raising of field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) (i) The term "commercial", when used to describe property, means any property used or owned by a business, a trade, or a nonprofit corporation as defined in 35-2-102 or used for the production of income, except that property described in subsection (ii).

(ii) The following types of property are not commercial:

(A) agricultural lands;

(B) timberlands;

(C) single-family and multifamily residences and ancillary improvements and improvements necessary to the function of a bona fide farm, ranch, or stock operation;

(D) mobile homes used exclusively as a residence except when held by a distributor or dealer of trailers or mobile homes as his stock in trade;

(E) all property described in 15-6-135; and

(F) all property described in 15-6-136.

(e) The term "comparable property" means property that has similar use, function, and utility; that is influenced by the same set of economic trends and physical, governmental, and social factors; and that has the potential of a similar highest and best use.

(f) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(g) The term "improvements" includes all buildings, structures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or

housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. A mobile home or housetrailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(h) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien only on such leasehold improvements.

(i) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

(j) The term "mobile home" means forms of housing known as "trailers", "housetrailer", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

~~(k) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".~~

~~(l)~~ (k) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

~~(m)~~ (l) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

~~(n)~~ (m) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

~~(o)~~ (n) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

~~(p)~~(o) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15, chapter 6, part 1.

~~(q)~~(p) The term "weighted mean assessment ratio" means the total of the assessed values divided by the total of the selling prices of all area sales in the stratum.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

Section 3. Section 15-6-133, MCA, is amended to read:

"15-6-133. Class three property -- description -- taxable percentage. (1) Class three property includes:

(a) agricultural land as defined in 15-7-202;

(b) nonproductive patented mining claims outside the limits of an incorporated city or town held by an owner for the ultimate purpose of developing the mineral interests on the property. For the purposes of this subsection (1)(b), the following provisions apply:

(i) The claim may not include any property that is used for residential purposes, recreational purposes as described in 70-16-301, or commercial purposes as defined in 15-1-101 or any property the surface of which is being used for other than mining purposes or has a separate and independent value for such other purposes.

(ii) Improvements to the property that would not disqualify the parcel are taxed as otherwise provided in this title, including that portion of the land upon which such improvements are located and that is reasonably required for the use of the improvements.

(iii) Nonproductive patented mining claim property must be valued as if the land were devoted to agricultural grazing use.

(2) Class three property is taxed at the taxable percentage rate "P" of its productive capacity.

(3) Until July 1, 1986, the taxable percentage rate "P" for class three property is 30%.

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

(a) The director of the department of revenue shall certify to the governor before July 1, 1986, the percentage by which the appraised value of all property in the state classified under class three as of January 1, 1986, has increased due to the

revaluation conducted under 15-7-111. This figure is the "certified statewide percentage increase".

(b) The taxable value of property in class three is determined as a function of the certified statewide percentage increase in accordance with the table shown below.

(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 0%. In calculating the percentage increase, the department may not consider agricultural use changes during calendar year 1985.

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

Certified Statewide Class Three Taxable

Percentage Increase	Percentage "P"
0	30.00
10	27.27
20	25.00
30	23.08
40	21.43
50	20.00

(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."

Section 4. 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;

(b) all improvements, including trailers or mobile homes used as a residence, except those specifically included in another class;

(c) the first \$80,000 or less of the market value of any improvement on real property, including trailers or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources and net business income and losses, including otherwise tax-exempt income of all types is not more than \$10,000 for a single person or \$12,000 for a married couple or a head of household, as adjusted according to subsection

(2)(b)(ii);

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

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a) and (1)(b) is taxed at ~~3.86%~~ 4% of its market value.

(b) (i) Property described in subsection (1)(c) is taxed at

~~3.86%~~ 4% of its market value multiplied by a percentage figure based on gross income and determined from the following table:

Income Single Person	Income Married Couple or Head of Household	Percentage Multiplier
\$0 - 1,000	\$0 - 1,200	0%
1,001 - 2,000	1,201 - 2,400	10%
2,001 - 3,000	2,401 - 3,600	20%
3,001 - 4,000	3,601 - 4,800	30%
4,001 - 5,000	4,801 - 6,000	40%
5,001 - 6,000	6,001 - 7,200	50%
6,001 - 7,000	7,201 - 8,400	60%
7,001 - 8,000	8,401 - 9,600	70%
8,001 - 9,000	9,601 - 10,800	80%
9,001 - 10,000	10,801 - 12,000	90%

(ii) The income levels contained in the table in subsection (2) (b) (i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2) (b) (i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1986; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1) (d) is taxed at one-half the taxable percentage rate established in subsection (2) (a).

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

(4) Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

NEW SECTION. Section 5. Property tax credit. (1) For the purposes of this section, the following definitions apply:

(a) "Homestead" means a single-family dwelling unit or unit of a multiple-unit dwelling that is subject to ad valorem taxes in Montana and that is owned and occupied as the principal residence of the owner and as much of the surrounding land, but not in excess of 1 acre, as is reasonably necessary for its use as a dwelling.

(b) "Household" means an association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(c) "Proof of payment" means a copy of the notice of the amount of property taxes owed by the taxpayer that was sent to the taxpayer, pursuant to 15-16-101, together with a receipt, issued pursuant to 15-16-104, that shows the amount of property taxes paid by the taxpayer or other documentation approved by the department of revenue that shows the amount of property taxes that were owed by the taxpayer and the receipt of payment of property taxes by the taxpayer or his agent.

(d) "Property tax" means general ad valorem taxes levied against the homestead, exclusive of special assessments, penalties, or interest.

(2) Except as provided in subsection (3), a taxpayer is entitled to receive a credit against taxes imposed under this chapter equal to one-half of the first \$400 of property taxes paid by the taxpayer during the taxable year.

(3) (a) A taxpayer who files a claim with the department under 15-30-171 through 15-30-179 is ineligible to receive a credit under this section.

(b) Only one taxpayer in each household is eligible to receive a credit under this section.

(c) A taxpayer shall provide proof of payment at the time a return is filed claiming a credit for property taxes paid.

(4) The department shall, not later than November 30, notify all Montana residents who pay property taxes that they are eligible for an income tax credit for property tax relief. The content of this notification must be reviewed by the revenue oversight committee prior to its being sent to Montana residents who pay property taxes. The notice must contain, at a minimum, the following statement:

"The 52nd Legislature has provided an income tax credit for property tax relief up to \$200 for every Montana resident. To qualify for this credit, you should contact your county assessor or county appraiser."

Section 6. Section 15-6-135, MCA, is amended to read:

"15-6-135. Class five property -- description -- taxable percentage. (1) Class five property includes:

(a) all property used and owned by cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana, except property owned by cooperative organizations described in subsection (1)(b) of 15-6-137;

~~(b) air and water pollution control equipment as defined in this section;~~

~~(c)~~ (b) new industrial property as defined in this section;

~~(d)~~ (c) any personal or real property used primarily in the production of gasohol during construction and for the first 3

years of its operation;

~~(e)~~ (d) all land and improvements and all personal property owned by a research and development firm, provided that the property is actively devoted to research and development;

~~(f)~~ (e) machinery and equipment used in electrolytic reduction facilities.

~~(2) (a) "Air and water pollution equipment" means facilities, machinery, or equipment used to reduce or control water or atmospheric pollution or contamination by removing, reducing, altering, disposing, or storing pollutants, contaminants, wastes, or heat. The department of health and environmental sciences shall determine if such utilization is being made.~~

~~(b) The department of health and environmental sciences' determination as to air and water pollution equipment may be appealed to the board of health and environmental sciences and may not be appealed to either a county tax appeal board or the state tax appeal board. However, the appraised value of the equipment as determined by the department of revenue may be appealed to the county tax appeal board and the state tax appeal board.~~

~~(3)~~ (2) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, used by new industries during the first 3 years of their operation. The property may not have been assessed within the state of Montana prior to July 1, 1961.

~~(4)~~ (3) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry.

(b) New industry includes only those industries that:

(i) manufacture, mill, mine, produce, process, or fabricate materials;

(ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials; or

(iii) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget.

~~(5)~~ (4) New industrial property does not include:

(a) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions;

(b) a plant that will create adverse impact on existing state, county, or municipal services; or

(c) property used or employed in any industrial plant that has been in operation in this state for 3 years or longer.

~~(6)~~ (5) Class five property is taxed at 3% of its market value."

Section 7. Section 15-6-136, MCA, is amended to read:

"15-6-136. Class six property -- description -- taxable percentage. (1) Class six property includes:

(a) livestock and other species of domestic animals and wildlife raised in domestication or a captive environment, except for cats, dogs, and other household pets not raised for profit; and

(b) items of personal property intended for rent or lease in the ordinary course of business, provided each item of personal property satisfies all of the following:

(i) the full and true value of the personal property is less than \$5,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and

~~(c) machinery and equipment used in a malting barley facility; and~~

~~(d)~~ (c) machinery and equipment used in canola seed oil processing facilities if:

(i) the operators of such facilities employ a minimum of 15 full-time employees; and

(ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989.

~~(2) "Malting barley facility" means a facility the principal purpose of which is to malt malting barley. The term does not apply to a facility the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise do anything with malting barley, except malt malting barley. However, any machinery or equipment the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise handle malting barley or other machinery or equipment that is used in or is otherwise an integral part of a facility that malts malting barley is machinery or equipment of a malting barley facility for the purposes of this section.~~

~~(3)~~ (2) "Canola seed oil processing facility" means a facility that:

(a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and packages the edible oil into food products, or engages in any one or more of those processes; and

(b) employs at least 15 employees in a full-time capacity.

~~44~~(3) Class six property is taxed at 4% of its market value."

Section 8. Section 15-6-138, MCA, is amended to read:
"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

- (a) all agricultural implements and equipment;
- (b) all mining machinery, ~~fixtures, equipment, tools that are not exempt under 15-6-201(1)(x), and supplies except those that included in class five;~~
- (c) all manufacturing machinery, ~~fixtures, equipment, tools that are not exempt under 15-6-201(1)(x), and supplies except those that included in class five;~~
- (d) all trailers, including those prorated under 15-24-102, except those subject to taxation under 61-3-504(2);
- (e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class;
- (f) buses and trucks having a rated capacity of more than 1 ton, including those prorated under 15-24-102;
- (g) truck toppers weighing more than 300 pounds;
- ~~(h) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;~~
- (h) air and water pollution control equipment as defined in this section;
- (i) x-ray and medical and dental equipment;
- (j) citizens' band radios and mobile telephones;
- (k) radio and television broadcasting and transmitting equipment;
- (l) cable television systems;
- (m) coal and ore haulers;
- (n) theater projectors and sound equipment; and
- (o) all other business property not included in any other class in this part, except that property subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

~~(3) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service, wholesale, retail, or feed handling business.~~

(3) (a) "Air and water pollution control equipment" means facilities, machinery, or equipment used to reduce or control water or atmospheric pollution or contamination by removing, reducing, altering, disposing, or storing pollutants, contaminants, wastes, or heat. The department of health and environmental sciences shall determine if such utilization is being made.

(b) The department of health and environmental sciences' determination as to air and water pollution control equipment may be appealed to the board of health and environmental sciences but may not be appealed to either a county tax appeal board or the state tax appeal board. However, the appraised value of the equipment as determined by the department of revenue may be appealed to the county tax appeal board and the state tax appeal board.

(4) Class eight property is taxed at ~~9%~~ 8% of its market value."

Section 9. Section 15-6-141, MCA, is amended to read:

"15-6-141. Class ~~eleven~~ nine property -- description -- taxable percentage. (1) Class ~~eleven~~ nine property includes:

(a) centrally assessed electric power companies' allocations, including, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);

(b) allocations for centrally assessed natural gas companies having a major distribution system in this state; and

(c) centrally assessed companies' allocations except:

(i) electric power and natural gas companies' property;

(ii) property owned by cooperative rural electric and cooperative rural telephone associations and classified in class five;

(iii) property owned by organizations providing telephone communications to rural areas and classified in class seven;

(iv) railroad transportation property included in class ~~fifteen~~ twelve; and

(v) ~~airline~~ airline transportation property included in class ~~seventeen~~ twelve.

(2) Class ~~eleven~~ nine property is taxed at 12% of market value."

Section 10. Section 15-6-143, MCA, is amended to read:

"15-6-143. (Temporary) Class thirteen property -- description -- taxable percentage -- alternative classification.

(1) Class thirteen property includes all timberland.

(2) Timberland is contiguous land exceeding 15 acres in one ownership that is capable of producing timber that can be harvested in commercial quantity.

(3) ~~Class~~ Except as provided in subsection (4), class thirteen property is taxed at ~~the percentage rate of~~ 4% of the combined appraised value of the standing timber and grazing productivity of the property.

~~(4) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate of 4% applicable to class~~

~~thirteen 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, 1985.~~

~~(5) (a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class thirteen 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 thirteen as class thirteen 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 thirteen as class thirteen 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 valuation has been made as provided in 15-7-111. (Terminates January 1, 1991 1995--sec. 10, Ch. 681, L. 1985.)"~~

Section 11. Section 15-6-144, MCA, is amended to read:

"15-6-144. Class fourteen eleven property -- description -- taxable percentage. (1) Class fourteen eleven property includes all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(2). Class fourteen eleven property includes 1 acre of real property beneath the agricultural improvements. The 1 acre shall be valued at market value.

(2) Class fourteen eleven property is taxed at 80% of the taxable percentage applicable to class four property."

Section 12. Section 15-6-145, MCA, is amended to read:

"15-6-145. Class fifteen twelve property -- description -- taxable percentage. (1) Class fifteen twelve property includes all railroad transportation property as described in the Railroad Revitalization and Regulatory Reform Act of 1976 as it read on January 1, 1986, and all airline transportation property as described in the Tax Equity and Fiscal Responsibility Act of 1982 as it read on January 1, 1986.

(2) For the taxable tax year beginning January 1, 1986 1991, and for each taxable tax year thereafter, class fifteen twelve property is taxed at the percentage rate "R", to be determined by the department as provided in subsection (3), or 12%, whichever is less.

(3) $R = A/B$ where:

(a) A is the total statewide taxable value of all commercial property, except class fifteen twelve property, as commercial property is described in 15-1-101(1)(d), ~~including class 1 and class 2 property;~~ and

(b) B is the total statewide market value of all commercial property, except class ~~fifteen~~ twelve property, as commercial property is described in 15-1-101(1)(d), ~~including class 1 and class 2 property.~~

(4) (a) For the taxable year beginning January 1, 1986, and for every taxable year thereafter, the department shall conduct a sales assessment ratio study of all commercial and industrial real property and improvements. The study must be based on:

(i) assessments of such property as of January 1 of the year for which the study is being conducted; and

(ii) a statistically valid sample of sales using data from realty transfer certificates filed during the same taxable year or from the immediately preceding taxable year, but only if a sufficient number of certificates is unavailable from the current taxable year to provide a statistically valid sample.

(b) The department shall determine the value-weighted mean sales assessment ratio "M" for all such property and reduce the taxable value of property described in subsection (4) only, by multiplying the total statewide taxable value of property described in subsection (4)(a) by "M" prior to calculating "A" in subsection (3)(a).

(c) The adjustment referred to in subsection (4)(b) will be made beginning January 1, 1986, and in each subsequent tax year to equalize the railroad taxable values.

(5) For the purpose of complying with the Railroad Revitalization and Regulatory Reform Act of 1976, as it read on January 1, 1986, the rate "R" referred to in this section is the equalized average tax rate generally applicable to commercial and industrial property, except class ~~fifteen~~ twelve property, as commercial property is defined in 15-1-101(1)(d)."

NEW SECTION. Section 13. Class twenty-one property -- description -- taxable percentage -- application for reduced rate. (1) Class twenty-one property includes:

(a) all land used for commercial purposes, except that specifically included in another class;

(b) all improvements used for commercial purposes, except those specifically included in another class; and

(c) all other property not included in any other class in this part, except that property subject to a fee in lieu of a property tax.

(2) (a) Except as provided in 15-24-1402, 15-24-1501, and subsection (2)(b) of this section, class twenty-one property is taxed at 5% of market value.

(b) Real and personal property classified under this section is taxed at 4% of market value if the property:

(i) is integrally related in a single working unit;

(ii) is not in production on the assessment date of the current taxable year; and

(iii) has not been in production during any 6 months of the

preceding 12 months before the assessment date of the current taxable year.

(3) A person applying for the reduced rate as provided in subsection (2)(b) shall make an application to the department of revenue on a form provided without cost by the department.

(4) All property classified under this section is subject to the provisions of 15-16-101 and 15-16-102.

Section 14. Section 15-6-201, MCA, is amended to read:

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

(a) the property of:

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

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

(iii) municipal corporations; and

(iv) public libraries;

(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that meets the following conditions:

(i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(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

(iii) is not maintained and operated for private or corporate profit;

(e) institutions of purely public charity;

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

(g) public art galleries and public observatories not used or held for private or corporate profit;

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

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

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

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

(l) all watercraft;

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

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

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

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

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

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

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

(ii) repair and maintain machinery, equipment, appliances, or other personal property;

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

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) furniture and fixtures; and

(v) all tangible supplies and materials used or consumed in

a business.

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

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(c) The term "furniture and fixtures" means office and store machines, radio and telephone systems, medical and dental equipment, hotel, motel and apartment furniture, bar and restaurant equipment, computer hardware and software, data processing equipment, vending machines, and gas pumps.

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

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

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

Section 15. Section 15-8-205, MCA, is amended to read:

"15-8-205. Initial assessment of class ~~twelve~~ four trailer and mobile home property -- when. The county assessor shall assess all class ~~twelve~~ four trailer and mobile home property immediately upon arrival in the county if the taxes have not been previously paid for that year in another county in Montana."

Section 16. Section 15-16-111, MCA, is amended to read:

"15-16-111. Personal property -- duty of department. (1) It is the duty of the department of revenue or its agent, upon discovery of any personal property in the county other than that classified as class four property the taxes upon which are not a lien upon real property sufficient to secure the payment of such taxes, to immediately and in any event not more than 5 days thereafter make a report to the treasurer, setting forth the nature, kind, description, and character of such property in such a definite manner that the treasurer can identify the same, the amount and assessed valuation of such property, where the same is located, the amount of taxes due thereon, and the name and address of the owner, claimant, or other person in possession of the same.

(2) Where such personal property is located in any city or town which has provided by ordinance for the collection of its taxes for general, municipal, and administrative purposes by its city treasurer or town clerk, the department also and at the same time shall furnish to the city treasurer or town clerk a

duplicate of the notice to the county treasurer. For the purpose of determining the taxes due on personal property, the department or its agent must use the levy made during the previous year."

Section 17. Section 15-16-611, MCA, is amended to read:

"15-16-611. Reduction of property tax for property destroyed by natural disaster. (1) The department of revenue shall, upon showing by a taxpayer that some or all of the improvements on his real property or a trailer or mobile home ~~as described in 15-6-142~~ have been destroyed to such an extent that such improvements have been rendered unsuitable for their previous use by natural disaster, adjust the taxable value on the property, accounting for the destruction.

(2) The county treasurer shall adjust the tax due and payable for the current year on the property under 15-16-102 as provided in subsection (3) of this section.

(3) To determine the amount of tax due for destroyed property, the county treasurer shall:

(a) multiply the amount of tax levied and assessed on the original taxable value of the property for the year by the ratio that the number of days in the year that the property existed before destruction bears to 365; and

(b) multiply the amount of tax levied and assessed on the adjusted taxable value of the property for the remainder of the year by the ratio that the number of days remaining in the year after the destruction of the property bears to 365.

(4) This section does not apply to delinquent taxes owed on the destroyed property for a year prior to the year in which the property was destroyed.

(5) For the purposes of this section, "natural disaster" includes but is not limited to fire, flood, earthquake, or wind."

Section 18. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; ~~15-1-111~~; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-

504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

Section 19. Section 67-3-204, MCA, is amended to read:

"67-3-204. Fee in lieu of tax on registered aircraft -- decal. (1) Except as provided in subsection (3), aircraft required to be registered in Montana are subject to a fee. The registration fee is in lieu of property tax.

(2) The department shall issue a decal to the owner of the aircraft required to be registered at the time of payment of the registration fee in lieu of tax, as provided in 67-3-201. No aircraft subject to a fee in lieu of tax may be operated in this state unless there is displayed on the aircraft a decal as visual proof that the fee in lieu of tax has been paid for the aircraft and that the aircraft is registered for the current year.

(3) Aircraft that meet the description of property described in ~~15-6-147~~ 15-6-145 are exempt from the fee imposed by subsection (1). Aircraft subject to the fee in lieu of tax are exempt from all other taxation."

Section 20. Section 10, Chapter 681, Laws of 1985, is amended to read:

"Section 10. Effective date -- termination ~~date~~ dates.

(1) This act is effective January 1, 1986, and, ~~except for section 3,~~ [section 1] terminates January 1, 1991.

(2) [Sections 2 and 4 through 6] terminate January 1, 1995."

NEW SECTION. Section 21. Repealer. Sections 15-1-111, 15-6-142, 15-6-147, 15-6-148, 15-6-149, 15-6-150, 15-6-153, 15-6-154, 15-6-155, 15-10-401, 15-10-402, 15-10-411, and 15-10-412, MCA, are repealed.

NEW SECTION. Section 22. Codification instruction. (1) [Section 5] is intended to be codified as an integral part of

Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 5].

(2) [Section 13] is intended to be codified as an integral part of Title 15, chapter 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to [section 13].

NEW SECTION. Section 23. Coordination instruction. (1) If House Bill No. 340 is passed by the 52nd legislature and approved by the governor, then the code commissioner is instructed, at the time of codification of that enactment, to change references in that enactment from class thirteen property to class ten property.

(2) The code commissioner is instructed to change references to classes of property in enactments of the 52nd legislature to conform to the classifications established in [this act].

(3) If House Bill No. 340 is passed and approved and if it includes a section that amends 15-6-143, then the amendments made by [this act] to 15-6-133(1)(c), 15-6-143, and section 10, Chapter 681, Laws of 1985, are void.

NEW SECTION. Section 24. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning on or after January 1, 1991."

Amendments to House Bill No. 1004
First Reading Copy

Requested by Rep. Dolezal
For the Committee on Taxation

Prepared by Lee Heiman
April 1, 1991

1. Title, page 1 line 5 through page 2, line 5.

Strike: "CLASSIFYING" on page 1, line 5 through "15-6-155" on page 2, line 5.

Insert: "CONSOLIDATING PROPERTY TAX CLASSES; ELIMINATING CLASS TWELVE PROPERTY AND INCLUDING TRAILERS AND MOBILE HOMES IN CLASS FOUR PROPERTY; ELIMINATING CLASS EIGHTEEN (NONPRODUCTIVE MINING CLAIMS), CLASS NINETEEN (NONPRODUCTIVE REAL ESTATE), AND CLASS TWENTY (OUT-OF-PRODUCTION AGRICULTURAL LAND AND TIMBERLAND), ALL OF WHICH BECOME TAXABLE AS CLASS FOUR PROPERTY; CONSOLIDATING RAILROAD PROPERTY AND AIRLINE PROPERTY INTO ONE CLASS; DELETING THE FORMULA FOR COMPUTING THE VALUE OF OTHER COMMERCIAL PROPERTY NECESSARY FOR TAXATION OF RAILROAD PROPERTY AND AIRLINE PROPERTY BY DELETING NET AND GROSS PROCEEDS; DELETING IN CLASS SIX PROPERTY THE SEPARATE PROVISION FOR MALTING BARLEY FACILITIES; REPEALING THE THE STATUTORY APPROPRIATION FOR REIMBURSEMENTS TO LOCAL GOVERNMENTS AND SCHOOLS FOR LOSS OF PERSONAL PROPERTY VALUATION; REPEALING THE PROPERTY TAX LIMITATIONS ENACTED BY INITIATIVE NO. 105; AMENDING SECTIONS 7-13-2527, 7-13-2527, 15-1-101, 15-6-133, 15-6-134, 15-6-135, 15-6-136, 15-6-138, 15-16-111, 15-6-141, 15-6-143, 15-6-144, 15-6-145, 15-6-201, 15-8-205, 15-16-611, and 67-3-204, MCA; REPEALING SECTIONS 15-1-111, 15-6-142, 15-6-147, 15-6-148, 15-6-149, 15-6-150, 15-6-153, 15-6-154, 15-6-155, 15-10-401, 15-10-402, 15-10-411, AND 15-10-412,"

2. Page 2, line 9 through page 42, line 12.

Strike: everything following the enacting clause

Insert: "

Section 1. Section 7-13-2527, MCA, is amended to read:

"7-13-2527. List of property owners. (1) A copy of the order creating the district shall be delivered to the county assessor of each county within the district.

(2) The assessor shall, on or before August 1 of any given year, prepare and certify a list of all persons owning class four, ~~class twelve~~, or class ~~fourteen~~ eleven property within such district and deliver a copy of such list to the board of trustees of said district."

Section 2. Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, poultry, bees, and other species of domestic animals

and wildlife in domestication or a captive environment, and the raising of field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) (i) The term "commercial", when used to describe property, means any property used or owned by a business, a trade, or a nonprofit corporation as defined in 35-2-102 or used for the production of income, except that property described in subsection (ii).

(ii) The following types of property are not commercial:

(A) agricultural lands;

(B) timberlands;

(C) single-family and multifamily residences and ancillary improvements and improvements necessary to the function of a bona fide farm, ranch, or stock operation;

(D) mobile homes used exclusively as a residence except when held by a distributor or dealer of trailers or mobile homes as his stock in trade;

(E) all property described in 15-6-135; and

(F) all property described in 15-6-136.

(e) The term "comparable property" means property that has similar use, function, and utility; that is influenced by the same set of economic trends and physical, governmental, and social factors; and that has the potential of a similar highest and best use.

(f) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(g) The term "improvements" includes all buildings, structures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. A mobile home or housetrailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(h) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien only on such leasehold improvements.

(i) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

(j) The term "mobile home" means forms of housing known as "trailers", "housetrailer", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

~~(k) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".~~

~~(l)~~(k) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

~~(m)~~(l) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

~~(n)~~(m) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

~~(o)~~(n) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

~~(p)~~(o) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15, chapter 6, part 1.

~~(q)~~(p) The term "weighted mean assessment ratio" means the total of the assessed values divided by the total of the selling prices of all area sales in the stratum.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

Section 3. Section 15-6-133, MCA, is amended to read:

"15-6-133. Class three property -- description -- taxable percentage. (1) Class three property includes:

(a) agricultural land as defined in 15-7-202;

(b) nonproductive patented mining claims outside the limits of an incorporated city or town held by an owner for the ultimate purpose of developing the mineral interests on the property.

(i) The claim may not include any property that is used for residential, recreational as described in 70-16-301, or commercial as defined in 15-1-101, purposes, or if the surface is

being used for other than mining purposes or has a separate and independent value for such other purposes.

(ii) Improvements to the property that would not disqualify the parcel are taxed as otherwise provided in this title, including that portion of the land upon which such improvements are located and which is reasonably required for the use of such improvements.

(iii) Nonproductive patented mining claim property must be valued as if such land were devoted to agricultural grazing use.

(2) Class three property is taxed at the taxable percentage rate "P" of its productive capacity.

(3) Until July 1, 1986, the taxable percentage rate "P" for class three property is 30%.

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

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

(b) The taxable value of property in class three is determined as a function of the certified statewide percentage increase in accordance with the table shown below.

(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 0%. In calculating the percentage increase, the department may not consider agricultural use changes during calendar year 1985.

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

Certified Statewide Class Three Taxable	
Percentage Increase	Percentage "P"
0	30.00
10	27.27
20	25.00
30	23.08
40	21.43
50	20.00

(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." Section 4. 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;

(b) all improvements, including trailers or mobile homes used as a residence, except those specifically included in another class;

(c) the first \$80,000 or less of the market value of any improvement on real property, including trailers or mobile homes, and appurtenant land not exceeding 5 acres owned or under

contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources including otherwise tax-exempt income of all types is not more than \$10,000 for a single person or \$12,000 for a married couple, as adjusted according to subsection (2)(b)(ii);

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

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a) and (1)(b) is taxed at ~~3.86%~~ 4% of its market value.

(b) (i) Property described in subsection (1)(c) is taxed at ~~3.86%~~ 4% of its market value multiplied by a percentage figure based on gross income and determined from the following table:

Income Single Person	Income Married Couple	Percentage Multiplier
\$0 - 1,000	\$0 - 1,200	0%
1,001 - 2,000	1,201 - 2,400	10%
2,001 - 3,000	2,401 - 3,600	20%
3,001 - 4,000	3,601 - 4,800	30%
4,001 - 5,000	4,801 - 6,000	40%
5,001 - 6,000	6,001 - 7,200	50%
6,001 - 7,000	7,201 - 8,400	60%
7,001 - 8,000	8,401 - 9,600	70%
8,001 - 9,000	9,601 - 10,800	80%
9,001 - 10,000	10,801 - 12,000	90%

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1986; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a).

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

(4) Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

NEW SECTION. Section 5. Property tax credit. (1) For the

purposes of this section, the following definitions apply:

(a) "Homestead" means a single-family dwelling unit or unit of a multiple-unit dwelling that is subject to ad valorem taxes in Montana and that is owned and occupied as the principal residence of the owner and as much of the surrounding land, but not in excess of 1 acre, as is reasonably necessary for its use as a dwelling.

(b) "Household" means an association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(c) "Proof of payment" means a copy of the notice of the amount of property taxes owed by the taxpayer that was sent to the taxpayer, pursuant to 15-16-101, together with a receipt, issued pursuant to 15-16-104, that shows the amount of property taxes paid by the taxpayer or other documentation approved by the department of revenue that shows the amount of property taxes that were owed by the taxpayer and the receipt of payment of property taxes by the taxpayer or his agent.

(d) "Property tax" means general ad valorem taxes levied against the homestead, exclusive of special assessments, penalties, or interest.

(2) Except as provided in subsection (3), a taxpayer is entitled to receive a credit against taxes imposed under this chapter equal to one-half of the first \$400 of property taxes paid by the taxpayer during the taxable year.

(3) (a) A taxpayer who files a claim with the department under 15-30-171 through 15-30-179 is ineligible to receive a credit under this section.

(b) Only one taxpayer in each household is eligible to receive a credit under this section.

(4) The department must notify all Montana residents that pay property taxes, not later than November 30, that they are eligible for an income tax credit for property tax relief. The content of this notification must be reviewed by the revenue oversight committee prior to its being sent to Montana property tax payers. The notice must contain as a minimum the following statement:

"The 52nd Legislature has provided an income tax credit for property tax relief up to \$200 for every Montana resident. To qualify for this credit you should contact your county assessor or county appraiser."

Section 6. Section 15-6-135, MCA, is amended to read:

"15-6-135. Class five property -- description -- taxable percentage. (1) Class five property includes:

(a) all property used and owned by cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana, except property owned by cooperative organizations described in subsection (1)(b) of 15-6-137;

~~(b) air and water pollution control equipment as defined in this section;~~

~~(e)(b)~~ new industrial property as defined in this section;

~~(d)(c)~~ any personal or real property used primarily in the production of gasohol during construction and for the first 3 years of its operation;

~~(e)~~(d) all land and improvements and all personal property owned by a research and development firm, provided that the property is actively devoted to research and development;

~~(f)~~(e) machinery and equipment used in electrolytic reduction facilities.

~~(2) (a) "Air and water pollution equipment" means facilities, machinery, or equipment used to reduce or control water or atmospheric pollution or contamination by removing, reducing, altering, disposing, or storing pollutants, contaminants, wastes, or heat. The department of health and environmental sciences shall determine if such utilization is being made.~~

~~(b) The department of health and environmental sciences' determination as to air and water pollution equipment may be appealed to the board of health and environmental sciences and may not be appealed to either a county tax appeal board or the state tax appeal board. However, the appraised value of the equipment as determined by the department of revenue may be appealed to the county tax appeal board and the state tax appeal board.~~

~~(3)~~(2) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, used by new industries during the first 3 years of their operation. The property may not have been assessed within the state of Montana prior to July 1, 1961.

~~(4)~~(3) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry.

(b) New industry includes only those industries that:

(i) manufacture, mill, mine, produce, process, or fabricate materials;

(ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials; or

(iii) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget.

~~(5)~~(4) New industrial property does not include:

(a) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions;

(b) a plant that will create adverse impact on existing state, county, or municipal services; or

(c) property used or employed in any industrial plant that has been in operation in this state for 3 years or longer.

~~(6)~~(5) Class five property is taxed at 3% of its market value."

Section 7. Section 15-6-136, MCA, is amended to read:

"15-6-136. Class six property -- description -- taxable percentage. (1) Class six property includes:

(a) livestock and other species of domestic animals and wildlife raised in domestication or a captive environment, except for cats, dogs, and other household pets not raised for profit; and

~~(b) items of personal property intended for rent or lease in the ordinary course of business, provided each item of personal property satisfies all of the following:~~

~~(i) the full and true value of the personal property is less than \$5,000;~~

~~(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and~~

~~(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;~~

~~(c) machinery and equipment used in a malting barley facility; and~~

~~(d)~~(c) machinery and equipment used in canola seed oil processing facilities if:

(i) the operators of such facilities employ a minimum of 15 full-time employees; and

(ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989.

~~(2) "Malting barley facility" means a facility the principal purpose of which is to malt malting barley. The term does not apply to a facility the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise do anything with malting barley, except malt malting barley. However, any machinery or equipment the principal purpose of which is to store, mix, blend, transport, transfer, or otherwise handle malting barley or other machinery or equipment that is used in or is otherwise an integral part of a facility that malts malting barley is machinery or equipment of a malting barley facility for the purposes of this section.~~

~~(3)~~(2) "Canola seed oil processing facility" means a facility that:

(a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and packages the edible oil into food products, or engages in any one or more of those processes; and

(b) employs at least 15 employees in a full-time capacity.

~~(4)~~(3) Class six property is taxed at 4% of its market value."

Section 8. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(c) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(d) all trailers, including those prorated under 15-24-102,

except those subject to taxation under 61-3-504(2);

(e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class;

(f) buses and trucks having a rated capacity of more than 1 ton, including those prorated under 15-24-102;

(g) truck toppers weighing more than 300 pounds;

~~(h) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;~~

(h) air and water pollution control equipment as defined in this section;

(i) x-ray and medical and dental equipment;

(j) citizens' band radios and mobile telephones;

(k) radio and television broadcasting and transmitting equipment;

(l) cable television systems;

(m) coal and ore haulers;

(n) theater projectors and sound equipment; and

(o) all other business property not included in any other class in this part, except that property subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

~~(3) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service, wholesale, retail, or food handling business.~~

(3)(a) "Air and water pollution equipment" means facilities, machinery, or equipment used to reduce or control water or atmospheric pollution or contamination by removing, reducing, altering, disposing, or storing pollutants, contaminants, wastes, or heat. The department of health and environmental sciences shall determine if such utilization is being made.

(b) The department of health and environmental sciences' determination as to air and water pollution equipment may be appealed to the board of health and environmental sciences and may not be appealed to either a county tax appeal board or the state tax appeal board. However, the appraised value of the equipment as determined by the department of revenue may be appealed to the county tax appeal board and the state tax appeal board.

(4) Class eight property is taxed at 9% 8% of its market value."

Section 9. Section 15-6-141, MCA, is amended to read:

"15-6-141. Class eleven nine property -- description -- taxable percentage. (1) Class eleven nine property includes:

(a) centrally assessed electric power companies' allocations, including, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including

rural electric cooperatives);

(b) allocations for centrally assessed natural gas companies having a major distribution system in this state; and

(c) centrally assessed companies' allocations except:

(i) electric power and natural gas companies' property;

(ii) property owned by cooperative rural electric and cooperative rural telephone associations and classified in class five;

(iii) property owned by organizations providing telephone communications to rural areas and classified in class seven;

(iv) railroad transportation property included in class fifteen twelve; and

(v) airline transportation property included in class seventeen twelve.

(2) Class eleven nine property is taxed at 12% of market value."

Section 10. Section 15-6-143, MCA, is amended to read:

"15-6-143. (Temporary) Class thirteen property -- description -- taxable percentage -- alternative classification.

(1) Class thirteen property includes all timberland.

(2) Timberland is contiguous land exceeding 15 acres in one ownership that is capable of producing timber that can be harvested in commercial quantity.

(3) Class Except as provided in subsection (4), class thirteen property is taxed at the percentage rate "P" 4% of the combined appraised value of the standing timber and grazing productivity of the property.

(4) If the department of revenue determines that the value of grazing productivity of contiguous timberland is greater than the appraised value of the standing timber, the land must be classified, assessed, and taxed as agricultural land under 15-6-133.

~~(4) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate "P" applicable to class thirteen 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 thirteen 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 thirteen as class thirteen 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 thirteen as class thirteen 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 valuation has been made as provided in 15-7-111. (Terminates January 1, 1991 1995--sec. 10, Ch. 681, L. 1985.)"~~

Section 11. Section 15-6-144, MCA, is amended to read:

"15-6-144. Class ~~fourteen~~ eleven property -- description -- taxable percentage. (1) Class ~~fourteen~~ eleven property includes all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(2). Class ~~fourteen~~ eleven property includes 1 acre of real property beneath the agricultural improvements. The 1 acre shall be valued at market value.

(2) Class ~~fourteen~~ eleven property is taxed at 80% of the taxable percentage applicable to class four property."

Section 12. Section 15-6-145, MCA, is amended to read:

"15-6-145. Class ~~fifteen~~ twelve property -- description -- taxable percentage. (1) Class ~~fifteen~~ twelve property includes all railroad transportation property as described in the Railroad Revitalization and Regulatory Reform Act of 1976 as it read on January 1, 1986, and all airline transportation property as described in the Tax Equity and Fiscal Responsibility Act of 1982 as it read on January 1, 1986.

(2) For the ~~taxable tax~~ year beginning January 1, ~~1986~~ 1992 ~~1991~~, and for each ~~taxable tax~~ year thereafter, class ~~fifteen~~ twelve property is taxed at the percentage rate "R", to be determined by the department as provided in subsection (3), or 12%, whichever is less.

(3) R = A/B where:

(a) A is the total statewide taxable value of all commercial property, except class ~~fifteen~~ twelve property, as commercial property is described in 15-1-101(1)(d), ~~including class 1 and class 2 property~~; and

(b) B is the total statewide market value of all commercial property, except class ~~fifteen~~ twelve property, as commercial property is described in 15-1-101(1)(d), ~~including class 1 and class 2 property~~.

(4) (a) For the taxable year beginning January 1, 1986, and for every taxable year thereafter, the department shall conduct a sales assessment ratio study of all commercial and industrial real property and improvements. The study must be based on:

(i) assessments of such property as of January 1 of the year for which the study is being conducted; and

(ii) a statistically valid sample of sales using data from realty transfer certificates filed during the same taxable year or from the immediately preceding taxable year, but only if a sufficient number of certificates is unavailable from the current taxable year to provide a statistically valid sample.

(b) The department shall determine the value-weighted mean sales assessment ratio "M" for all such property and reduce the taxable value of property described in subsection (4) only, by multiplying the total statewide taxable value of property described in subsection (4) (a) by "M" prior to calculating "A" in subsection (3) (a).

(c) The adjustment referred to in subsection (4)(b) will be made beginning January 1, 1986, and in each subsequent tax year to equalize the railroad taxable values.

(5) For the purpose of complying with the Railroad Revitalization and Regulatory Reform Act of 1976, as it read on January 1, 1986, the rate "R" referred to in this section is the

equalized average tax rate generally applicable to commercial and industrial property, except class ~~fifteen~~ twelve property, as commercial property is defined in 15-1-101(1)(d)."

NEW SECTION. Section 13. **Class twenty-one property -- description -- taxable percentage -- application for reduced rate.** (1) Class twenty-one property includes:

(a) all land used for commercial purposes except that specifically included in another class;
(b) all improvements and personal property used for commercial purposes except that specifically included in another class;

(c) items of personal property intended for rent or lease in the ordinary course of business, provided each item of personal property satisfies all of the following:

(i) the full and true value of the personal property is more than \$10,000;

(ii) the personal property is owned by a business whose primary business income is from the rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;

(e) equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(f) all other property not included in any other class in this part, except that property subject to a fee in lieu of a property tax.

(2) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service, wholesale, retail, or food-handling business.

(3) (a) Except as provided in 15-24-1402, 15-24-1501, and subsection (3)(b) of this section, class twenty-one property is taxed at 5% of market value.

(b) Real and personal property classified under this section is taxed at 4% of market value if the property:

(i) is integrally related in a single working unit;

(ii) is not in production on the assessment date of the current taxable year; and

(iii) has not been in production during any 6 months of the preceding 12 months before the assessment date of the current taxable year.

(4) A person applying for the reduced rate as provided in subsection (3)(b) shall make an application to the department of revenue on a form provided without cost by the department.

(5) All property classified under this section is subject to the provisions of 15-16-101 and 15-16-102.

Section 14. Section 15-6-201, MCA, is amended to read:

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

(a) the property of:

(i) the United States, the state, counties, cities, towns, school districts, except, if congress passes legislation that allows the state to tax property owned by an agency created by

congress to transmit or distribute electrical energy, the property constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);

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

(iii) municipal corporations; and

(iv) public libraries;

(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that meets the following conditions:

(i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(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

(iii) is not maintained and operated for private or corporate profit;

(e) institutions of purely public charity;

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

(g) public art galleries and public observatories not used or held for private or corporate profit;

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

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

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

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

(l) all watercraft;

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

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil,

gas, coal, or minerals;

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

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

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

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

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

(ii) repair and maintain machinery, equipment, appliances, or other personal property;

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

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105-;

(u) furniture and fixtures;

(v) items of personal property intended for rent or lease in the ordinary course of business, for each item of personal property that satisfies all of the following:

(i) the full and true value of the personal property is less than \$5,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;;

(w) all tangible supplies and materials used or consumed in a business.

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

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(c) The term "furniture and fixtures" used in subsection (1) means office and store machines, radio and telephone systems, medical and dental equipment, hotel, motel and apartment furniture, bar and restaurant equipment, computer hardware and

software, data processing equipment, vending machines, and gas pumps.

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

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

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

Section 15. Section 15-8-205, MCA, is amended to read:

"15-8-205. Initial assessment of class twelve four trailer and mobile home property -- when. The county assessor shall assess all class twelve four trailer and mobile home property immediately upon arrival in the county if the taxes have not been previously paid for that year in another county in Montana."

Section 16. Section 15-16-111, MCA, is amended to read:

"15-16-111. Personal property -- duty of department. (1) It is the duty of the department of revenue or its agent, upon discovery of any personal property other than that classified as class four property in the county the taxes upon which are not a lien upon real property sufficient to secure the payment of such taxes, to immediately and in any event not more than 5 days thereafter make a report to the treasurer, setting forth the nature, kind, description, and character of such property in such a definite manner that the treasurer can identify the same, the amount and assessed valuation of such property, where the same is located, the amount of taxes due thereon, and the name and address of the owner, claimant, or other person in possession of the same.

(2) Where such personal property is located in any city or town which has provided by ordinance for the collection of its taxes for general, municipal, and administrative purposes by its city treasurer or town clerk, the department also and at the same time shall furnish to the city treasurer or town clerk a duplicate of the notice to the county treasurer. For the purpose of determining the taxes due on personal property, the department or its agent must use the levy made during the previous year."

Section 17. Section 15-16-611, MCA, is amended to read:

"15-16-611. Reduction of property tax for property destroyed by natural disaster. (1) The department of revenue shall, upon showing by a taxpayer that some or all of the improvements on his real property or a trailer or mobile home ~~as described in 15-6-142~~ have been destroyed to such an extent that such improvements have been rendered unsuitable for their previous use by natural disaster, adjust the taxable value on the property, accounting for the destruction.

(2) The county treasurer shall adjust the tax due and payable for the current year on the property under 15-16-102 as provided in subsection (3) of this section.

(3) To determine the amount of tax due for destroyed property, the county treasurer shall:

(a) multiply the amount of tax levied and assessed on the original taxable value of the property for the year by the ratio

that the number of days in the year that the property existed before destruction bears to 365; and

(b) multiply the amount of tax levied and assessed on the adjusted taxable value of the property for the remainder of the year by the ratio that the number of days remaining in the year after the destruction of the property bears to 365.

(4) This section does not apply to delinquent taxes owed on the destroyed property for a year prior to the year in which the property was destroyed.

(5) For the purposes of this section, "natural disaster" includes but is not limited to fire, flood, earthquake, or wind."

Section 18. Section 67-3-204, MCA, is amended to read:

"67-3-204. Fee in lieu of tax on registered aircraft -- decal. (1) Except as provided in subsection (3), aircraft required to be registered in Montana are subject to a fee. The registration fee is in lieu of property tax.

(2) The department shall issue a decal to the owner of the aircraft required to be registered at the time of payment of the registration fee in lieu of tax, as provided in 67-3-201. No aircraft subject to a fee in lieu of tax may be operated in this state unless there is displayed on the aircraft a decal as visual proof that the fee in lieu of tax has been paid for the aircraft and that the aircraft is registered for the current year.

(3) Aircraft that meet the description of property described in ~~15-6-147~~ 15-6-145 are exempt from the fee imposed by subsection (1). Aircraft subject to the fee in lieu of tax are exempt from all other taxation."

Section 19. Section 10, Chapter 681, Laws of 1985, is amended to read:

"Section 10. Effective date -- termination date dates.

(1) This act is effective January 1, 1986, and, ~~except for section 3,~~ [section 1] terminates January 1, 1991.

(2) [Sections 2 and 4 through 6] terminate January 1, 1995."

NEW SECTION. Section 20. **Repealer.** Sections 15-1-111, 15-6-142, 15-6-147, 15-6-148, 15-6-149, 15-6-150, 15-6-153, 15-6-154, and 15-6-155, 15-10-401, 15-10-402, 15-10-411, AND 15-10-412, MCA, are repealed.

NEW SECTION. Section 21. **Codification instruction.** [Section 5] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 5].

NEW SECTION. Section 22. **Coordination instruction.** (1) If House Bill 340 is passed by the 52nd legislature and approved by the governor, then the code commissioner is instructed, at the time of codification of that enactment, to change references in that enactment from class thirteen property to class ten property.

(2) The code commissioner is instructed to change references to classes of property in enactments of the 52nd legislature to conform to the classifications established in [this act].

(3) If House Bill No. 340 is passed and approved and if it includes a section that amends 15-6-143, then the amendments made by [this act] to 15-6-133(1)(c), 15-6-143, and section 10,

Chapter 681, Laws of 1985, are void.

NEW SECTION. Section 23. Effective date -- applicability.
[This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after January 1, 1991."

Amendments to House Bill 1004
April 1, 1991

Class 1 -- Net Proceeds
Same as existing law.

Class 2 -- Gross Proceeds
Metal mines taxed at 3 percent, same as existing law.

Class 3 -- Agricultural Land
Agricultural land and non-patented mining claims taxed at 30 percent of productive capacity.

Class 4 -- Residential Real Property
All residential property including multi-family dwellings. Golf courses in class four at one-half the 4% rate. Farmsteads and the one-acre underneath the farmstead will go back to class 14 at 3.2% (which is 80 percent of the class 4 rate). Mobile homes are in class 4 at 4%.
Combines existing class 19 property with class 4 property and taxes non-productive land of less than 20 acres at 2%.
Low-income reduction applies to gross income.

Class 5 -- New Industry and Rural Electric Coops
Air and water pollution control equipment moves into class 8 at 8%. All other class 5 property remains unchanged and is taxed at 3%.

Class 6 -- Livestock and Other Property
Livestock at 4%. Canola processing plant remains unchanged. Malting barley facility is deleted from class 6. Small rental equipment is taxed at 4%.

Class 7 -- Locally assessed utilities
Same as existing law.

Class 8 -- Business Equipment
Removes definition of "personal property" and replaces with a definition of "business equipment." Includes existing class 8 property at 8%. Exempts furniture and fixtures, supplies and materials, and tools. Air and water pollution control equipment are taxed at 8%.

Class 11 -- Centrally Assessed
Same as existing law.

Class 12 -- Mobile Homes
Deletes this section.

Class 13 -- Timber Land
Coordinate with House Bill 340 (Ream).

Class 14 -- Farmsteads

Taxes farmsteads at 80 percent of class four or 3.2%.

Class 15 -- Railroads

Combines railroads and airlines into one class and taxed at the weighted average of other commercial property.

Class 17 -- Airlines

Deletes this section.

Class 18 -- Non-patented Mining Claims

Deleted this section. Non-patented mining claims are moved into class 3 (agricultural land).

Class 19 -- Nonproductive property of less than 20 acres

Deletes this section. The existing class 19 property falls into class 4 because it is non-income producing and is taxed at 2%.

Class 20 -- Property out-of-production

Deletes this section. Existing class 20 property falls into class 4 because it is non-income producing.

Class 21 -- Income Producing Property

Land and improvements that are income-producing are taxed at 5%.

Other Changes

Delete the definition of "rigidly affixed."

Repeals I-105 and the HB 20 personal property tax reimbursements of \$18 million/year.

Insert language from House Bill 1000 (Cohen) to provide an income tax credit of 50 percent of the first \$400 paid in residential property taxes.

01-Apr-91

Office of Public Instruction
PROPERTY TAX--TAX YEAR 1990
(using MACo ANALYSIS)

Type ID	Property Type	Class	1990 TOTAL		
			Current Tax Rate	TAXABLE VALUE TOTALS	Revised Tax Rate Revised Taxable Value
7001	Net Proceeds	1	100.000%	16,099,308	100.000% 16,099,308
7004	Gross Proceeds of Metal Mines	2	3.000%	10,059,495	3.000% 10,059,495
7002	Gross Proceeds of Coal Strip Mines	2	45.000%	0	45.000% 0
7003	Gross Proceeds of Underground Coal	2	33.300%	85,797	33.300% 85,797
1301	Exempt Agricultural Land	3	0.000%	0	0.000% 0
1003	Grazing Land	3	30.000%	38,247,667	30.000% 38,247,667
1004	Wild Hay	3	30.000%	5,521,613	30.000% 5,521,613
1001	Tillable Irrigated	3	30.000%	13,956,278	30.000% 13,956,278
1002	Tillable Non-Irrigated	3	30.000%	83,721,552	30.000% 83,721,552
3004	Impr. on Disparately Owned Ag Land	4	3.860%	557,820	4.000% 578,052
3009	Impr. on City/Town Lots Residential	4	3.860%	183,407,415	4.000% 190,059,497
3010	Impr. on Tracts and Lots - Low Income	4	2.246%	3,635,307	2.327% 3,767,157
2101	Suburban Tracts Commercial	4	3.860%	7,873,376	5.000% 10,198,674
3011	Impr. on Rt of Way - Residential	4	3.860%	44,438	4.000% 46,049
2103	Industrial Sites	4	3.860%	2,826,704	5.000% 3,661,533
3012	Remodeled Residential Improvements	4	0.758%	14	0.785% 15
3105	Impr. on Hydraulic Power Works	4	3.860%	0	0.000% 0
3103	Impr. on Rt of Way - Commercial	4	3.860%	928,453	5.000% 1,202,660
3301	Exempt Improvements	4	0.000%	0	0.000% 0
3005	Impr. on Rt of Way - Agricultural	4	3.860%	533	5.000% 690
2003	City/town Lots Residential	4	3.860%	57,324,578	4.000% 59,403,708
2301	Exempt Land	4	0.000%	0	0.000% 0
3101	Impr. on Surban Tracts Commercial	4	3.860%	21,612,418	5.000% 27,995,360
3101.5	Impr. on Sub Tracts Multi-Family	4	3.860%	195,726	4.000% 202,824
3102	Impr. on City/Town Lots Commercial	4	3.860%	92,313,307	5.000% 119,576,823
3102.5	Impr. on City/Town Lots Multi-Family	4	3.860%	1,582,577	4.000% 1,639,976
3106	Impr. on Qualified Golf Courses	4	1.930%	412,769	5.000% 1,069,350
3008	Impr. on Surban Tracts Residential	4	3.860%	111,792,353	4.000% 115,846,998
2004	Suburban Tracts Residential	4	3.860%	56,717,052	4.000% 58,774,148
2005	Suburban Tracts - Low Income	4	2.267%	1,301,082	2.349% 1,348,272
3107	Impr. on Industrial Sites	4	3.860%	24,018,428	5.000% 31,111,954
3109	Remodeled Commercial Improvements	4	1.668%	73,431	2.161% 95,118
2106	Qualified Golf Courses	4	1.930%	168,801	2.000% 174,923
2102	City/town Lots Commercial	4	3.860%	32,630,636	5.000% 42,267,663
2105	R & D Land	5	3.000%	876	3.000% 876
6127	New Industry - Personal Property	5	3.000%	1,250,808	3.000% 1,250,808
2104	New Industrial Sites	5	3.000%	39,450	3.000% 39,450
3110	R & D Improvements	5	3.000%	20,310	3.000% 20,310
6113	All Gasohol Related Property	5	3.000%	545	3.000% 545
3111	Remodeled R & D Improvements	5	0.000%	0	0.000% 0
3104	Locally Assessed Co-op Improvements	5	3.000%	6,190	3.000% 6,190
3112	New and Expanding R & D Improvements	5	1.500%	16,995	1.500% 16,995
6115	New & Expanding R & D Pers Prop	5	1.500%	13,839	1.500% 13,839
2107	Locally Assessed Co-op Land	5	3.000%	6,926	3.000% 6,926
3108	Impr. on New Industrial Sites	5	3.000%	231,022	3.000% 231,022
6111	Air and H2O Pollution Control	5	3.000%	13,723,574	8.000% 36,596,198
8006	Rural Co-op companies Real	5	3.000%	6,874,138	3.000% 6,874,138

01-Apr-91

Office of Public Instruction
PROPERTY TAX--TAX YEAR 1990
(using MACo ANALYSIS)

Type ID	Property Type	Class	Current Tax Rate	1990 TOTAL TAXABLE VALUE TOTALS	Revised Tax Rate	Revised Taxable Value
8007	Rural Co-op companies Personal	5	3.000%	2,690,462	3.000%	2,690,462
6116	Aluminum Electrolytic Equipment	5	3.000%	1,105,201	3.000%	1,105,201
6114	R & D Personal Property	5	3.000%	45,680	3.000%	45,680
6112	New & Expanding Ind- Air & H2O P C	5	1.500%	25,126	1.500%	25,126
6102	Locally Assessed Co-op Pers. Prop.	5	3.000%	458,561	3.000%	458,561
5004	Swine	6	4.000%	94,762	4.000%	94,762
6117	Malting Barley Processing Equipment	6	4.000%	0	5.000%	0
5005	Other Livestock	6	4.000%	92,738	4.000%	92,738
5001	Horses	6	4.000%	1,394,806	4.000%	1,394,806
6118	Canola Seed Processing Equipment	6	4.000%	0	4.000%	0
5003	Sheep	6	4.000%	637,974	4.000%	637,974
5002	Cattle	6	4.000%	21,952,109	4.000%	21,952,109
6123	Rental Equipment	6	4.000%	294,757	0.000%	0
6130	Failure to Report Penalty	6	8.074%	738,209	8.074%	738,209
8016	Indep. Tele. Companies Real	7	8.000%	400,747	8.000%	400,747
6110	Rural Telephone Property	7	8.000%	56,307	8.000%	56,307
8017	Indep. Tele. Companies Personal	7	8.000%	431,081	8.000%	431,081
6121	Radio and TV Broadcasting Equip.	8	9.000%	714,455	8.000%	635,071
6104	Repair Tools	8	9.000%	146,261	0.000%	0
6001	Ag Implements	8	9.000%	49,225,977	8.000%	43,756,424
6128	Oil & Gas Field Equipment	8	9.000%	9,403,187	8.000%	8,358,388
6106	Mining Machinery	8	9.000%	1,199,938	8.000%	1,066,611
6129	Oil & Gas Flow Lines	8	9.000%	3,047,332	8.000%	2,708,740
6108	Supplies and Materials	8	9.000%	6,356,291	0.000%	0
6122	CB's and Mobile Phones	8	9.000%	108,200	8.000%	96,178
6101	Furniture and Fixtures	8	9.000%	30,953,901	0.000%	0
6125	Class 20 Out of Production	8	9.000%	0	8.000%	0
6119	Cable TV Systems	8	9.000%	1,171,740	8.000%	1,041,546
4002	Buses	8	9.000%	90,072	8.000%	80,064
6120	Theatre and Sound Equipment	8	9.000%	178,006	8.000%	158,228
6109	All Other Property	8	9.000%	100,517	8.000%	89,348
6107	Ski Lifts	8	9.000%	615,705	8.000%	547,293
6105	Manufacturing Machinery	8	9.000%	71,240,645	8.000%	63,325,018
4003	Trailers (9%)	8	9.000%	3,759,718	8.000%	3,341,972
6103	Machin. other than Farm, Min., Manuf.	8	9.000%	27,185,115	8.000%	24,164,547
4004	Coal and Ore Haulers	8	9.000%	3,043,650	8.000%	2,705,467
4001	Trucks over 1 Ton (9%)	8	9.000%	6,475,109	8.000%	5,755,653
6124	Rental Equipment	8	9.000%	1,211,163	8.000%	1,076,590
6126	New & Expanding Ind- Mach & Eq	8	4.500%	1,629,863	4.000%	1,448,767
4005	Vehicles (Back Taxes)	9	9.599%	1,006,108	9.000%	943,325
8001	Electric Companies Real	11	12.000%	128,050,690	12.000%	128,050,690
8015	Telecomm. Companies Personal	11	12.000%	30,073,256	12.000%	30,073,256
8004	Gas & Electric Companies Real	11	12.000%	108,380,822	12.000%	108,380,822
8012	Pipelines Real	11	12.000%	37,904,984	12.000%	37,904,984
8003	Natural Gas companies Real	11	12.000%	2,417,951	12.000%	2,417,951
8014	Telecomm. Companies Real	11	12.000%	36,982,717	12.000%	36,982,717
8013	Pipelines Personal	11	12.000%	5,587,804	12.000%	5,587,804

2x. 3

4-1-91

HB 1004

01-Apr-91

Office of Public Instruction
PROPERTY TAX--TAX YEAR 1990
(using MACo ANALYSIS)

Type ID	Property Type	Class	Current Tax Rate	1990 TOTAL TAXABLE VALUE TOTALS	Revised Tax Rate	Revised Taxable Value
=====	=====	=====	=====	=====	=====	=====
8005	Gas & Electric Companies Personal	11	12.000%	31,330,687	12.000%	31,330,687
8002	Electric Companies Personal	11	12.000%	11,013,579	12.000%	11,013,579
6002	Mobile Homes	12	3.860%	15,980,051	4.000%	16,559,639
6003	Mobile Homes - Low Income	12	2.254%	305,505	2.336%	316,585
1302	Exempt Timber Land	13	0.000%	0	0.000%	0
1005	Timber Land	13	3.840%	6,612,075	3.840%	6,612,075
3007	Remodeled Ag/Timber Improvements	14	0.000%	0	4.000%	0
3002	Impr. on Ag Land - Low Income	14	1.988%	130,614	2.060%	135,351
2002	Farmstead 1 Acre - Low Income	14	1.874%	34,620	1.942%	35,875
3003	Impr. on Disparately Owned Ag Land	14	3.088%	97,700	4.000%	126,554
3001	Impr. on Ag and Timber Land	14	3.088%	52,890,304	4.000%	68,510,756
2001	Farmstead 1 Acre	14	3.088%	4,041,621	3.200%	4,188,208
8009	Railroads Personal	15	7.490%	0	0.000%	0
8008	Railroads Real	15	7.490%	55,452,979	7.590%	56,193,339
8010	Airlines Real	17	7.490%	4,327,660	7.590%	4,385,439
8011	Airlines Personal	17	7.490%	283,651	7.590%	287,438
2108	Eligible Mining Claims	18	30.000%	10,319	30.000%	10,319
2109	Nonproductive Land Under 20 Acres	19	2.000%	96,230	4.000%	192,460
2110	Class 20 Out of Production Land	20	3.860%	0	4.000%	0
3006	Impr. on Class 20 Out of Production	20	3.860%	3,238	4.000%	3,355
				1,570,584,132		1,622,493,328

Amendments to House Bill 1004
1st. Reading Copy

4
DATE 4-1-91
HB 1004

Prepared by the Montana Department of Revenue
March 26, 1991

Section 11 required the department to value forest land as agricultural land if the lands timber value is less than the value as grazing land. This proposal will create unnecessary administrative work.

1. Page 21
Following: line 3
Strike: subsection (4) in its entirety.

The department proposes this amendment for the sake of clarity. There is some question whether an agency can adopt rules for the implementation of a program before the law becomes effective. In this case by making the act effective on passage and approval the department may take whatever steps are required to implement the act prior to the time it applies.

2. Page 42
Following: line 3
Strike: subsections 1 and 2 in their entirety
Insert: For purposes of promulgating administrative rules, [this act] is effective on passage and approval.

Bill 5
DATE 4-1-91
HB 1004

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/1 BILL NO. 1004 NUMBER 1

MOTION: B/ED

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT	✓	
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN		✓
REP. JIM MADISON	✓	
REP. ED MCCAFFREE	✓	
REP. BEA MCCARTHY	✓	
REP. TOM NELSON		✓
REP. MARK O'KEEFE	✓	
REP. BOB RANEY	✓	
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

13 : 8

EXHIBIT 6
DATE 4-1-91
HB 394

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 4/1 BILL NO. 394 NUMBER 1

MOTION: _____

Recons. in / Order

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		✓
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT	✓	
REP. ORVAL ELLISON		✓
REP. RUSSELL FAGG		✓
REP. MIKE FOSTER		✓
REP. BOB GILBERT		✓
REP. MARIAN HANSON		✓
REP. DAVID HOFFMAN	✓	
REP. JIM MADISON	✓	
REP. ED MCCAFFREE		✓
REP. BEA MCCARTHY	✓	
REP. TOM NELSON		✓
REP. MARK O'KEEFE	✓	
REP. BOB RANEY	✓	
REP. BOB REAM, VICE-CHAIRMAN	✓	
REP. TED SCHYE	✓	
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED		✓
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

17.49/2

11 : 10

Amendments to House Bill No. 394
First Reading Copy

Requested by Representative S. Rice
For the Committee on Taxation

Prepared by Greg Petesch
April 1, 1991

1. Title, lines 5 through 10.

Following: "TO" on line 5

Strike: remainder of line 5 through ";" on line 9

Insert: "AGREE TO A DISTRIBUTION OF THE LOCAL OPTION VEHICLE
TAX;"

Following: "AMENDING" on line 9

Strike: remainder of line 9 through "17-7-502" on line 10

Insert: "SECTION 61-3-537"

2. Page 1, line 14 through page 11, line 4.

Strike: sections 1 through 8 in their entirety

Insert: "Section 1. Section 61-3-537, MCA, is amended to read:

"61-3-537. Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a property tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2). and Unless a different distribution is agreed upon by the affected county, cities or towns, and school districts, the local vehicle tax is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose a local vehicle tax for a fiscal year by adopting a resolution before July 1 of the fiscal year, after conducting a public hearing on the proposed resolution. The resolution may provide for the distribution of the local vehicle tax if the affected county, cities or towns, and school districts have agreed upon a distribution of the proceeds."

Renumber: subsequent section