

1 *House* BILL NO. *107*
 2 INTRODUCED BY *Frank* *McKinn* *FAGE*
 3 *Requested by Dept. of Revenue*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTIONS
 5 84-401 AND 84-501, R.C.M. 1947, TO PROVIDE THAT ALL TAXABLE
 6 PROPERTY MUST BE ASSESSED AT FORTY PERCENT OF ITS FULL CASH
 7 VALUE AND STATING EXCEPTIONS."

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. Section 84-401, R.C.M. 1947, is amended to
 11 read as follows:

12 "84-401. Property assessed at ~~cash-value-----exception~~
 13 ~~for-agricultural-lands:~~ forty percent (40%) of its full cash
 14 value -- exceptions. All taxable property must be assessed
 15 at forty percent (40%) of its full cash value except:

16 (1) Properties in section 84-301, under Class One,
 17 shall be assessed at one hundred percent (100%) of full cash
 18 value.

19 (2) Moneys and credits in section 84-301, under Class
 20 Five (a) shall be assessed at one hundred percent (100%) of
 21 full cash value.

22 (3) Moneyed capital and shares of banks in section
 23 84-301, shall be assessed at one hundred percent (100%) of
 24 full cash value.

25 (4) The ~~the~~ assessment of agricultural lands shall be

1 based upon the productive capacity of the lands when valued
 2 for agricultural purposes. All lands shall be valued as
 3 agricultural lands for tax purposes that meet the
 4 qualifications of section 84-437.2, R.C.M. 1947. Land and
 5 the improvements thereon must be separately assessed.

6 The taxable value of all property shall be determined
 7 by sections 84-301 and 84-308.

8 Section 2. Section 84-501, R.C.M. 1947, is amended to
 9 read as follows:

10 "84-501. Property--how listed. The state department of
 11 revenue must prepare an assessment book with appropriate
 12 headings, alphabetically arranged, in which must be listed
 13 all property within the state, and in which must be
 14 specified in separate columns, under the appropriate head:

15 1. The name of the person to whom the property is
 16 assessed.

17 2. Land, by township, range, section, or fractional
 18 section; and when such land is not a United States land
 19 division or subdivision, by metes and bounds, or other
 20 description sufficient to identify it, giving an estimate of
 21 the number of acres, not exceeding in each and every tract
 22 six hundred and forty acres, locality, and the improvements
 23 thereon.

24 3. City and town lots, naming the city or town, and the
 25 number of the lot and block, according to the system of

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1 numbering in such city or town, and improvements thereon.
 2 4. All personal property, showing the number, kind,
 3 amount, and quality; but a failure to enumerate in detail
 4 such personal property does not invalidate the assessment.
 5 5. The cash assessed value of real estate, other than
 6 city or town lots.
 7 6. The cash assessed value of improvements on such real
 8 estate.
 9 7. The cash assessed value of city and town lots.
 10 8. The cash assessed value of improvements on city and
 11 town lots.
 12 9. The cash assessed value of improvements on real
 13 estate assessed to persons other than the owners of the real
 14 estate.
 15 10. The cash assessed value of all personal property,
 16 exclusive of money.
 17 11. The amount of money.
 18 12. Taxable improvements owned by the person, firm,
 19 association, or corporation located upon land exempt from
 20 taxation must, as to the manner of assessment, be assessed
 21 as other real estate upon the assessment roll. No value,
 22 however, must be assessed against the exempt land, nor under
 23 any circumstances must the land be charged with or become
 24 responsible for the assessment made against any taxable
 25 improvements located thereon.

1 13. The school, road, and other revenue districts in
 2 which each piece of property assessed is situated.
 3 14. The total assessed value of all property.
 4 15. The figure one (1), in separate columns, opposite
 5 the name of every person liable to pay a poll tax."

-End-

STATE OF MONTANA

REQUEST NO. 61-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 75, there is hereby submitted a Fiscal Note for House Bill 107 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 provide that all taxable property must be assessed at 40% of its full cash value except property under Class one (100%), moneys and credits (100%), moneyed capitol and bank shares (100%) and agricultural land (based on productive capacity).

ASSUMPTIONS:

- Most property in the state is currently assessed at 40% of full cash value except for real estate and improvements (34% in Yellowstone Co.), farm machinery (60%), agricultural products (100%), other machines (60%), goods wares and merchandise (60%), furniture and fixtures (60%), aircraft (55%), motor vehicles (662/3%), watercraft (58%), other personal property (60%), snowmobiles (662/3%).
- Taxable value of all property under current law is estimated at \$1.260 billion in FY 76 and \$1.335 billion in FY 77.
- The percentage of the assessed value of each category of property to the total assessed value of all property will remain fairly constant.
- Based on an analysis of actual FY 74 assessed and taxable values, the effect of HB 107 would be to reduce the total taxable value by 5.3%.
- Property is assessed in March and levies are applied in August. If HB 107 is passed, it will not become effective until July 1, 1975 which will be too late to reassess property for FY 76 tax collections. Thus, there will be no impact in Fy 76 under the proposed law.
- Six mills will be levied for universities in FY 77; as much as eight mills may be levied for public school permissive levy.

FISCAL IMPACT:

	(if 6 mill levy)	<u>FY77</u>	(if 14 mill levy)
State property tax collections under current law	\$8,010,000		\$18,690,000
Collections under proposed law	<u>7,584,000</u>		<u>17,696,000</u>
Decrease in Collections	<u>\$ 426,000</u>		<u>\$ 994,000</u>

LOCAL IMPACT:

Loss to local governments could be significant. Fixed mill levies will raise less revenue necessitating increases in other levies. If maximum millage is currently being levied, a significant revenue loss could result, since loss in taxable value statewide will be \$67 million in FY76 and \$71 million in FY77. Assuming an average local government levy of 219 mills, loss in local government revenue statewide would be \$15 million in FY 76 and \$16 million in FY 77.

Michael Bellings

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/25/75

Approved by Committee
on Taxation

HOUSE BILL NO. 107

INTRODUCED BY FABREGA, JACK MOORE, FAGG

(BY REQUEST OF DEPARTMENT OF REVENUE)

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTIONS
84-401 AND 84-501, R.C.M. 1947, TO PROVIDE THAT ALL TAXABLE
REAL PROPERTY AND IMPROVEMENTS MUST BE ASSESSED AT FORTY
PERCENT OF ITS FULL CASH VALUE AND STATING EXCEPTIONS; AND
PROVING AN EFFECTIVE DATE.

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

Section 1. Section 84-401, R.C.M. 1947, is amended to
read as follows:

"84-401. Property assessed at ~~cash-value---exception~~
~~for agricultural lands~~, forty percent (40%) of its full cash
value -- exceptions. All taxable REAL property AND
IMPROVEMENTS must be assessed at forty percent (40%) of its
full cash value except:

(1) Properties in section 84-301, under Class One,
shall be assessed at one hundred percent (100%) of full cash
value.

~~(2) --Money and credits in section 84-301, under --Class~~
~~Five--(a)--shall be assessed at one hundred percent--(100%)--of~~
~~full-cash-value.~~

~~(3) --Moneyed capital and shares--of--banks--in--section~~

~~84-301 shall be assessed at one hundred percent--(100%)--of~~
~~full-cash-value.~~

~~(4) (2)~~ The the assessment of agricultural lands shall
be based upon the productive capacity of the lands when
valued for agricultural purposes. All lands shall be valued
as agricultural lands for tax purposes that meet the
qualifications of section 84-437.2, R.C.M. 1947. Land and
the improvements thereon must be separately assessed.

The taxable value of all property shall be determined
by sections 84-301 and 84-308.

Section 2. Section 84-501, R.C.M. 1947, is amended to
read as follows:

"84-501. Property--how listed. The state department of
revenue must prepare an assessment book with appropriate
headings, alphabetically arranged, in which must be listed
all property within the state, and in which must be
specified in separate columns, under the appropriate head:

1. The name of the person to whom the property is
assessed.

2. Land, by township, range, section, or fractional
section; and when such land is not a United States land
division or subdivision, by metes and bounds, or other
description sufficient to identify it, giving an estimate of
the number of acres, not exceeding in each and every tract
six hundred and forty acres, locality, and the improvements

1 thereon.

2 3. City and town lots, naming the city or town, and the
3 number of the lot and block, according to the system of
4 numbering in such city or town, and improvements thereon.

5 4. All personal property, showing the number, kind,
6 amount, and quality; but a failure to enumerate in detail
7 such personal property does not invalidate the assessment.

8 5. The cash assessed value of real estate, other than
9 city or town lots.

10 6. The cash assessed value of improvements on such real
11 estate.

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15 9. The cash assessed value of improvements on real
16 estate assessed to persons other than the owners of the real
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18 10. The cash assessed value of all personal property,
19 exclusive of money.

20 11. The amount of money.

21 12. Taxable improvements owned by the person, firm,
22 association, or corporation located upon land exempt from
23 taxation must, as to the manner of assessment, be assessed
24 as other real estate upon the assessment roll. No value,
25 however, must be assessed against the exempt land, nor under

1 any circumstances must the land be charged with or become
2 responsible for the assessment made against any taxable
3 improvements located thereon.

4 13. The school, road, and other revenue districts in
5 which each piece of property assessed is situated.

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7 15. The figure one (1), in separate columns, opposite
8 the name of every person liable to pay a poll tax."

9 SECTION 3. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND
10 APPROVAL.

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