

House BILL NO. *325* *Johnston Lynch*
 INTRODUCED BY *William Lynn Kummel*
 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
 84-301, R.C.M. 1947, TO INCLUDE SPRINKLER IRRIGATION SYSTEMS
 IN CLASS SEVEN."
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INTRODUCED BY *William Lynn Kummel*
Frank Rogers
Benjamin Hager
James Anderson
David

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enter upon land, to explore or prospect, or dig for oil,
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right to enter upon said tract of land for the purpose of
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classification for the purpose of taxation.

Class Two. All agricultural and other tools, implements
and machinery, gas and other engines and boilers, threshing
machines and outfits used therewith, automobiles, motor
trucks and other power-driven cars, vehicles of all kinds
except mobile homes, boats and all watercraft, harness,
saddlery and robes and except as provided in Class Five (b)
of this section, all poles, lines, transformers, transformer
stations, meters, tools, improvements, machinery and other
property used and owned by all persons, firms, corporations,
and other organizations which are engaged in the business of
furnishing telephone communications, exclusively to rural
areas, or to rural areas and cities and towns provided that
any such city or town has a population of eight hundred
(800) persons or less; and provided further, that the
average circuit miles for each station on the system is more
than one and one-quarter (1 1/4) miles.

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

Class Four. (a) All land, town and city lots, with
improvements, and all trailers affixed to land owned,
leased, or under contract or purchase by the trailer owner,

1 manufacturing and mining machinery, fixtures and supplies,
2 except as otherwise provided by the constitution of Montana,
3 and except as such property may be included in Class Five,
4 Class Seven or Class Eight.

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

10 Class Five. (a) All moneys and credits, secured or
11 unsecured, including all state, county, school district and
12 other municipal bonds, warrants and securities, without any
13 deduction or offset; provided, however, that the terms
14 "moneys and credits" as herein used shall not embrace the
15 moneyed capital employed in the banking business by any
16 banking corporation or individual in this state.

17 (b) All poles, lines, transformers, transformer
18 stations, meters, tools, improvements, machinery and other
19 property used and owned by co-operative rural electrical and
20 co-operative rural telephone associations organized under
21 the laws of Montana except those within the incorporated
22 limits of a city or town in which less than ninety-five per
23 cent (95%) of the electric consumers and/or telephone users
24 are served by a co-operative organization, and as to the
25 property enumerated in this sub-section (b) within

1 incorporated limits of a city or town in which less than
2 ninety-five per cent (95%) of the electric consumers or
3 users will be served by a co-operative organization, such
4 property shall be put in Class Two.

5 (c) All unprocessed agricultural products either on the
6 farm or in storage, irrespective of whether said products
7 are owned by the elevator, warehouse or flour mill owner or
8 company storing the same, or any other person whomsoever,
9 except all perishable fruits and vegetables in farm storage
10 and owned by the producer, and excepting livestock and
11 poultry and the unprocessed products of both.

12 (d) The dwelling house, and the lot on which it is
13 erected, owned and occupied by any resident of the state,
14 who has been honorably discharged from active service in any
15 branch of the armed forces, who is rated one hundred per
16 cent (100%) disabled due to a service-connected disability
17 by the United States veterans administration or its
18 successors.

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

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

25 Class Seven. (a) All new industrial property. New

1 industrial property shall mean any new industrial plant,
 2 including land, buildings, machinery and fixtures which, in
 3 the determination of the state department of revenue, is
 4 used by a new industry during the first three (3) years of
 5 operation not having been assessed prior to July 1, 1961,
 6 within the state of Montana. New industry shall mean any
 7 person, corporation, firm, partnership, association, or
 8 other group which establishes a new plant or plants in this
 9 state for the operation of a new industrial endeavor, as
 10 distinguished from a mere expansion, reorganization, or
 11 merger of an existing industry or industries. Provided,
 12 however, that new industrial property shall be limited to
 13 industries that manufacture, mill, mine, produce, process or
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 15 labor are employed and in which materials unserviceable in
 16 their natural state are extracted, processed or made fit for
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 21 of any type, agriculture, trades or professions. And
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 23 included to mean property which is used or employed in any
 24 industrial plant which has been in operation in this state
 25 for three (3) years or longer. Any person, corporation,

1 firm, partnership, association or other group seeking to
 2 qualify its property for inclusion in this class shall make
 3 application to the state department of revenue in such
 4 manner and form as may be required by said department.

5 (b) All sprinkler irrigation systems; including all
 6 pipes, hoses, rollers, spray attachments, connectors, pumps
 7 and other items integral to the functioning of a sprinkler
 8 irrigation system from the irrigation line that provides
 9 water for a sprinkler system.

10 Class Eight. Any improvement on real property, trailers
 11 affixed to land or mobile home belonging to any person who
 12 qualifies under any one or more of the hereinafter set forth
 13 categories, valued at not more than seventeen thousand five
 14 hundred dollars (\$17,500), which is owned or under a
 15 contract for deed, and which is actually occupied by:

16 (1) a widow sixty-two (62) years of age or older,
 17 whether with or without minor dependent children, who
 18 qualifies under the income limitations of (4), or

19 (2) a widower sixty-five (65) years of age or older,
 20 whether with or without minor dependent children, who
 21 qualifies under the income limitations of (4), or

22 (3) a widow with minor or dependent children
 23 regardless of age, who qualifies under the income
 24 limitations of (4), or

25 (4) a recipient of retirement benefits whose income

1 from all sources is not more than four thousand dollars
 2 (\$4,000) for a single person and five thousand two hundred
 3 dollars (\$5,200) for a married couple per annum. Provided,
 4 further, that one who applies for classification of property
 5 under this class must make an affidavit to the state
 6 department of revenue on a form as may be provided by the
 7 state department of revenue supplied without cost to the
 8 applicant, as to his income, if applicable, as to his
 9 retirement benefits, if applicable, or, as to his marital
 10 status, if applicable, and to the fact that he or she
 11 actually occupies such improvements with right of the county
 12 welfare board to investigate the applicant, on the
 13 completion of the form, as to answers given on the form.
 14 Provided, further, that the value of said property shall not
 15 increase during the life of the recipient of retirement
 16 benefits or widow or widower covered under this class. For
 17 purposes of the affidavit required for classification of
 18 property under this class, it shall be sufficient if the
 19 applicant signs a statement swearing to or affirming the
 20 correctness of the information supplied, whether or not the
 21 statement is signed before a person authorized to administer
 22 oaths, and mails the application and statement to the
 23 department of revenue. This signed statement shall be
 24 treated as a statement under oath or equivalent affirmation
 25 for purposes of section 94-7-203, R.C.M. 1947, relating to

1 the criminal offense of false swearing.

2 Class Nine. All property not included in the eight (8)
 3 preceding classes."

-End-

STATE OF MONTANA

REQUEST NO. 117-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 29, 19 75, there is hereby submitted a Fiscal Note for House Bill 325 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to include sprinkler irrigation systems in Class seven rather than Class two for property tax purposes, which would result in a taxable value of 7% of assessed value rather than 20%.

ASSUMPTIONS:

1. Irrigation systems represent no more than 10% of farm machinery, an estimated assessed value of \$14,100,000.
2. Irrigation systems are located in rural areas with an average mill levy of 175 mills.
3. Six mills will be levied for universities in FY 76 and FY 77. As high as eight mills may be necessary in support of public school permissive levy in FY 77.

FISCAL IMPACT:

	FY 76 (6 mill levy)	FY 77 (if 6 mill levy)	FY 77 (if 14 mill levy)
Estimated property tax collections on affected property under current law	\$ 16,930	\$ 16,930	\$ 39,504
Collections under proposed law	<u>5,926</u>	<u>5,926</u>	<u>13,827</u>
Decrease in state property tax collections	<u>\$ 11,004</u>	<u>\$ 11,004</u>	<u>\$ 25,677</u>

LOCAL IMPACT:

Loss of revenue to local government would be approximately \$321,000 annually (loss of \$1.834 million in taxable value at 175 mills).

CONCLUSION:

Enactment of House Bill 325 would result in a state revenue loss of approximately \$22,000 to \$37,000 and a local government revenue loss of \$642,000 during the biennium.

NOTE: The fiscal note for House Bill 90 (an act to exempt sprinkler irrigation systems from property taxation) showed a tax loss of approximately one half of the loss shown for House Bill 325. A revised estimate of the assessed value of sprinkler irrigation systems has since been made by the Department of Revenue. The higher revised value was used for this fiscal note.

Michael B. Bellings

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 3, 1975

Approved by Committee
on Taxation

HOUSE BILL NO. 325

INTRODUCED BY WILLIAMS, LIEN, KUMMERFELDT, JOHNSTON, LYNCH,
GERKE, FAGG, AAGESON, CASEY, HALVORSON, BENGTSON, HAGER,
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 13 DURING THE FIRST THREE (3) YEARS OF USE. ANY PERSON,
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 16 SHALL MAKE APPLICATION TO THE STATE DEPARTMENT OF REVENUE IN
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3 whether with or without minor dependent children, who
4 qualifies under the income limitations of (4), or

5 (3) a widow with minor or dependent children
6 regardless of age, who qualifies under the income
7 limitations of (4), or

8 (4) a recipient of retirement benefits whose income
9 from all sources is not more than four thousand dollars
10 (\$4,000) for a single person and five thousand two hundred
11 dollars (\$5,200) for a married couple per annum. Provided,
12 further, that one who applies for classification of property
13 under this class must make an affidavit to the state
14 department of revenue on a form as may be provided by the
15 state department of revenue supplied without cost to the
16 applicant, as to his income, if applicable, as to his
17 retirement benefits, if applicable, or, as to his marital
18 status, if applicable, and to the fact that he or she
19 actually occupies such improvements with right of the county
20 welfare board to investigate the applicant, on the
21 completion of the form, as to answers given on the form.
22 Provided, further, that the value of said property shall not
23 increase during the life of the recipient of retirement
24 benefits or widow or widower covered under this class. For
25 purposes of the affidavit required for classification of

1 property under this class, it shall be sufficient if the
2 applicant signs a statement swearing to or affirming the
3 correctness of the information supplied, whether or not the
4 statement is signed before a person authorized to administer
5 oaths, and mails the application and statement to the
6 department of revenue. This signed statement shall be
7 treated as a statement under oath or equivalent affirmation
8 for purposes of section 94-7-203, R.C.M. 1947, relating to
9 the criminal offense of false swearing.

10 Class Nine. All property not included in the eight (8)
11 preceding classes."

-End-