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24 25 INTRODUCED BY Dousing Nove Co. Manual Such Siere Robbins Kummuficity Such Lengther A SILT FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR PREPAYMENT OF TAXES ON CERTAIN MAJOR NEW INDUSTRIAL FACILITIES."

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 an amount equal to the first three (3) years of estimated property taxes on the facility. 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) 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 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 (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.

STATE OF MONTANA

FISCAL NOTE

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Form	RD_{i}	14

n compliance with a written request received, 19 75, there is hereby submitted a Fiscal Note		
or House Bill 113 pursuant to Chapter 53, Laws of Montana, 1965 · Thirty-Ninth Legislative Assembly.		
3ackground 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

January 24, 1975 Date:

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Approved by Committee on Taxation

1	HOUSE BILL NO. 113
2	INTRODUCED BY DASSINGER, YARDLEY, MANUEL, JACOBSEN,
3	LIEN, ROBBINS, KUMMERFELDT, SOUTH, BENGTSON, DAY
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
6	PREPAYMENT OF TAXES ON CERTAIN MAJOR NEW INDUSTRIAL
7	FACILITIES; AND PROVIDING AN EFFECTIVE DATE.
8	
9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10	Section 1. Tax prepayment new industrial
11	facilities. (1) A person intending to construct or locate a
12	major new industrial facility, as defined in subsection (2)
13	of this section, shall upon request of the board $ \circ\rangle$ county
14	commissioners of the county in which the facility is to be
15	located, prepay, WHEN PERMISSION IS GRANTED TO CONSTRUCT OR
16	LOCATE BY THE APPROPRIATE GOVERNMENTAL AGENCY, an amount
17	equal to the-first-three-{3}yearsofestimatedproperty
18	taxes-on-the-facility THREE (3) TIMES THE ESTIMATED PROPERTY
19	TAX DUE THE YEAR THE FACILITY IS COMPLETED. When the
20	facility is completed and assessed by the department of
21	revenue, it shall be subject to taxation as all other
22	property similarly situated, during the first three (3)
23	years and thereafter, except that ene-twentieth(1/20)
24	ONE-TENTH (1/10) of the amount prepaid plus an adjustment
25	for depreciation shall be allowed as a credit against

1	property taxes in each of the first twenty-(20)-years-of-the
2	useful-life TEN (10) YEARS AFTER THE START OF PRODUCTIVE
3	OPERATION of the facility. The department of revenue shall
4	make rules governing the adjustment for depreciation to
5	avoid double taxation of the undepreciated value during the
6	first three (3) years of any property subject to this
7	section.
8	(2) A major new industrial facility is a manufacturing

(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-persont-(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--cconomic--research--of---the university--of--Montana--shall--make-the-population-estimate WHICH WILL CREATE AN ADVERSE IMPACT ON EXISTING STATE, COUNTY, OR MUNICIPAL SERVICES.

19 <u>SECTION 2. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND</u>
20 APPROVAL.

<u> </u>	HOUSE BILL NO. 113
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ı	PREPAY THE ENTIRE AMOUNT AT ONE TIME BUT, UPON REQUEST OF
2	THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY, SHALL
3	PREPAY ONLY THAT AMOUNT SHOWN TO BE NEEDED FROM TIME TO
4	TIME. TO ASSURE THIS PAYMENT OR PAYMENTS, THE PERSON WHO IS
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7	ene-twentieth-(1/20) ONE-TENTH (1/10) of the amount prepaid
8	plus an adjustment for depreciation shall be allowed as a
9	credit against property taxes in each of the first twenty
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11	OF PRODUCTIVE OPERATION of the facility. The department of
12	revenue shall make rules governing the adjustment for
13	depreciation to avoid double taxation of the undepreciated
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- COUNTY, OR MUNICIPAL SERVICES.
- SECTION 2. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND
- 3 APPROVAL,

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)"

HB 0113/03 44th Legislature HB 0113/04

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20	SHOWING THAT SUCH FUNDS ARE ACTUALLY REQUIRED TO FINANCE
21	NEEDED LOCAL SERVICES. THE PERSON WHO IS TO PREPAY UNDER
22	THIS SECTION SHALL NOT BE OBLIGATED TO PREPAY THE ENTIRE
23	AMOUNT AT ONE TIME BUT, UPON REQUEST OF THE BOARD OF COUNTY
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44th Legislature HB 0113/05

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