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House BILL NO. *144*

INTRODUCED BY *Johnson, Ellis, Palmer, Ch. Federico, Long, Mansueti, Bangston, Mular, Brand, Holmes, Kemmis, Kline*
A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION *Salomon*
84-202, R.C.M. 1947, TO EXEMPT FROM TAXATION PROPERTY USED
FOR RELIGIOUS AND RELATED PURPOSES."

Harper, Menahan, Helmbrecht

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, buildings and the lands reasonably necessary for the use of such buildings, and furnishings therein owned by a church which are used for religious purposes or for the usual and normal activities directly related to such religious purposes, residences of the clergy together with the land they occupy, 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

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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

1 the United States as pension, compensation, insurance,
 2 adjusted compensation, or gratuity, shall be exempt from all
 3 taxation as property of the United States while held by the
 4 guardian, but not after title passes to the veteran or minor
 5 in his or her own right on account of removal of legal
 6 disability.

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

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

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

24 Any person, corporation, firm, partnership,
 25 association, or other group seeking to qualify its property

1 for inclusion in this class shall make application to the
 2 state department of revenue in such manner or form as may be
 3 required by the department."

-End-

FISCAL NOTE

Form BD-15

In compliance with a written request received Jan. 20, 19 75, there is hereby submitted a Fiscal Note for House Bill 144 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 141 exempts from taxation property used for religious and related purposes.

ASSUMPTIONS:

1. Assessors currently distinguish between church property used for religious and non-religious purposes for property tax purposes. Therefore, the impact of House Bill 144 is essentially identical to that of House Bill 18 - parsonages will be tax exempt.
2. Taxable value of parsonages in the state is \$1,664,474 and is not expected to significantly change in FY76 and FY77.
3. The local mill levy is 219 mills.
4. Six mills will be levied for universities in FY76 and FY77. As much as an additional 8 mills may be necessary for support of the public school permissive levy in FY77.

FISCAL IMPACT:

<u>Revenue Impact</u>	<u>FY76</u>	<u>FY77 (6 mill state levy)</u>	<u>FY77 (14 mill state levy)</u>
Decrease in state tax collection	\$ 9,987	\$ 9,987	\$ 23,300
Decrease in statewide local tax collections	364,520	364,520	364,520

CONCLUSION:

Enactment of House Bill 144 would result in a state revenue loss of approximately \$20,000-\$33,000 and \$729,000 to all local governments during the biennium.

TECHNICAL NOTE:

Section 1 subsection 3 (line 12 to end pages 3 & 4) was deleted by Chapter 376, Laws of 1974. If the intent is to include Section 1 (3) as an amendment to this bill, the title should reflect the section and it should be underlined.

Michael B. Pulling

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 24, 1975

Approved by Committee
on Taxation

HOUSE BILL NO. 144

INTRODUCED BY JOHNSON, ELLIS, PALMER, FEDERICO, LORY,
DUSSAULT, BENGTON, MULAR, BRAND, HOLMES, HALVORSON, KEMMIS,
KIMBLE, HARPER, MENAHAN, HELMBRECHT

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
84-202, R.C.M. 1947, TO EXEMPT FROM TAXATION PROPERTY USED
FOR RELIGIOUS AND RELATED PURPOSES."

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,
buildings and the lands reasonably necessary for the use of
such buildings, and furnishings therein owned by a church
which are used for religious purposes or for the usual and
normal activities directly related to such religious
purposes, residences of the clergy together with the land
they occupy, WITH LAND THEY OCCUPY AND FURNISHINGS THEREIN
OWNED BY A CHURCH USED FOR RELIGIOUS PURPOSES AND FOR THE
USUAL AND NORMAL NONPROFIT ACTIVITIES DIRECTLY RELATED TO
SUCH RELIGIOUS PURPOSES AND FOR RESIDENCES OF THE PRIESTS OR
MINISTERS, TOGETHER WITH ADJACENT LAND REASONABLY NECESSARY

FOR CONVENIENT USE OF SUCH BUILDINGS, 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

1 States, is used exclusively for educational, fraternal,
 2 benevolent or purely public charitable purposes, rather than
 3 for gain or profit, together with the library and furniture
 4 necessarily used in any such building, and all property,
 5 real or personal, in the possession of legal guardians of
 6 incompetent veterans of the World War or minor dependents of
 7 such veterans, where such property is funds or derived from
 8 funds received from the United States as pension,
 9 compensation, insurance, adjusted compensation, or gratuity,
 10 shall be exempt from all taxation as property of the United
 11 States while held by the guardian, but not after title
 12 passes to the veteran or minor in his or her own right on
 13 account of removal of legal disability.

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

19 (3) Freeport merchandise shall be exempt from
 20 taxation. Freeport merchandise means those stocks of
 21 merchandise manufactured or produced outside this state
 22 which are in transit through this state and consigned to a
 23 warehouse or other storage facility, public or private,
 24 within this state, for storage in transit prior to shipment
 25 to a final destination outside the state, and which have

1 acquired a taxable situs within the state.

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

6 Any person, corporation, firm, partnership,
 7 association, or other group seeking to qualify its property
 8 for inclusion in this class shall make application to the
 9 state department of revenue in such manner or form as may be
 10 required by the department."

-End-

HOUSE BILL NO. 144

INTRODUCED BY JOHNSON, ELLIS, PALMER, FEDERICO, LORY,
DUSSAULT, BENGTON, MULAR, BRAND, HOLMES, HALVORSON, KEMMIS,
KIMBLE, HARPER, MENAHAN, HELMBRECHT

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~~such buildings, and furnishings therein owned by a church~~
~~which are used for religious purposes or for the usual and~~
~~normal activities directly related to such religious~~
~~purposes, residences of the clergy together with the land~~
~~they occupy~~ WITH LAND THEY OCCUPY AND FURNISHINGS THEREIN
OWNED BY A CHURCH USED FOR RELIGIOUS PURPOSES AND FOR THE
USUAL AND NORMAL NONPROFIT ACTIVITIES DIRECTLY RELATED TO
SUCH RELIGIOUS PURPOSES AND FOR RESIDENCES OF THE PRIESTS OR
MINISTERS, TOGETHER WITH ADJACENT LAND REASONABLY NECESSARY

FOR CONVENIENT USE OF SUCH BUILDINGS, 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

1 States, is used exclusively for educational, fraternal,
 2 benevolent or purely public charitable purposes, rather than
 3 for gain or profit, together with the library and furniture
 4 necessarily used in any such building, and all property,
 5 real or personal, in the possession of legal guardians of
 6 incompetent veterans of the World War or minor dependents of
 7 such veterans, where such property is funds or derived from
 8 funds received from the United States as pension,
 9 compensation, insurance, adjusted compensation, or gratuity,
 10 shall be exempt from all taxation as property of the United
 11 States while held by the guardian, but not after title
 12 passes to the veteran or minor in his or her own right on
 13 account of removal of legal disability.

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

19 (3) Freeport merchandise shall be exempt from
 20 taxation. Freeport merchandise means those stocks of
 21 merchandise manufactured or produced outside this state
 22 which are in transit through this state and consigned to a
 23 warehouse or other storage facility, public or private,
 24 within this state, for storage in transit prior to shipment
 25 to a final destination outside the state, and which have

1 acquired a taxable situs within the state.

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

6 Any person, corporation, firm, partnership,
 7 association, or other group seeking to qualify its property
 8 for inclusion in this class shall make application to the
 9 state department of revenue in such manner or form as may be
 10 required by the department."

-End-

March 18, 1975

SENATE COMMITTEE ON TAXATION
AMENDMENTS TO HOUSE BILL NO. 144

That House Bill No. 144, third reading, be amended as follows:

1. Amend page 1, section 1, line 13.
Following: "(1)"
Insert: "(a)"
2. Amend page 2, section 1, lines 1 through 2 and 3.
Following: "BUILDINGS,"
Strike: "all unprocessed, perishable fruits and vegetables in farm storage and owned by the producer,"
3. Amend page 2, section 1, line 13.
Following: "exempt"
Strike: "; provided,"
Insert: ". (b) As used in this subsection,"
4. Amend page 2, section 1, line 14.
Following: "charity""
Strike: "as used in this act"
5. Amend page 2, section 1, line 17.
Following: "profit;"
Strike: "provided, that"
Insert: "and"
6. Amend page 2, section 1, line 17.
Following: "terms"
Strike: "public"
Insert: ""public"
7. Amend page 2, section 1, line 18.
Following: "observatories"
Strike: "used in this act"
Insert: " " "
8. Amend page 2, section 1, line 22.
Following: "only"
Strike: ", and also when"
Insert: ". (2) When"
Renumber: All subsequent subsections
9. Amend page 3, section 1, line 4.
Following: "building,"
Insert: "such property is exempt from taxation,"
10. Amend page 4, section 1, line 10.
Following: line 10
Insert: "(5) All unprocessed, perishable fruits and vegetables in farm storage and owned by the producer are exempt from taxation."

HOUSE BILL NO. 144

INTRODUCED BY JOHNSON, ELLIS, PALMER, FEDERICO, LORY,
DUSSAULT, BENGTSON, MULAR, BRAND, HOLMES, HALVORSON, KEMMIS,
KIMBLE, HARPER, MENAHAN, HELMBRECHT

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Section 1. Section 84-202, R.C.M. 1947, is amended to
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property of the United States, the state, counties, cities,
towns, school districts, municipal corporations, public
libraries, ~~buildings and the lands reasonably necessary for
the use of such buildings, and furnishings therein owned by
a church which are used for religious purposes or for the
usual and normal activities directly related to such
religious purposes, residences of the clergy together with
the land they occupy, with land they occupy and furnishings
therein owned by a church and used for actual religious
purposes and for the usual and normal non-profit activities
directly related to such religious purposes~~ WORSHIP AND FOR
RESIDENCES OF THE ~~PREBTS OR MINISTERS~~ CLERGY, TOGETHER WITH

ADJACENT LAND REASONABLY NECESSARY FOR CONVENIENT USE OF
SUCH BUILDINGS OWNED BY A CHURCH, ~~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,~~

(B) AS USED IN THIS SUBSECTION, 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~~ AND the terms
public "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
else-when.~~

1 (2) WHEN a clubhouse or building erected by or
 2 belonging to any society or organization of honorably
 3 discharged United States soldiers, sailors or marines who
 4 served in army or navy of United States, is used exclusively
 5 for educational, fraternal, benevolent or purely public
 6 charitable purposes, rather than for gain or profit,
 7 together with the library and furniture necessarily used in
 8 any such building, SUCH PROPERTY IS EXEMPT FROM TAXATION,
 9 and all property, real or personal, in the possession of
 10 legal guardians of incompetent veterans of the World War or
 11 minor dependents of such veterans, where such property is
 12 funds or derived from funds received from the United States
 13 as pension, compensation, insurance, adjusted compensation,
 14 or gratuity, shall be exempt from all taxation as property
 15 of the United States while held by the guardian, but not
 16 after title passes to the veteran or minor in his or her own
 17 right on account of removal of legal disability.

18 ~~(2)~~ (3) All household goods and furniture, including
 19 clocks, musical instruments, sewing machines, wearing
 20 apparel of members of the family actually used by the owner
 21 for personal and domestic purposes, or for furnishing or
 22 equipping the family residence are exempt from taxation.

23 ~~(3)~~ (4) Freeport merchandise shall be exempt from
 24 taxation. Freeport merchandise means those stocks of
 25 merchandise manufactured or produced outside this state

1 which are in transit through this state and consigned to a
 2 warehouse or other storage facility, public or private,
 3 within this state, for storage in transit prior to shipment
 4 to a final destination outside the state, and which have
 5 acquired a taxable situs within the state.

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

10 Any person, corporation, firm, partnership,
 11 association, or other group seeking to qualify its property
 12 for inclusion in this class shall make application to the
 13 state department of revenue in such manner or form as may be
 14 required by the department.

15 (5) ALL UNPROCESSED, PERISHABLE FRUITS AND VEGETABLES
 16 IN FARM STORAGE AND OWNED BY THE PRODUCER ARE EXEMPT FROM
 17 TAXATION."

-End-