

1 House BILL NO. 125
 2 INTRODUCED BY Wardley - FAGG
 3 BY REQUEST OF THE DEPT. OF REVENUE
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT MONEYS AND
 5 CREDITS FROM TAXATION BY AMENDING SECTIONS 84-202 AND
 6 84-308, R.C.M. 1947."

7
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.

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) Moneys and credits are exempt from taxation."

24 Section 2. Section 84-308, R.C.M. 1947, is amended to
 25 read as follows:

1 "84-308. Basis for imposition of taxes on moneys and
 2 credits, moneyed capital and bank shares. As a basis for the
 3 imposition of taxes upon the different classes of property
 4 herein specified, a percentage of the true and full value of
 5 each class shall be taken as follows:

6 ~~Moneys and credits, seven per centum (7%) of true and~~
 7 ~~full value.~~

8 Moneyed capital and shares of banks, both national and
 9 state, thirty per centum (30%) of true and full value on
 10 that portion of the true and full value not represented by
 11 surplus, as shown on the books of the bank; seven per centum
 12 (7%) on that portion of the true and full value represented
 13 by surplus as shown on the books of the bank; provided that
 14 on that portion of any of such surplus which is over and
 15 above the amount represented by the stated capital of a
 16 bank, the excess shall be subject to thirty per centum (30%)
 17 of true and full value. The state department of revenue
 18 shall prepare, distribute and cause to be used such forms as
 19 it may require to obtain from the banks doing business in
 20 this state reports of such facts and figures as may be
 21 necessary to ascertain the taxable value of bank shares as a
 22 basis for the imposition of taxes."

-End-

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 1975, 19 _____, there is hereby submitted a Fiscal Note for House Bill 125 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 125 exempts moneys and credits from taxation.

ASSUMPTIONS:

1. Moneys and credits have averaged \$70,000,000 during the past several years and are not expected to change significantly during the biennium.
2. Taxable value of moneys and credits is 7% of assessed value under current law.
3. Six mills will be levied for universities in FY 76 and FY 77. As much as eight additional mills may be necessary in support of public school permissive levy in FY 77. Assume an average 219 mill levy for local government for FY 76 and FY 77.

REVENUE IMPACT:	FY 76 6 mills	FY 77 if 6 mill levy	FY 77 if 14 mill levy
State property tax collections	<u>\$ 29,400</u>	<u>\$ 29,400</u>	<u>\$ 68,600</u>
Local property tax collections - statewide	<u>\$1,073,100</u>	<u>\$1,073,100</u>	<u>\$1,073,100</u>

CONCLUSION:

House Bill 125 enactment would result in a revenue loss to the state of between \$58,800 and \$98,000 for the biennium. Statewide local government revenue losses would be approximately \$1,000,000 annually

TECHNICAL NOTES:

The words "moneys and credits" should be removed from lines 1 and 2, page 4. The bill exempts taxes on "moneys and credits".

Michael B. Billings

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 23, 1975

Approved by Committee
on Taxation

HOUSE BILL NO. 125

INTRODUCED BY YARDLEY, FAGG

(BY REQUEST OF DEPARTMENT OF REVENUE)

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT MONEYS AND
CREDITS FROM TAXATION BY AMENDING SECTIONS 84-202, 84-301
AND 84-306, R.C.M. 1947."

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

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

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

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

1 account of removal of legal disability.

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

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

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

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

24 (4) Moneys and credits are exempt from taxation."

25 SECTION 2. SECTION 84-301, R.C.M. 1947, IS AMENDED TO

1 READ AS FOLLOWS:

2 "84-301. Classification of property for taxation. For
 3 the purpose of taxation the taxable property in the state
 4 shall be classified as follows:

5 Class One. The annual net proceeds of all mines and
 6 mining claims, after deducting only the expenses specified
 7 and allowed by section 84-5403; also where the right to
 8 enter upon land, to explore or prospect, or dig for oil,
 9 gas, coal or mineral is reserved in land or received by
 10 mesne conveyance (exclusive of leasehold interests), devise
 11 or succession by any person or corporation, the surface
 12 title to which has passed to or remains in another, the
 13 state department of revenue shall determine the value of the
 14 right to enter upon said tract of land for the purpose of
 15 digging, exploring, or prospecting for gas, oil, coal or
 16 minerals, and the same shall be placed in this
 17 classification for the purpose of taxation.

18 Class Two. All agricultural and other tools, implements
 19 and machinery, gas and other engines and boilers, threshing
 20 machines and outfits used therewith, automobiles, motor
 21 trucks and other power-driven cars, vehicles of all kinds
 22 except mobile homes, boats and all watercraft, harness,
 23 saddlery and robes and except as provided in Class Five ~~(b)~~
 24 (a) of this section, all poles, lines, transformers,
 25 transformer stations, meters, tools, improvements, machinery

1 and other property used and owned by all persons, firms,
 2 corporations, and other organizations which are engaged in
 3 the business of furnishing telephone communications,
 4 exclusively to rural areas, or to rural areas and cities and
 5 towns provided that any such city or town has a population
 6 of eight hundred (800) persons or less; and provided
 7 further, that the average circuit miles for each station on
 8 the system is more than one and one-quarter (1 1/4) miles.

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

14 Class Four. (a) All land, town and city lots, with
 15 improvements, and all trailers affixed to land owned,
 16 leased, or under contract or purchase by the trailer owner,
 17 manufacturing and mining machinery, fixtures and supplies,
 18 except as otherwise provided by the constitution of Montana,
 19 and except as such property may be included in Class Five,
 20 Class Seven or Class Eight.

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

1 Class Five. ~~(a) All moneys and credits, secured or~~
 2 ~~unsecured, including all state, county, school district and~~
 3 ~~other municipal bonds, warrants and securities, without any~~
 4 ~~deduction or offset; provided, however, that the terms~~
 5 ~~"moneys and credits" as herein used shall not embrace the~~
 6 ~~moneyed capital employed in the banking business by any~~
 7 ~~banking corporation or individual in this state.~~

8 ~~(b) (a)~~ All poles, lines, transformers, transformer
 9 stations, meters, tools, improvements, machinery and other
 10 property used and owned by co-operative rural electrical and
 11 co-operative rural telephone associations organized under
 12 the laws of Montana except those within the incorporated
 13 limits of a city or town in which less than ninety-five per
 14 cent (95%) of the electric consumers and/or telephone users
 15 are served by a co-operative organization, and as to the
 16 property enumerated in this sub-section ~~(b)~~ within
 17 incorporated limits of a city or town in which less than
 18 ninety-five per cent (95%) of the electric consumers or
 19 users will be served by a co-operative organization, such
 20 property shall be put in Class Two.

21 ~~(c) (b)~~ All unprocessed agricultural products either
 22 on the farm or in storage, irrespective of whether said
 23 products are owned by the elevator, warehouse or flour mill
 24 owner or company storing the same, or any other person
 25 whomsoever, except all perishable fruits and vegetables in

1 farm storage and owned by the producer, and excepting
2 livestock and poultry and the unprocessed products of both.

3 ~~(d)~~--(c) The dwelling house, and the lot on which it
4 is erected, owned and occupied by any resident of the state,
5 who has been honorably discharged from active service in any
6 branch of the armed forces, who is rated one hundred per
7 cent (100%) disabled due to a service-connected disability
8 by the United States veterans administration or its
9 successors.

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

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

16 Class Seven. (a) All new industrial property. New
17 industrial property shall mean any new industrial plant,
18 including land, buildings, machinery and fixtures which, in
19 the determination of the state department of revenue, is
20 used by a new industry during the first three (3) years of
21 operation not having been assessed prior to July 1, 1961,
22 within the state of Montana. New industry shall mean any
23 person, corporation, firm, partnership, association, or
24 other group which establishes a new plant or plants in this
25 state for the operation of a new industrial endeavor, as

1 distinguished from a mere expansion, reorganization, or
2 merger of an existing industry or industries. Provided,
3 however, that new industrial property shall be limited to
4 industries that manufacture, mill, mine, produce, process or
5 fabricate materials, or do similar work in which capital and
6 labor are employed and in which materials unserviceable in
7 their natural state are extracted, processed or made fit for
8 use or are substantially altered or treated so as to create
9 commercial products or materials; and in no event shall the
10 term new industrial property be included to mean property
11 used by retail or wholesale merchants, commercial services
12 of any type, agriculture, trades or professions. And
13 provided further, that new industrial property shall not be
14 included to mean property which is used or employed in any
15 industrial plant which has been in operation in this state
16 for three (3) years or longer. Any person, corporation,
17 firm, partnership, association or other group seeking to
18 qualify its property for inclusion in this class shall make
19 application to the state department of revenue in such
20 manner and form as may be required by said department.

21 Class Eight. Any improvement on real property, trailers
22 affixed to land or mobile home belonging to any person who
23 qualifies under any one or more of the hereinafter set forth
24 categories, valued at not more than seventeen thousand five
25 hundred dollars (\$17,500), which is owned or under a

1 contract for deed, and which is actually occupied by:

2 (1) a widow sixty-two (62) years of age or older,

3 whether with or without minor dependent children, who

4 qualifies under the income limitations of (4), or

5 (2) a widower sixty-five (65) years of age or older,

6 whether with or without minor dependent children, who

7 qualifies under the income limitations of (4), or

8 (3) a widow with minor or dependent children

9 regardless of age, who qualifies under the income

10 limitations of (4), or

11 (4) a recipient of retirement benefits whose income

12 from all sources is not more than four thousand dollars

13 (\$4,000) for a single person and five thousand two hundred

14 dollars (\$5,200) for a married couple per annum. Provided,

15 further, that one who applies for classification of property

16 under this class must make an affidavit to the state

17 department of revenue on a form as may be provided by the

18 state department of revenue supplied without cost to the

19 applicant, as to his income, if applicable, as to his

20 retirement benefits, if applicable, or, as to his marital

21 status, if applicable, and to the fact that he or she

22 actually occupies such improvements with right of the county

23 welfare board to investigate the applicant, on the

24 completion of the form, as to answers given on the form.

25 Provided, further, that the value of said property shall not

1 increase during the life of the recipient of retirement

2 benefits or widow or widower covered under this class. For

3 purposes of the affidavit required for classification of

4 property under this class, it shall be sufficient if the

5 applicant signs a statement swearing to or affirming the

6 correctness of the information supplied, whether or not the

7 statement is signed before a person authorized to administer

8 oaths, and mails the application and statement to the

9 department of revenue. This signed statement shall be

10 treated as a statement under oath or equivalent affirmation

11 for purposes of section 94-7-203, R.C.M. 1947, relating to

12 the criminal offense of false swearing.

13 Class Nine. All property not included in the eight (8)

14 preceding classes."

15 Section 3. Section 84-308, R.C.M. 1947, is amended to

16 read as follows:

17 "84-308. Basis for imposition of taxes on moneys and

18 credits, moneyed capital and bank shares. As a basis for the

19 imposition of taxes upon the different classes of property

20 herein specified, a percentage of the true and full value of

21 each class shall be taken as follows:

22 ~~Moneys--and--credits, seven-per-centum-(7%)--of--true--and~~

23 ~~full--value.~~

24 Moneyed capital and shares of banks, both national and

25 state, thirty per centum (30%) of true and full value on

1 that portion of the true and full value not represented by
2 surplus, as shown on the books of the bank; seven per centum
3 (7%) on that portion of the true and full value represented
4 by surplus as shown on the books of the bank; provided that
5 on that portion of any of such surplus which is over and
6 above the amount represented by the stated capital of a
7 bank, the excess shall be subject to thirty per centum (30%)
8 of true and full value. The state department of revenue
9 shall prepare, distribute and cause to be used such forms as
10 it may require to obtain from the banks doing business in
11 this state reports of such facts and figures as may be
12 necessary to ascertain the taxable value of bank shares as a
13 basis for the imposition of taxes."

-End-

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INTRODUCED BY YARDLEY, FAGG

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

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

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

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

1 account of removal of legal disability.

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

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

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

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

24 (4) Moneys and credits are exempt from taxation."

25 SECTION 2. SECTION 84-301, R.C.M. 1947, IS AMENDED TO

1 READ AS FOLLOWS:

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 3 the purpose of taxation the taxable property in the state
 4 shall be classified as follows:

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 6 mining claims, after deducting only the expenses specified
 7 and allowed by section 84-5403; also where the right to
 8 enter upon land, to explore or prospect, or dig for oil,
 9 gas, coal or mineral is reserved in land or received by
 10 mesne conveyance (exclusive of leasehold interests), devise
 11 or succession by any person or corporation, the surface
 12 title to which has passed to or remains in another, the
 13 state department of revenue shall determine the value of the
 14 right to enter upon said tract of land for the purpose of
 15 digging, exploring, or prospecting for gas, oil, coal or
 16 minerals, and the same shall be placed in this
 17 classification for the purpose of taxation.

18 Class Two. All agricultural and other tools, implements
 19 and machinery, gas and other engines and boilers, threshing
 20 machines and outfits used therewith, automobiles, motor
 21 trucks and other power-driven cars, vehicles of all kinds
 22 except mobile homes, boats and all watercraft, harness,
 23 saddlery and robes and except as provided in Class Five (b)
 24 (a) of this section, all poles, lines, transformers,
 25 transformer stations, meters, tools, improvements, machinery

1 and other property used and owned by all persons, firms,
 2 corporations, and other organizations which are engaged in
 3 the business of furnishing telephone communications,
 4 exclusively to rural areas, or to rural areas and cities and
 5 towns provided that any such city or town has a population
 6 of eight hundred (800) persons or less; and provided
 7 further, that the average circuit miles for each station on
 8 the system is more than one and one-quarter (1 1/4) miles.

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

14 Class Four. (a) All land, town and city lots, with
 15 improvements, and all trailers affixed to land owned,
 16 leased, or under contract or purchase by the trailer owner,
 17 manufacturing and mining machinery, fixtures and supplies,
 18 except as otherwise provided by the constitution of Montana,
 19 and except as such property may be included in Class Five,
 20 Class Seven or Class Eight.

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

1 Class Five. ~~(a) All moneys and credits, secured or~~
 2 ~~unsecured, including all state, county, school district and~~
 3 ~~other municipal bonds, warrants and securities, without any~~
 4 ~~deduction or offset, provided, however, that the terms~~
 5 ~~"moneys and credits" as herein used shall not embrace the~~
 6 ~~moneyed capital employed in the banking business by any~~
 7 ~~banking corporation or individual in this state.~~

8 ~~(b) (a)~~ All poles, lines, transformers, transformer
 9 stations, meters, tools, improvements, machinery and other
 10 property used and owned by co-operative rural electrical and
 11 co-operative rural telephone associations organized under
 12 the laws of Montana except those within the incorporated
 13 limits of a city or town in which less than ninety-five per
 14 cent (95%) of the electric consumers and/or telephone users
 15 are served by a co-operative organization, and as to the
 16 property enumerated in this sub-section ~~(b)~~ within
 17 incorporated limits of a city or town in which less than
 18 ninety-five per cent (95%) of the electric consumers or
 19 users will be served by a co-operative organization, such
 20 property shall be put in Class Two.

21 ~~(c) (b)~~ All unprocessed agricultural products either
 22 on the farm or in storage, irrespective of whether said
 23 products are owned by the elevator, warehouse or flour mill
 24 owner or company storing the same, or any other person
 25 whomsoever, except all perishable fruits and vegetables in

1 farm storage and owned by the producer, and excepting
2 livestock and poultry and the unprocessed products of both.

3 ~~(d)~~--(c) The dwelling house, and the lot on which it
4 is erected, owned and occupied by any resident of the state,
5 who has been honorably discharged from active service in any
6 branch of the armed forces, who is rated one hundred per
7 cent (100%) disabled due to a service-connected disability
8 by the United States veterans administration or its
9 successors.

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

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

16 Class Seven. (a) All new industrial property. New
17 industrial property shall mean any new industrial plant,
18 including land, buildings, machinery and fixtures which, in
19 the determination of the state department of revenue, is
20 used by a new industry during the first three (3) years of
21 operation not having been assessed prior to July 1, 1961,
22 within the state of Montana. New industry shall mean any
23 person, corporation, firm, partnership, association, or
24 other group which establishes a new plant or plants in this
25 state for the operation of a new industrial endeavor, as

1 distinguished from a mere expansion, reorganization, or
2 merger of an existing industry or industries. Provided,
3 however, that new industrial property shall be limited to
4 industries that manufacture, mill, mine, produce, process or
5 fabricate materials, or do similar work in which capital and
6 labor are employed and in which materials unserviceable in
7 their natural state are extracted, processed or made fit for
8 use or are substantially altered or treated so as to create
9 commercial products or materials; and in no event shall the
10 term new industrial property be included to mean property
11 used by retail or wholesale merchants, commercial services
12 of any type, agriculture, trades or professions. And
13 provided further, that new industrial property shall not be
14 included to mean property which is used or employed in any
15 industrial plant which has been in operation in this state
16 for three (3) years or longer. Any person, corporation,
17 firm, partnership, association or other group seeking to
18 qualify its property for inclusion in this class shall make
19 application to the state department of revenue in such
20 manner and form as may be required by said department.

21 Class Eight. Any improvement on real property, trailers
22 affixed to land or mobile home belonging to any person who
23 qualifies under any one or more of the hereinafter set forth
24 categories, valued at not more than seventeen thousand five
25 hundred dollars (\$17,500), which is owned or under a

1 contract for deed, and which is actually occupied by:

2 (1) a widow sixty-two (62) years of age or older,

3 whether with or without minor dependent children, who

4 qualifies under the income limitations of (4), or

5 (2) a widower sixty-five (65) years of age or older,

6 whether with or without minor dependent children, who

7 qualifies under the income limitations of (4), or

8 (3) a widow with minor or dependent children

9 regardless of age, who qualifies under the income

10 limitations of (4), or

11 (4) a recipient of retirement benefits whose income

12 from all sources is not more than four thousand dollars

13 (\$4,000) for a single person and five thousand two hundred

14 dollars (\$5,200) for a married couple per annum. Provided,

15 further, that one who applies for classification of property

16 under this class must make an affidavit to the state

17 department of revenue on a form as may be provided by the

18 state department of revenue supplied without cost to the

19 applicant, as to his income, if applicable, as to his

20 retirement benefits, if applicable, or, as to his marital

21 status, if applicable, and to the fact that he or she

22 actually occupies such improvements with right of the county

23 welfare board to investigate the applicant, on the

24 completion of the form, as to answers given on the form.

25 Provided, further, that the value of said property shall not

1 increase during the life of the recipient of retirement

2 benefits or widow or widower covered under this class. For

3 purposes of the affidavit required for classification of

4 property under this class, it shall be sufficient if the

5 applicant signs a statement swearing to or affirming the

6 correctness of the information supplied, whether or not the

7 statement is signed before a person authorized to administer

8 oaths, and mails the application and statement to the

9 department of revenue. This signed statement shall be

10 treated as a statement under oath or equivalent affirmation

11 for purposes of section 94-7-203, R.C.M. 1947, relating to

12 the criminal offense of false swearing.

13 Class Nine. All property not included in the eight (8)

14 preceding classes."

15 Section 3. Section 84-308, R.C.M. 1947, is amended to

16 read as follows:

17 "84-308. Basis for imposition of taxes on moneys and

18 credits, moneyed capital and bank shares. As a basis for the

19 imposition of taxes upon the different classes of property

20 herein specified, a percentage of the true and full value of

21 each class shall be taken as follows:

22 ~~Moneys--and--credits--seven-per-centum--(7%)--of--true--and~~

23 ~~full--value~~

24 Moneyed capital and shares of banks, both national and

25 state, thirty per centum (30%) of true and full value on

1 that portion of the true and full value not represented by
2 surplus, as shown on the books of the bank; seven per centum
3 (7%) on that portion of the true and full value represented
4 by surplus as shown on the books of the bank; provided that
5 on that portion of any of such surplus which is over and
6 above the amount represented by the stated capital of a
7 bank, the excess shall be subject to thirty per centum (30%)
8 of true and full value. The state department of revenue
9 shall prepare, distribute and cause to be used such forms as
10 it may require to obtain from the banks doing business in
11 this state reports of such facts and figures as may be
12 necessary to ascertain the taxable value of bank shares as a
13 basis for the imposition of taxes."

-End-

March 11, 1975

SENATE COMMITTEE ON TAXATION

AMENDMENTS TO HOUSE BILL NO. 125

That House Bill No. 125, third reading, be amended as follows:

1. Amend page 10, section 3, lines 17 and 18.

Following: "on"

Strike: "moneys and credits,"

March 11, 1975

SENATE COMMITTEE ON TAXATION

AMENDMENTS TO HOUSE BILL NO. 125

That House Bill No. 125, third reading, be amended as follows:

1. Amend page 10, section 3, lines 17 and 18.

Following: "on"

Strike: "moneys and credits,"

1 HOUSE BILL NO. 125

2 INTRODUCED BY YARDLEY, FAGG

3 (BY REQUEST OF DEPARTMENT OF REVENUE)

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT MONEYS AND
6 CREDITS FROM TAXATION BY AMENDING SECTIONS 84-202, 84-301
7 AND 84-308, R.C.M. 1947."

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

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

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

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

1 account of removal of legal disability.

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

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

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

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

24 (4) Moneys and credits are exempt from taxation."

25 SECTION 2. SECTION 84-301, R.C.M. 1947, IS AMENDED TO

1 READ AS FOLLOWS:

2 "84-301. Classification of property for taxation. For
3 the purpose of taxation the taxable property in the state
4 shall be classified as follows:

5 Class One. The annual net proceeds of all mines and
6 mining claims, after deducting only the expenses specified
7 and allowed by section 34-5403; also where the right to
8 enter upon land, to explore or prospect, or dig for oil,
9 gas, coal or mineral is reserved in land or received by
10 mesne conveyance (exclusive of leasehold interests), devise
11 or succession by any person or corporation, the surface
12 title to which has passed to or remains in another, the
13 state department of revenue shall determine the value of the
14 right to enter upon said tract of land for the purpose of
15 digging, exploring, or prospecting for gas, oil, coal or
16 minerals, and the same shall be placed in this
17 classification for the purpose of taxation.

18 Class Two. All agricultural and other tools, implements
19 and machinery, gas and other engines and boilers, threshing
20 machines and outfits used therewith, automobiles, motor
21 trucks and other power-driven cars, vehicles of all kinds
22 except mobile homes, boats and all watercraft, harness,
23 saddlery and robes and except as provided in Class Five ~~(b)~~
24 (a) of this section, all poles, lines, transformers,
25 transformer stations, meters, tools, improvements, machinery

1 and other property used and owned by all persons, firms,
 2 corporations, and other organizations which are engaged in
 3 the business of furnishing telephone communications,
 4 exclusively to rural areas, or to rural areas and cities and
 5 towns provided that any such city or town has a population
 6 of eight hundred (800) persons or less; and provided
 7 further, that the average circuit miles for each station on
 8 the system is more than one and one-quarter (1 1/4) miles.

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

14 Class Four. (a) All land, town and city lots, with
 15 improvements, and all trailers affixed to land owned,
 16 leased, or under contract or purchase by the trailer owner,
 17 manufacturing and mining machinery, fixtures and supplies,
 18 except as otherwise provided by the constitution of Montana,
 19 and except as such property may be included in Class Five,
 20 Class Seven or Class Eight.

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

1 Class Five. ~~(a) All moneys and credits, secured or~~
 2 ~~unsecured, including all state, county, school district and~~
 3 ~~other municipal bonds, warrants and securities, without any~~
 4 ~~deduction or offset, provided, however, that the terms~~
 5 ~~"moneys and credits" as herein used shall not embrace the~~
 6 ~~moneyed capital employed in the banking business by any~~
 7 ~~banking corporation or individual in this state.~~

8 ~~(b) (a)~~ All poles, lines, transformers, transformer
 9 stations, meters, tools, improvements, machinery and other
 10 property used and owned by co-operative rural electrical and
 11 co-operative rural telephone associations organized under
 12 the laws of Montana except those within the incorporated
 13 limits of a city or town in which less than ninety-five per
 14 cent (95%) of the electric consumers and/or telephone users
 15 are served by a co-operative organization, and as to the
 16 property enumerated in this sub-section ~~(b)~~ within
 17 incorporated limits of a city or town in which less than
 18 ninety-five per cent (95%) of the electric consumers or
 19 users will be served by a co-operative organization, such
 20 property shall be put in Class Two.

21 ~~(c) (b)~~ All unprocessed agricultural products either
 22 on the farm or in storage, irrespective of whether said
 23 products are owned by the elevator, warehouse or flour mill
 24 owner or company storing the same, or any other person
 25 whomsoever, except all perishable fruits and vegetables in

1 farm storage and owned by the producer, and excepting
 2 livestock and poultry and the unprocessed products of both.
 3 ~~(d)~~--(c) The dwelling house, and the lot on which it
 4 is erected, owned and occupied by any resident of the state,
 5 who has been honorably discharged from active service in any
 6 branch of the armed forces, who is rated one hundred per
 7 cent (100%) disabled due to a service-connected disability
 8 by the United States veterans administration or its
 9 successors.

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

14 Class Six. Property formerly included in this class is
 15 now classified by section 84-303, R.C.M. 1947.

16 Class Seven. (a) All new industrial property. New
 17 industrial property shall mean any new industrial plant,
 18 including land, buildings, machinery and fixtures which, in
 19 the determination of the state department of revenue, is
 20 used by a new industry during the first three (3) years of
 21 operation not having been assessed prior to July 1, 1961,
 22 within the state of Montana. New industry shall mean any
 23 person, corporation, firm, partnership, association, or
 24 other group which establishes a new plant or plants in this
 25 state for the operation of a new industrial endeavor, as

1 distinguished from a mere expansion, reorganization, or
 2 merger of an existing industry or industries. Provided,
 3 however, that new industrial property shall be limited to
 4 industries that manufacture, mill, mine, produce, process or
 5 fabricate materials, or do similar work in which capital and
 6 labor are employed and in which materials unserviceable in
 7 their natural state are extracted, processed or made fit for
 8 use or are substantially altered or treated so as to create
 9 commercial products or materials; and in no event shall the
 10 term new industrial property be included to mean property
 11 used by retail or wholesale merchants, commercial services
 12 of any type, agriculture, trades or professions. And
 13 provided further, that new industrial property shall not be
 14 included to mean property which is used or employed in any
 15 industrial plant which has been in operation in this state
 16 for three (3) years or longer. Any person, corporation,
 17 firm, partnership, association or other group seeking to
 18 qualify its property for inclusion in this class shall make
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12 from all sources is not more than four thousand dollars
13 (\$4,000) for a single person and five thousand two hundred
14 dollars (\$5,200) for a married couple per annum. Provided,
15 further, that one who applies for classification of property
16 under this class must make an affidavit to the state
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22 actually occupies such improvements with right of the county
23 welfare board to investigate the applicant, on the
24 completion of the form, as to answers given on the form.
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21 each class shall be taken as follows:

22 ~~Moneys-and-credits, seven-per-centum-(7%) of--true--and~~
23 ~~full-value.~~

24 Moneyed capital and shares of banks, both national and
25 state, thirty per centum (30%) of true and full value on

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-End-