

1 House BILL NO. 66
 2 INTRODUCED BY J. Murphy Legis
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM
 5 TAXATION, AGRICULTURAL LAND RENDERED UNPRODUCTIVE BY
 6 SALINE-ALKALI DAMAGE; AMENDING SECTION 84-202, R.C.M. 1947."

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

9 Section 1. Section 84-202, R.C.M. 1947, is amended to
 10 read as follows:

11 "84-202. Exemptions from taxation. (1) The property of
 12 the United States, the state, counties, cities, towns,
 13 school districts, municipal corporations, public libraries,
 14 all unprocessed, perishable fruits and vegetables in farm
 15 storage and owned by the producer, such other property as is
 16 used exclusively for agricultural and horticultural
 17 societies, for educational purposes, places of actual
 18 religious worship, hospitals and places of burial not used
 19 or held for private or corporate profit, and institutions of
 20 purely public charity, evidence of debt secured by mortgages
 21 of record upon real or personal property in the state of
 22 Montana, and public art galleries and public observatories
 23 not used or held for private or corporate profit, are exempt
 24 from taxation, but no more land than is necessary for such
 25 purpose is exempt; provided, the term "institutions of

1 purely public charity" as used in this act shall include
 2 organizations owning and operating facilities for the care
 3 of the retired or aged or chronically ill which are not
 4 operated for gain or profit; provided, that the terms public
 5 art galleries and public observatories used in this act
 6 shall mean only such art galleries and observatories whether
 7 of public or private ownership, as are open to the public,
 8 without charge or fee at all reasonable hours, and are used
 9 for the purpose of education only, and also when a clubhouse
 10 or building erected by or belonging to any society or
 11 organization of honorably discharged United States soldiers,
 12 sailors or marines who served in army or navy of United
 13 States, is used exclusively for educational, fraternal,
 14 benevolent or purely public charitable purposes, rather than
 15 for gain or profit, together with the library and furniture
 16 necessarily used in any such building, and all property,
 17 real or personal, in the possession of legal guardians of
 18 incompetent veterans of the World War or minor dependents of
 19 such veterans, where such property is funds or derived from
 20 funds received from the United States as pension,
 21 compensation, insurance, adjusted compensation, or gratuity,
 22 shall be exempt from all taxation as property of the United
 23 States while held by the guardian, but not after title
 24 passes to the veteran or minor in his or her own right on
 25 account of removal of legal disability.

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1 (2) All household goods and furniture, including
 2 clocks, musical instruments, sewing machines, wearing
 3 apparel of members of the family actually used by the owner
 4 for personal and domestic purposes, or for furnishing or
 5 equipping the family residence are exempt from taxation.

6 (3) Freeport merchandise shall be exempt from
 7 taxation. Freeport merchandise means those stocks of
 8 merchandise manufactured or produced outside this state
 9 which are in transit through this state and consigned to a
 10 warehouse or other storage facility, public or private,
 11 within this state, for storage in transit prior to shipment
 12 to a final destination outside the state, and which have
 13 acquired a taxable situs within the state.

14 Stocks of merchandise do not lose their status as
 15 freeport merchandise because while in the storage facility
 16 they are assembled, bound, joined, processed, disassembled,
 17 divided, cut, broken in bulk, relabeled or repackaged.

18 Any person, corporation, firm, partnership,
 19 association, or other group seeking to qualify its property
 20 for inclusion in this class shall make application to the
 21 state department of revenue in such manner or form as may be
 22 required by the department.

23 (4) Agricultural lands which have been used for
 24 farming but which by reason of saline-alkali damage cannot
 25 produce a harvestable crop or be utilized for grazing are

1 exempt from taxation."

-End-

STATE OF MONTANA

REQUEST NO. 27-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 13, 19 75, there is hereby submitted a Fiscal Note for House Bill 66 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to exempt from taxation agriculture lands which have been rendered unproductive by saline-alkali damage. Under current law, taxable value of agriculture lands is 30% of assessed value.

ASSUMPTIONS:

1. Approximately 140,000 acres of dry land and 120,000 of irrigated land will be removed from production due to saline-alkali damage in FY 76. Approximately 10% more will be lost in FY 77.
2. Average assessed value of dryland is \$16.81 per acre; average assessed value of irrigated land is \$32.19 per acre.
3. Six mills will be levied for universities in FY 76 and FY 77. As much as eight mills may be necessary in support of public school permissive levy in FY 77.

FISCAL IMPACT:

	FY 76 (6 mills)	FY 77 (if 6 mill levy)	FY 77 (if 14 mill levy)
Property tax collections from affected acreage under current law	\$ 11,190	\$ 12,300	\$ 28,720
Property tax collections under proposed law	<u>0</u>	<u>0</u>	<u>0</u>
Decrease in collections	<u>\$ 11,190</u>	<u>\$ 12,300</u> (1)	<u>\$ 28,720</u> (2)

CONCLUSION:

Enactment of House Bill 66 would result in a revenue loss to the state of approximately \$23,500 to \$40,000 during the biennium.

LOCAL IMPACT:

Loss of revenue to local units of government would depend on the taxable value of agricultural lands affected. In counties where a large proportion of the tax base is comprised of agricultural land subject to saline-alkali damage, the loss would be significant.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 18, 1975