

1 *Zause* BILL NO. *85* *Lynch*
 2 INTRODUCED BY *Quilici Broad Zause*
 3 *Manahan, Suebeck MU/AR, Casey*

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE CRITERIA
 5 FOR CLASS EIGHT PROPERTY CLASSIFICATION; REDUCING THE
 6 MINIMUM AGE FOR WIDOWS AND WIDOWERS ALIKE TO SIXTY (60)
 7 YEARS; INCREASING THE MAXIMUM ALLOWABLE INCOME; EXTENDING
 8 ELIGIBILITY TO PERSONS RECEIVING DISABILITY BENEFITS;
 9 AMENDING SECTION 84-301, R.C.M. 1947."

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

12 Section 1. Section 84-301, R.C.M. 1947, is amended to
 13 read as follows:

14 "84-301. Classification of property for taxation. For
 15 the purpose of taxation the taxable property in the state
 16 shall be classified as follows:

17 Class One. The annual net proceeds of all mines and
 18 mining claims, after deducting only the expenses specified
 19 and allowed by section 84-5403; also where the right to
 20 enter upon land, to explore or prospect, or dig for oil,
 21 gas, coal or mineral is reserved in land or received by
 22 mesne conveyance (exclusive of leasehold interests), devise
 23 or succession by any person or corporation, the surface
 24 title to which has passed to or remains in another, the
 25 state department of revenue shall determine the value of the

1 right to enter upon said tract of land for the purpose of
 2 digging, exploring, or prospecting for gas, oil, coal or
 3 minerals, and the same shall be placed in this
 4 classification for the purpose of taxation.

5 Class Two. All agricultural and other tools, implements
 6 and machinery, gas and other engines and boilers, threshing
 7 machines and outfits used therewith, automobiles, motor
 8 trucks and other power-driven cars, vehicles of all kinds
 9 except mobile homes, boats and all watercraft, harness,
 10 saddlery and robes and except as provided in Class Five (b)
 11 of this section, all poles, lines, transformers, transformer
 12 stations, meters, tools, improvements, machinery and other
 13 property used and owned by all persons, firms, corporations,
 14 and other organizations which are engaged in the business of
 15 furnishing telephone communications, exclusively to rural
 16 areas, or to rural areas and cities and towns provided that
 17 any such city or town has a population of eight hundred
 18 (800) persons or less; and provided further, that the
 19 average circuit miles for each station on the system is more
 20 than one and one-quarter (1 1/4) miles.

21 Class Three. Livestock, poultry and unprocessed
 22 products of both; stocks of merchandise of all sorts,
 23 together with furniture and fixtures used therewith, except
 24 mobile homes; and all office or hotel furniture and
 25 fixtures.

1 Class Four. (a) All land, town and city lots, with
 2 improvements, and all trailers affixed to land owned,
 3 leased, or under contract or purchase by the trailer owner,
 4 manufacturing and mining machinery, fixtures and supplies,
 5 except as otherwise provided by the constitution of Montana,
 6 and except as such property may be included in Class Five,
 7 Class Seven or Class Eight.

8 (b) Mobile homes without regard to the ownership of
 9 the land upon which they are situated, except those held by
 10 a distributor or dealer of mobile homes as part of his stock
 11 in trade, and except as such property may be included in
 12 Class Eight.

13 Class Five. (a) All moneys and credits, secured or
 14 unsecured, including all state, county, school district and
 15 other municipal bonds, warrants and securities, without any
 16 deduction or offset; provided, however, that the terms
 17 "moneys and credits" as herein used shall not embrace the
 18 moneyed capital employed in the banking business by any
 19 banking corporation or individual in this state.

20 (b) All poles, lines, transformers, transformer
 21 stations, meters, tools, improvements, machinery and other
 22 property used and owned by co-operative rural electrical and
 23 co-operative rural telephone associations organized under
 24 the laws of Montana except those within the incorporated
 25 limits of a city or town in which less than ninety-five per

1 cent (95%) of the electric consumers and/or telephone users
 2 are served by a co-operative organization, and as to the
 3 property enumerated in this sub-section (b) within
 4 incorporated limits of a city or town in which less than
 5 ninety-five per cent (95%) of the electric consumers or
 6 users will be served by a co-operative organization, such
 7 property shall be put in Class Two.

8 (c) All unprocessed agricultural products either on
 9 the farm or in storage, irrespective of whether said
 10 products are owned by the elevator, warehouse or flour mill
 11 owner or company storing the same, or any other person
 12 whomsoever, except all perishable fruits and vegetables in
 13 farm storage and owned by the producer, and excepting
 14 livestock and poultry and the unprocessed products of both.

15 (d) The dwelling house, and the lot on which it is
 16 erected, owned and occupied by any resident of the state,
 17 who has been honorably discharged from active service in any
 18 branch of the armed forces, who is rated one hundred per
 19 cent (100%) disabled due to a service-connected disability
 20 by the United States veterans administration or its
 21 successors.

22 In the event of the veteran's death, the dwelling
 23 house, and the lot on which it is erected, so long as the
 24 widow remains unmarried and the owner and occupant of the
 25 property, shall remain within this classification.

1 Class Six. Property formerly included in this class is
2 now classified by section 34-308, R.C.M. 1947.

3 Class Seven. (a) All new industrial property. New
4 industrial property shall mean any new industrial plant,
5 including land, buildings, machinery and fixtures which, in
6 the determination of the state department of revenue, is
7 used by a new industry during the first three (3) years of
8 operation not having been assessed prior to July 1, 1961,
9 within the state of Montana. New industry shall mean any
10 person, corporation, firm, partnership, association, or
11 other group which establishes a new plant or plants in this
12 state for the operation of a new industrial endeavor, as
13 distinguished from a mere expansion, reorganization, or
14 merger of an existing industry or industries. Provided,
15 however, that new industrial property shall be limited to
16 industries that manufacture, mill, mine, produce, process or
17 fabricate materials, or do similar work in which capital and
18 labor are employed and in which materials unserviceable in
19 their natural state are extracted, processed or made fit for
20 use or are substantially altered or treated so as to create
21 commercial products or materials; and in no event shall the
22 term new industrial property be included to mean property
23 used by retail or wholesale merchants, commercial services
24 of any type, agriculture, trades or professions. And
25 provided further, that new industrial property shall not be

1 included to mean property which is used or employed in any
2 industrial plant which has been in operation in this state
3 for three (3) years or longer. Any person, corporation,
4 firm, partnership, association or other group seeking to
5 qualify its property for inclusion in this class shall make
6 application to the state department of revenue in such
7 manner and form as may be required by said department.

8 Class Eight. Any improvement on real property, trailers
9 affixed to land or mobile home belonging to any person who
10 qualifies under any one or more of the hereinafter set forth
11 categories, valued at not more than seventeen thousand five
12 hundred dollars (\$17,500), which is owned or under a
13 contract for deed, and which is actually occupied by:

14 (1) a widow ~~sixty-two-(62)~~ sixty (60) years of age or
15 older, whether with or without minor dependent children, who
16 qualifies under the income limitations of (4), or

17 (2) a widower ~~sixty-five-(65)~~ sixty (60) years of age
18 or older, whether with or without minor dependent children,
19 who qualifies under the income limitations of (4), or

20 (3) a widow with minor or dependent children
21 regardless of age, who qualifies under the income
22 limitations of (4), or

23 (4) a recipient of retirement benefits whose income
24 from all sources is not more than ~~four~~ six thousand dollars
25 ~~(\$4,000)~~ (\$6,000) for a single person and ~~five-thousand-two~~

1 hundred seven thousand five hundred dollars
 2 ~~(\$5,200)~~ (\$7,500) for a married couple per annum.
 3 Provided, further, that one who applies for classification
 4 of property under this class must make an affidavit to the
 5 state department of revenue on a form as may be provided by
 6 the state department of revenue supplied without cost to the
 7 applicant, as to his income, if applicable, as to his
 8 retirement benefits, if applicable, or, as to his marital
 9 status, if applicable, and to the fact that he or she
 10 actually occupies such improvements with right of the county
 11 welfare board to investigate the applicant, on the
 12 completion of the form, as to answers given on the form.
 13 Provided, further, that the value of said property shall not
 14 increase during the life of the recipient of retirement
 15 benefits or widow or widower covered under this class. For
 16 purposes of the affidavit required for classification of
 17 property under this class, it shall be sufficient if the
 18 applicant signs a statement swearing to or affirming the
 19 correctness of the information supplied, whether or not the
 20 statement is signed before a person authorized to administer
 21 oaths, and mails the application and statement to the
 22 department of revenue. This signed statement shall be
 23 treated as a statement under oath or equivalent affirmation
 24 for purposes of section 94-7-203, R.C.M. 1947, relating to
 25 the criminal offense of false swearing.

1 (5) a disabled person whose income meets the
 2 limitations set in class eight, subclass (4) of this
 3 section. The disability, an inability to engage in any
 4 substantial gainful activity because of a medically
 5 determinable physical or mental impairment that is expected
 6 to result in death or last at least twelve (12) months, may
 7 be shown by proof of receipt of either social security
 8 disability benefits, supplemental security income benefits,
 9 or their replacement and compliance with the provisions of
 10 class eight, subclass (4) as applied to disability payments
 11 instead of retirement benefits.

12 Class Nine. All property not included in the eight (8)
 13 preceding classes."

-End-

STATE OF MONTANA

REQUEST NO. 30-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 14, 19 75, there is hereby submitted a Fiscal Note for House Bill 85 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 revise the qualifications for Class 8 property classification by reducing the minimum age for widowers and widows to age 60 from age 65 and 62 respectively; by increasing the income limitation to \$6,000 for a single person and \$7,500 for a married couple from \$4,000 and \$5,200 respectively; by extending eligibility to persons receiving disability benefits. Eligibility for Class 8 property classification reduces property taxes by 50%.

ASSUMPTIONS:

1. Approximately 3000 more individuals would qualify for Class 8 property classification (rather than Class 4) under House Bill 85.
2. Average market value of Class 8 property is \$12,500 per individual; assessed value is 40% of market value; taxable value is 15% of assessed value (compared to 30% for Class 4). Thus, approximately \$15,000,000 in assessed value of property would be affected and will not change significantly from FY 76 to FY 77.
3. Six mills will be levied for universities in FY 76 and FY 77. As much as 8 mills may be necessary in FY 77 in support of public school permissive levy; local government levy will average 219 mills.
4. No additional expenditures will be required.

FISCAL IMPACT:	FY 76 8 mill state levy	FY 77 (1) 6 mill state levy	FY 77 (2) 14 mill state levy
Property tax collections from affected property under current law	\$ 27,000	\$ 27,000	\$ 63,000
Collections under proposed law	<u>13,500</u>	<u>13,500</u>	<u>31,500</u>
Decrease in collections	<u>\$ 13,500</u>	<u>\$ 13,500</u> (1)	<u>\$ 31,500</u> (2)

CONCLUSION:

Enactment of House Bill 85 would result in a revenue loss to the State of \$27,000 to \$45,000 during the biennium.

LOCAL IMPACT:

Loss of revenue to local governments would be approximately \$985,500 during the biennium (loss of \$2,250,000 in taxable value statewide - 219 mills for each year). The loss to any one unit of local government would depend on the value of the newly eligible Class 8 property.

Michael D. Bellings

 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: January 18, 1975

Approved by Committee
on Taxation

HOUSE BILL NO. 85

INTRODUCED BY QUILICI, BRAND, DRISCOLL, MENAHAN,

LUEBECK, MULAR, CASEY, LYNCH

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE CRITERIA FOR CLASS EIGHT PROPERTY CLASSIFICATION; REDUCING THE MINIMUM AGE FOR WIDOWS AND WIDOWERS ALIKE TO SIXTY (60) YEARS; INCREASING THE MAXIMUM ALLOWABLE INCOME; EXTENDING ELIGIBILITY TO PERSONS RECEIVING DISABILITY BENEFITS; AMENDING SECTION 84-301, R.C.M. 1947."

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

Section 1. Section 84-301, R.C.M. 1947, is amended to read as follows:

"84-301. Classification of property for taxation. For the purpose of taxation the taxable property in the state shall be classified as follows:

Class One. The annual net proceeds of all mines and mining claims, after deducting only the expenses specified and allowed by section 84-5403; also where the right to enter upon land, to explore or prospect, or dig for oil, gas, coal or mineral is reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise or succession by any person or corporation, the surface title to which has passed to or remains in another, the

state department of revenue shall determine the value of the right to enter upon said tract of land for the purpose of digging, exploring, or prospecting for gas, oil, coal or minerals, and the same shall be placed in this classification for the purpose of taxation.

Class Two. All agricultural and other tools, implements and machinery, gas and other engines and boilers, threshing machines and outfits used therewith, automobiles, motor trucks and other power-driven cars, vehicles of all kinds except mobile homes, boats and all watercraft, harness, saddlery and robes and except as provided in Class Five (b) of this section, all poles, lines, transformers, transformer stations, meters, tools, improvements, machinery and other property used and owned by all persons, firms, corporations, and other organizations which are engaged in the business of furnishing telephone communications, exclusively to rural areas, or to rural areas and cities and towns provided that any such city or town has a population of eight hundred (800) persons or less; and provided further, that the average circuit miles for each station on the system is more than one and one-quarter (1 1/4) miles.

Class Three. Livestock, poultry and unprocessed products of both; stocks of merchandise of all sorts, together with furniture and fixtures used therewith, except mobile homes; and all office or hotel furniture and

1 fixtures.

2 Class Four. (a) All land, town and city lots, with
3 improvements, and all trailers affixed to land owned,
4 leased, or under contract or purchase by the trailer owner,
5 manufacturing and mining machinery, fixtures and supplies,
6 except as otherwise provided by the constitution of Montana,
7 and except as such property may be included in Class Five,
8 Class Seven or Class Eight.

9 (b) Mobile homes without regard to the ownership of
10 the land upon which they are situated, except those held by
11 a distributor or dealer of mobile homes as part of his stock
12 in trade, and except as such property may be included in
13 Class Eight.

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16 other municipal bonds, warrants and securities, without any
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18 "moneys and credits" as herein used shall not embrace the
19 moneyed capital employed in the banking business by any
20 banking corporation or individual in this state.

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24 co-operative rural telephone associations organized under
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2 cent (95%) of the electric consumers and/or telephone users
3 are served by a co-operative organization, and as to the
4 property enumerated in this sub-section (b) within
5 incorporated limits of a city or town in which less than
6 ninety-five per cent (95%) of the electric consumers or
7 users will be served by a co-operative organization, such
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9 (c) All unprocessed agricultural products either on
10 the farm or in storage, irrespective of whether said
11 products are owned by the elevator, warehouse or flour mill
12 owner or company storing the same, or any other person
13 whomsoever, except all perishable fruits and vegetables in
14 farm storage and owned by the producer, and excepting
15 livestock and poultry and the unprocessed products of both.

16 (d) The dwelling house, and the lot on which it is
17 erected, owned and occupied by any resident of the state,
18 who has been honorably discharged from active service in any
19 branch of the armed forces, who is rated one hundred per
20 cent (100%) disabled due to a service-connected disability
21 by the United States veterans administration or its
22 successors.

23 In the event of the veteran's death, the dwelling
24 house, and the lot on which it is erected, so long as the
25 widow remains unmarried and the owner and occupant of the

1 property, shall remain within this classification.

2 Class Six. Property formerly included in this class is
3 now classified by section 84-308, R.C.M. 1947.

4 Class Seven. (a) All new industrial property. New
5 industrial property shall mean any new industrial plant,
6 including land, buildings, machinery and fixtures which, in
7 the determination of the state department of revenue, is
8 used by a new industry during the first three (3) years of
9 operation not having been assessed prior to July 1, 1961,
10 within the state of Montana. New industry shall mean any
11 person, corporation, firm, partnership, association, or
12 other group which establishes a new plant or plants in this
13 state for the operation of a new industrial endeavor, as
14 distinguished from a mere expansion, reorganization, or
15 merger of an existing industry or industries. Provided,
16 however, that new industrial property shall be limited to
17 industries that manufacture, mill, mine, produce, process or
18 fabricate materials, or do similar work in which capital and
19 labor are employed and in which materials unserviceable in
20 their natural state are extracted, processed or made fit for
21 use or are substantially altered or treated so as to create
22 commercial products or materials; and in no event shall the
23 term new industrial property be included to mean property
24 used by retail or wholesale merchants, commercial services
25 of any type, agriculture, trades or professions. And

1 provided further, that new industrial property shall not be
2 included to mean property which is used or employed in any
3 industrial plant which has been in operation in this state
4 for three (3) years or longer. Any person, corporation,
5 firm, partnership, association or other group seeking to
6 qualify its property for inclusion in this class shall make
7 application to the state department of revenue in such
8 manner and form as may be required by said department.

9 Class Eight. Any improvement on real property, trailers
10 affixed to land or mobile home belonging to any person who
11 qualifies under any one or more of the hereinafter set forth
12 categories, valued at not more than seventeen thousand five
13 hundred dollars (\$17,500), which is owned or under a
14 contract for deed, and which is actually occupied by:

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16 older, whether with or without minor dependent children, who
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18 (2) a widower ~~sixty-five-(65)~~ sixty (60) years of age
19 or older, whether with or without minor dependent children,
20 who qualifies under the income limitations of (4), or

21 (3) a widow with minor or dependent children
22 regardless of age, who qualifies under the income
23 limitations of (4), or

24 (4) a recipient of retirement OR DISABILITY benefits
25 whose income from all sources is not more than ~~four six~~ FOUR

1 thousand EIGHT HUNDRED dollars ~~{64,000}~~ ~~{66,000}~~ (\$4,800)
 2 for a single person and ~~five--thousand--two--hundred~~ seven
 3 ~~thousand--five--hundred~~ SIX THOUSAND TWO HUNDRED FORTY dollars
 4 ~~{55,200}~~ ~~{67,500}~~ (\$6,240) for a married couple per annum.
 5 Provided, further, that one who applies for classification
 6 of property under this class must make an affidavit to the
 7 state department of revenue on a form as may be provided by
 8 the state department of revenue supplied without cost to the
 9 applicant, as to his income, if applicable, as to his
 10 retirement OR DISABILITY benefits, if applicable, or, as to
 11 his marital status, if applicable, and to the fact that he
 12 or she actually occupies such improvements with right of the
 13 county welfare board to investigate the applicant, on the
 14 completion of the form, as to answers given on the form.
 15 Provided, further, that the value of said property shall not
 16 increase during the life of the recipient of retirement OR
 17 DISABILITY benefits or widow or widower covered under this
 18 class. For purposes of the affidavit required for
 19 classification of property under this class, it shall be
 20 sufficient if the applicant signs a statement swearing to or
 21 affirming the correctness of the information supplied,
 22 whether or not the statement is signed before a person
 23 authorized to administer oaths, and mails the application
 24 and statement to the department of revenue. This signed
 25 statement shall be treated as a statement under oath or

1 equivalent affirmation for purposes of section 94-7-203,
 2 R.C.M. 1947, relating to the criminal offense of false
 3 swearing.

4 ~~{5}--a--disabled--person--whose--income--meets--the~~
 5 ~~limitations--set--in--class--eight,--subclass--(4)--of--this~~
 6 ~~section--The--disability,--an--inability--to--engage--in--any~~
 7 ~~substantial--gainful--activity--because--of--a--medically~~
 8 ~~determinable--physical--or--mental--impairment--that--is--expected~~
 9 ~~to--result--in--death--or--last--at--least--twelve--(12)--months,--may~~
 10 ~~be--shown--by--proof--of--receipt--of--either--social--security~~
 11 ~~disability--benefits,--supplemental--security--income--benefits,~~
 12 ~~or--their--replacement--and--compliance--with--the--provisions--of~~
 13 ~~class--eight,--subclass--(4)--as--applied--to--disability--payments~~
 14 ~~instead--of--retirement--benefits.~~

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23 limitations of (4), or

24 (4) a recipient of retirement OR DISABILITY benefits
25 whose income from all sources is not more than ~~four six~~ FOUR

1 thousand EIGHT HUNDRED dollars ~~{44,000}~~ ~~{67,000}~~ (\$4,800)
 2 for a single person and ~~five--thousand--two--hundred~~ seven
 3 ~~thousand--five--hundred~~ SIX THOUSAND TWO HUNDRED FORTY dollars
 4 ~~{85,200}~~ ~~{67,500}~~ (\$6,240) for a married couple per annum.
 5 Provided, further, that one who applies for classification
 6 of property under this class must make an affidavit to the
 7 state department of revenue on a form as may be provided by
 8 the state department of revenue supplied without cost to the
 9 applicant, as to his income, if applicable, as to his
 10 retirement OR DISABILITY benefits, if applicable, or, as to
 11 his marital status, if applicable, and to the fact that he
 12 or she actually occupies such improvements with right of the
 13 county welfare board to investigate the applicant, on the
 14 completion of the form, as to answers given on the form.
 15 Provided, further, that the value of said property shall not
 16 increase during the life of the recipient of retirement OR
 17 DISABILITY benefits or widow or widower covered under this
 18 class. For purposes of the affidavit required for
 19 classification of property under this class, it shall be
 20 sufficient if the applicant signs a statement swearing to or
 21 affirming the correctness of the information supplied,
 22 whether or not the statement is signed before a person
 23 authorized to administer oaths, and mails the application
 24 and statement to the department of revenue. This signed
 25 statement shall be treated as a statement under oath or

1 equivalent affirmation for purposes of section 94-7-203,
 2 R.C.M. 1947, relating to the criminal offense of false
 3 swearing.

4 ~~{5}--a--disabled--person--whose--income--meets--the~~
 5 ~~limitations--set--in--class--eight;--subclass--(4)--of--this~~
 6 ~~section--The--disability;--an--inability--to--engage--in--any~~
 7 ~~substantial--gainful--activity--because--of--a--medically~~
 8 ~~determinable--physical--or--mental--impairment--that--is--expected~~
 9 ~~to--result--in--death--or--last--at--least--twelve--(12)--months;--may~~
 10 ~~be--shown--by--proof--of--receipt--of--either--social--security~~
 11 ~~disability--benefits;--supplemental--security--income--benefits;~~
 12 ~~or--their--replacement--and--compliance--with--the--provisions--of~~
 13 ~~class--eight;--subclass--(4)--as--applied--to--disability--payments~~
 14 ~~instead--of--retirement--benefits.~~

15 Class Nine. All property not included in the eight (8)
 16 preceding classes."

-End-