

1 *House* BILL NO. *113*
 2 INTRODUCED BY *Dassinger* ~~and~~ *Manuel Cochran*
 3 *Liese Robbins* *Kimmerly* *Deut* *Leig* *Yess*
 4 A ~~BILL~~ FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
 5 PREPAYMENT OF TAXES ON CERTAIN MAJOR NEW INDUSTRIAL
 6 FACILITIES."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Tax prepayment -- new industrial
 10 facilities. (1) A person intending to construct or locate a
 11 major new industrial facility, as defined in subsection (2)
 12 of this section, shall upon request of the board of county
 13 commissioners of the county in which the facility is to be
 14 located, prepay an amount equal to the first three (3) years
 15 of estimated property taxes on the facility. When the
 16 facility is completed and assessed by the department of
 17 revenue, it shall be subject to taxation as all other
 18 property similarly situated, during the first three (3)
 19 years and thereafter, except that one-twentieth (1/20) of
 20 the amount prepaid plus an adjustment for depreciation shall
 21 be allowed as a credit against property taxes in each of the
 22 first twenty (20) years of the useful life of the facility.
 23 The department of revenue shall make rules governing the
 24 adjustment for depreciation to avoid double taxation of the
 25 undepreciated value during the first three (3) years of any

1 property subject to this section.

2 (2) A major new industrial facility is a manufacturing
 3 or mining facility for which the number of persons employed
 4 during construction of the plant exceeds one percent (1%) of
 5 the estimated population residing within a fifty (50) mile
 6 radius of the plant site. When a board of county
 7 commissioners finds a substantial probability that the
 8 condition of the preceding sentence exists in its county,
 9 the bureau of business and economic research of the
 10 university of Montana shall make the population estimate.

-End-

HB 113

STATE OF MONTANA

REQUEST NO. 60-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 75, there is hereby submitted a Fiscal Note on House Bill 113 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:

House Bill 113 provides for prepayment of taxes on certain new major industrial facilities.

FISCAL IMPACT:

House Bill 113 would not alter the basic property tax structure. The impact would be to simply accelerate local property tax receipts. The proposed law would have a short-term impact on local government units wherein major new industrial facilities would be located if the following conditions were met:

1. The number of persons employed during construction exceeds 1% of the estimated population residing within a 50 mile radius of the plant site.
2. The Board of County Commissioners of the county in which the facility is to be located requests such prepayment.

Since no accurate predictions can be made based on the above conditions, no dollar amount can be estimated.

TECHNICAL NOTE:

House Bill 113 requires the University of Montana, Bureau of Business and Economic Research make population estimates when appropriate. Since the Bureau of Business and Economic Research does not exist by statute, a State agency such as the Department of Intergovernmental Relations may be more desirable.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 24, 1975

Approved by Committee
on Taxation

HOUSE BILL NO. 113

INTRODUCED BY DASSINGER, YARDLEY, MANUEL, JACOBSEN,
LIEN, ROBBINS, KUMMERFELDT, SOUTH, BENGTSON, DAY

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
PREPAYMENT OF TAXES ON CERTAIN MAJOR NEW INDUSTRIAL
FACILITIES; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Tax prepayment -- new industrial
facilities. (1) A person intending to construct or locate a
major new industrial facility, as defined in subsection (2)
of this section, shall upon request of the board of county
commissioners of the county in which the facility is to be
located, prepay, WHEN PERMISSION IS GRANTED TO CONSTRUCT OR
LOCATE BY THE APPROPRIATE GOVERNMENTAL AGENCY, an amount
equal to ~~the first three (3) years of estimated property~~
TAXES ON THE FACILITY THREE (3) TIMES THE ESTIMATED PROPERTY
TAX DUE THE YEAR THE FACILITY IS COMPLETED. When the
facility is completed and assessed by the department of
revenue, it shall be subject to taxation as all other
property similarly situated, during the first three (3)
years and thereafter, except that ~~one-twentieth (1/20)~~
ONE-TENTH (1/10) of the amount prepaid plus an adjustment
for depreciation shall be allowed as a credit against

property taxes in each of the first ~~twenty (20) years of the~~
useful-life TEN (10) YEARS AFTER THE START OF PRODUCTIVE
OPERATION of the facility. The department of revenue shall
make rules governing the adjustment for depreciation to
avoid double taxation of the undepreciated value during the
first three (3) years of any property subject to this
section.

(2) A major new industrial facility is a manufacturing
or mining facility ~~for which the number of persons employed~~
~~during construction of the plant exceeds one percent (1%) of~~
~~the estimated population residing within a fifty (50) mile~~
~~radius of the plant site. When a board of county~~
~~commissioners finds a substantial probability that the~~
~~condition of the preceding sentence exists in its county,~~
~~the bureau of business and economic research of the~~
~~university of Montana shall make the population estimate~~
WHICH WILL CREATE AN ADVERSE IMPACT ON EXISTING STATE,
COUNTY, OR MUNICIPAL SERVICES.

SECTION 2. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND
APPROVAL.

-End-

HOUSE BILL NO. 113

INTRODUCED BY DASSINGER, YARDLEY, MANUEL, JACOBSEN,
LIEN, ROBBINS, KUMMERFELDT, SOUTH, BENGTSON, DAY

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
PREPAYMENT OF TAXES ON CERTAIN MAJOR NEW INDUSTRIAL
FACILITIES; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Tax prepayment -- new industrial
facilities. (1) A person intending to construct or locate a
major new industrial facility, as defined in subsection (2)
of this section, shall upon request of the board of county
commissioners of the county in which the facility is to be
located, prepay, WHEN PERMISSION IS GRANTED TO CONSTRUCT OR
LOCATE BY THE APPROPRIATE GOVERNMENTAL AGENCY, an amount
equal to ~~the first three (3) years of estimated property
taxes on the facility~~ THREE (3) TIMES THE ESTIMATED PROPERTY
TAX DUE THE YEAR THE FACILITY IS COMPLETED. THE PERSON WHO
IS TO PREPAY UNDER THIS SECTION SHALL NOT BE OBLIGATED TO
PREPAY THE ENTIRE AMOUNT AT ONE TIME BUT, UPON REQUEST OF
THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY, SHALL
PREPAY ONLY THAT AMOUNT SHOWN TO BE NEEDED FROM TIME TO
TIME. TO ASSURE THIS PAYMENT OR PAYMENTS, THE PERSON WHO IS
TO PREPAY SHALL GUARANTEE TO THE BOARD OF COUNTY

COMMISSIONERS AND ALSO HAVE A BANK OR BANKS GUARANTEE THAT
THESE AMOUNTS WILL BE PAID AS NEEDED FOR EXPENDITURES
CREATED BY THE IMPACT. When the facility is completed and
assessed by the department of revenue, it shall be subject
to taxation as all other property similarly situated, during
the first three (3) years and thereafter, except that
~~one-twentieth (1/20)~~ ONE-TENTH (1/10) of the amount prepaid
plus an adjustment for depreciation shall be allowed as a
credit against property taxes in each of the first ~~twenty
(20) years of the useful life~~ TEN (10) YEARS AFTER THE START
OF PRODUCTIVE OPERATION of the facility. The department of
revenue shall make rules governing the adjustment for
depreciation to avoid double taxation of the undepreciated
value during the first three (3) years of any property
subject to this section.

(2) A major new industrial facility is a manufacturing
or mining facility ~~for which the number of persons employed
during construction of the plant exceeds one percent (1%) of
the estimated population residing within a fifty (50) mile
radius of the plant site. When a board of county
commissioners finds a substantial probability that the
condition of the preceding sentence exists in its county,
the bureau of business and economic research of the
university of Montana shall make the population estimate
WHICH WILL CREATE AN ADVERSE IMPACT ON EXISTING STATE,~~

1 COUNTY, OR MUNICIPAL SERVICES.

2 SECTION 2. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND

3 APPROVAL.

-End-

March 22, 1975

SENATE COMMITTEE OF THE WHOLE
AMENDMENTS TO HOUSE BILL NO. 113

That House Bill No. 113, third reading, be amended as follows:

1. Amend page 1, section 1, line 18.
Following: "**facility**"
Insert: "two (2)"

HOUSE BILL NO. 113

INTRODUCED BY DASSINGER, YARDLEY, MANUEL, JACOBSEN,
LIEN, ROBBINS, KUMMERFELDT, SOUTH, BENGTSON, DAY

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
PREPAYMENT OF TAXES ON CERTAIN MAJOR NEW INDUSTRIAL
FACILITIES; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Tax prepayment -- new industrial
facilities. (1) A person intending to construct or locate a
major new industrial facility, as defined in subsection (2)
of this section, shall upon request of the board of county
commissioners of the county in which the facility is to be
located, prepay, WHEN PERMISSION IS GRANTED TO CONSTRUCT OR
LOCATE BY THE APPROPRIATE GOVERNMENTAL AGENCY, an amount
equal to ~~the first three (3) years of estimated property
taxes on the facility THREE (3) TWO (2) TIMES THE ESTIMATED
PROPERTY TAX DUE THE YEAR THE FACILITY IS COMPLETED, UPON A
SHOWING THAT SUCH FUNDS ARE ACTUALLY REQUIRED TO FINANCE
NEEDED LOCAL SERVICES. THE PERSON WHO IS TO PREPAY UNDER
THIS SECTION SHALL NOT BE OBLIGATED TO PREPAY THE ENTIRE
AMOUNT AT ONE TIME BUT, UPON REQUEST OF THE BOARD OF COUNTY
COMMISSIONERS OF THE COUNTY, SHALL PREPAY ONLY THAT AMOUNT
SHOWN TO BE NEEDED FROM TIME TO TIME. TO ASSURE THIS~~

PAYMENT OR PAYMENTS, THE PERSON WHO IS TO PREPAY SHALL
GUARANTEE TO THE BOARD OF COUNTY COMMISSIONERS AND ALSO HAVE
A BANK OR BANKS GUARANTEE THAT THESE AMOUNTS WILL BE PAID AS
NEEDED FOR EXPENDITURES CREATED BY THE IMPACT. When the
facility is completed and assessed by the department of
revenue, it shall be subject to taxation as all other
property similarly situated, during the first ~~three (3) TWO
(2) years and thereafter, except that one-twentieth--(1/20)
ONE-TENTH--(1/10) ONE-FIFTH (1/5) of the amount prepaid plus
an adjustment for depreciation shall be allowed as a credit
against property taxes in each of the first twenty--(20)
years of the useful life TEN--(10) FIVE (5) YEARS AFTER THE
START OF PRODUCTIVE OPERATION of the facility. The
department of revenue shall make rules governing the
adjustment for depreciation to avoid double taxation of the
undepreciated value during the first three (3) years of any
property subject to this section.~~

(2) A major new industrial facility is a manufacturing
or mining facility WHICH WILL EMPLOY ON AN AVERAGE ANNUAL
BASIS AT LEAST ONE HUNDRED (100) PEOPLE IN CONSTRUCTION OR
OPERATION OF THE FACILITY, AND for which the number of
persons employed during construction of the plant exceeds
one percent (1%) of the estimated population residing within
a fifty (50) mile radius of the plant site. When a board of
county commissioners finds a substantial probability that

1 ~~the condition of the preceding sentence exists in its~~
2 ~~county, the bureau of business and economic research of the~~
3 ~~university of Montana shall make the population estimate~~
4 WHICH WILL CREATE AN A SUBSTANTIAL ADVERSE IMPACT ON
5 EXISTING STATE, COUNTY, OR MUNICIPAL SERVICES.

6 SECTION 2. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND
7 APPROVAL.

-End-

HOUSE BILL NO. 113

INTRODUCED BY DASSINGER, YARDLEY, MANUEL, JACOBSEN,
LIEN, ROBBINS, KUMMERFELDT, SOUTH, BENGTSON, DAY

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
PREPAYMENT OF TAXES ON CERTAIN MAJOR NEW INDUSTRIAL
FACILITIES; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Tax prepayment -- new industrial
facilities. (1) A person intending to construct or locate a
major new industrial facility, as defined in subsection (2)
of this section, shall upon request of the board of county
commissioners of the county in which the facility is to be
located, prepay, WHEN PERMISSION IS GRANTED TO CONSTRUCT OR
LOCATE BY THE APPROPRIATE GOVERNMENTAL AGENCY, an amount
equal to ~~the first three (3) years of estimated property~~
~~taxes on the facility THREE (3) TWO (2) TIMES THE~~
ESTIMATED PROPERTY TAX DUE THE YEAR THE FACILITY IS
COMPLETED, UPON A SHOWING THAT SUCH FUNDS ARE ACTUALLY
REQUIRED TO FINANCE NEBBED LOCAL SERVICES. THE PERSON WHO IS
TO PREPAY UNDER THIS SECTION SHALL NOT BE OBLIGATED TO
PREPAY THE ENTIRE AMOUNT AT ONE TIME BUT, UPON REQUEST OF
THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY, SHALL
PREPAY ONLY THAT AMOUNT SHOWN TO BE NEEDED FROM TIME TO

TIME. TO ASSURE THIS PAYMENT OR PAYMENTS, THE PERSON WHO IS
TO PREPAY SHALL GUARANTEE TO THE BOARD OF COUNTY
COMMISSIONERS AND ALSO HAVE A BANK OR BANKS GUARANTEE THAT
THESE AMOUNTS WILL BE PAID AS NEEDED FOR EXPENDITURES
CREATED BY THE IMPACT. When the facility is completed and
assessed by the department of revenue, it shall be subject
to taxation as all other property similarly situated, during
the first ~~three (3) TWO (2) THREE (3)~~ years and thereafter,
except that ~~one-twentieth (1/20) ONE-TENTH (1/10)~~ ONE-FIFTH
(1/5) of the amount prepaid ~~plus an adjustment for~~
depreciation shall be allowed as a credit against property
taxes in each of the first ~~twenty (20) years of the useful~~
life TEN (10) FIVE (5) YEARS AFTER THE START OF PRODUCTIVE
OPERATION of the facility. ~~The department of revenue shall~~
~~make rules governing the adjustment for depreciation to~~
~~avoid double taxation of the undepreciated value during the~~
~~first three (3) years of any property subject to this~~
section.

(2) A major new industrial facility is a manufacturing
or mining facility WHICH WILL EMPLOY ON AN AVERAGE ANNUAL
BASIS AT LEAST ONE HUNDRED (100) PEOPLE IN CONSTRUCTION OR
OPERATION OF THE FACILITY, AND for which the number of
persons employed during construction of the plant exceeds
one percent (1%) of the estimated population residing within
a fifty (50) mile radius of the plant site. When a board of

4/9/75

1 ~~county-commissioners-finds-a--substantial--probability--that~~
2 ~~the--condition--of--the--preceding--sentence--exists--in-its~~
3 ~~county,-the-bureau-of-business-and-economic-research-of--the~~
4 ~~university--of--Montana--shall--make-the-population-estimate~~
5 WHICH WILL CREATE ~~AN~~ A SUBSTANTIAL ADVERSE IMPACT ON
6 EXISTING STATE, COUNTY, OR MUNICIPAL SERVICES.

7 SECTION 2. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND
8 APPROVAL.

-End-