

1 *House* BILL NO. *488*  
 2 INTRODUCED BY *Salisbury - by request Dept. Revenue*  
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION  
 5 84-437.2, R.C.M. 1947, TO DEFINE AGRICULTURAL LANDS."  
 6

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

8 Section 1. Section 84-437.2, R.C.M. 1947, is amended  
 9 to read as follows:

10 "84-437.2. Eligibility of land for valuation as  
 11 agricultural. Land which is actively devoted to agricultural  
 12 use and is part of a bona fide farm or ranch unit shall be  
 13 eligible for valuation, assessment and taxation as herein  
 14 provided each year it meets ~~any--of~~ the following  
 15 qualifications:

16 (1) ~~It is being actively devoted to agriculture or--it~~  
 17 ~~has been historically devoted to agricultural use and it has~~  
 18 ~~been valued and assessed as agricultural land for the~~  
 19 ~~taxable years 1971, 1972 and 1973 has been actively devoted~~  
 20 to agriculture during the last growing season and it  
 21 continues to be actively devoted to agricultural use which  
 22 means:

23 (a) It is used to produce field crops including, but  
 24 not limited to, grains, feed crops, fruits, vegetables; or

25 (b) It is used for grazing; or

1 (c) It is in a crop-land retirement program; ~~or~~ and

2 (2) The area of such land is not less than ~~five--(5)~~  
 3 ten (10) contiguous acres when measured in accordance with  
 4 the provisions of section ~~87--(84-437.6)~~, when the gross  
 5 value of grazing or field crops produced for sale or home  
 6 consumption thereon together with any payments received  
 7 under a crop-land retirement program totals at least ~~one~~  
 8 thousand--(\$1,000) two thousand dollars (\$2,000) per year; or

9 (3) It agriculturally produces for sale or home  
 10 consumption the equivalent of ~~fifteen-percent-(15%)~~ twenty  
 11 percent (20%) or more of the owners' annual gross income  
 12 regardless of the number of contiguous acres in the  
 13 ownership.

14 (4) Land shall not be classified or valued as  
 15 agricultural if it is subdivided with stated restrictions  
 16 prohibiting its use for agricultural purposes or if utility  
 17 lines or division roads have been constructed to the  
 18 individual tracts prior to filing of the subdivision plat.

19 (5) The grazing of land by a pleasure horse or pony or  
 20 occasional limited grazing of other animals or other minimal  
 21 or incidental farm practices shall not be considered to be  
 22 bona fide agricultural operations."

-End-

*HB 488*

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STATE OF MONTANA

REQUEST NO. 211-75

FISCAL NOTE

Form BD-15

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In compliance with a written request received February 11, 19 75, there is hereby submitted a Fiscal Note for House Bill 488 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.

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**DESCRIPTION OF PROPOSED LEGISLATION:**

House Bill 488 provides more stringent eligibility requirements for agricultural lands.

**CONCLUSION:**

House Bill 488 will not affect revenue or expenditures. It was requested by the Department of Revenue to provide statutory foundation for current classification procedures.

  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 17, 1975

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Approved by Committee  
on Taxation

HOUSE BILL NO. 488

INTRODUCED BY HALVORSON

(BY REQUEST OF DEPARTMENT OF REVENUE)

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION  
84-437.2, R.C.M. 1947, TO DEFINE AGRICULTURAL LANDS."

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

Section 1. Section 84-437.2, R.C.M. 1947, is amended  
to read as follows:

"84-437.2. Eligibility of land for valuation as  
agricultural. Land which is actively devoted to agricultural  
use and is part of a bona fide farm or ranch unit shall be  
eligible for valuation, assessment and taxation as herein  
provided each year it meets ~~any-of~~ the following  
qualifications:

(1) ~~It is being actively devoted to agriculture or it  
has been historically devoted to agricultural use and it has  
been valued and assessed as agricultural land for the  
taxable years 1971, 1972 and 1973 has been actively devoted  
to agriculture during the last growing season and it  
continues to be actively devoted to agricultural use which  
means:~~

(a) It is used to produce field crops including, but  
not limited to, grains, feed crops, fruits, vegetables; or

(b) It is used for grazing; or

(c) It is in a crop-land retirement program; ~~or~~ and

~~(2) The~~ THE area of such land is not less than ~~five~~  
~~(5) ten~~ (10) contiguous acres when measured in accordance  
with the provisions of section ~~87-184-437.6~~ when the gross  
value of grazing or field crops produced for sale or home  
consumption thereon together with any payments received  
under a crop-land retirement program totals at least one  
thousand ~~(\$1,000) two thousand dollars~~ ~~(\$2,000)~~ per year; or

~~(3) (2)~~ It agriculturally produces for sale or home  
consumption the equivalent of ~~fifteen percent~~ ~~(15%)~~ twenty  
percent (20%) or more of the owners' annual gross income  
regardless of the number of contiguous acres in the  
ownership.

~~(4) (3)~~ Land shall not be classified or valued as  
agricultural if it is subdivided with stated restrictions  
prohibiting its use for agricultural purposes or if utility  
lines or division roads have been constructed to the  
individual tracts prior to filing of the subdivision plat.

~~(5) (4)~~ The grazing of land by a pleasure horse or  
pony or occasional limited grazing of other animals or other  
minimal or incidental farm practices shall not be considered  
to be bona fide agricultural operations."

-End-

THIRD READING

MISSING

March 25, 1975

SENATE COMMITTEE ON TAXATION

AMENDMENTS TO HOUSE BILL NO. 488

That House Bill No. 488, third reading, be amended as follows:

1. Amend title, line 5.  
Following: "AMENDING"  
Strike: "SECTION"  
Insert: "sections"
2. Amend title, line 6.  
Following: "84-437.2"  
Insert: "and 84-437.6"
3. Amend page 1, section 1, line 13.  
Following: "use"  
Strike: "and is part of a bona fide farm or ranch unit"
4. Amend page 1, section 1, line 15  
Following: "meets"  
Insert: "either of"
5. Amend page 2, section 1, line 4.  
Following: "{5}"  
Strike: "ten (10)"  
Insert: "five (5)"
6. Amend page 2, section 1, lines 11 and 12.  
Following: "of"  
Strike: "twenty percent (20%)"  
Insert: "fifteen percent (15%)"
7. Amend page 2, section 1, line 17 through lines 18 and 19.  
Following: "purposes"  
Strike: "or if utility lines or division roads have been constructed to the individual tracts prior to filing of the subdivision plat"
8. Amend page 2, section 1, line 20.  
Following: "grazing"  
Strike: "of"  
Insert: "on"
9. Amend page 2, section 1, line 20.  
Following: "by a"  
Strike: "pleasure"

10. Amend page 2, section 1, line 21 and 22.  
Following: line 20  
Strike: "pony or occasional limited grazing of other animals or other minimal or incidental farm practices"  
Insert: "other animals kept as a hobby and not as a part of a bona fide agricultural enterprise"
11. Amend page 2, section 1, line 23. <sup>1</sup>  
Following: line 22  
Strike: "to be"  
Insert: "a"
12. Amend page 2, section 1, line 23.  
Following: "agricultural"  
Strike: "operations"  
Insert: "operation "
13. Amend page 2, section 1, line 23.  
Following: line 23  
Insert: "Section 2. Section 84-437.6, R.C.M. 1947, is amended to read as follows:  
"84-437.6. Improvements on agricultural land. In determining the total area of land actively devoted to agricultural use there shall be included the area of all land under barns, sheds, silos, cribs, greenhouses and like structures, lakes, dams, ponds, streams, irrigation ditches and like facilities, ~~but land under and such additional land as may be actually used in connection with the farmhouse shall be excluded in determining such total area.~~ " "

April 3, 1975

SENATE COMMITTEE ON TAXATION  
AMENDMENTS TO HOUSE BILL NO. 488

That House Bill No. 488, be amended as follows:

Amend Senate Committee on Taxation Amendments dated March 25, 1975,  
as follows:

1. Amend amendment No. 5.

Strike: amendment No. 5 in its entirety

and amend House Bill No. 488 third reading, as follows:

2. Amend page 1, section 1, line 12.

Following: "agricultural."

Insert: "(1)"

3. Amend page 1, section 1, line 17.

Following: line 16

Strike: "(1) It"

Insert: "(a) The area of such land is not less than five (5)  
contiguous acres when measured in accordance with provisions  
of section 84-437.6, R.C.M. 1947, and it"

4. Amend page 1, section 1, line 24.

Strike: "(a) It"

Insert: "(i) it"

5. Amend page 2, section 1, line 1.

Strike: "(b) It"

Insert: "(ii) it"

6. Amend page 2, section 1, line 2.

Strike: "(c) It"

Insert: "(iii) it"

7. Amend page 2, section 1, line 3.

Following: line 2

Strike: "THE area of such land is not less than ten (10)  
contiguous acres when measured in accordance with the provisions  
of section 84-437.6"

8. Amend page 2, section 1, line 2.

Following: "or"

Strike: "and"

9. Amend page 2, section 1, line 10.  
Following: "{3}"  
Strike: "(2)"  
Insert: "(b)"
  
10. Amend page 2, section 1, line 15.  
Following: "{4}"  
Strike: "(3)"  
Insert: "(2)"  
Renumber: subsequent subsection

AND AS SO AMENDED, BE CONCURRED IN



1 HOUSE BILL NO. 488  
 2 INTRODUCED BY HALVORSON  
 3 (BY REQUEST OF DEPARTMENT OF REVENUE)  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION  
 6 SECTIONS 84-437.2 AND 84-437.6, R.C.M. 1947, TO DEFINE  
 7 AGRICULTURAL LANDS."  
 8

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

10 Section 1. Section 84-437.2, R.C.M. 1947, is amended  
 11 to read as follows:

12 "84-437.2. Eligibility of land for valuation as  
 13 agricultural. (1) Land which is actively devoted to  
 14 agricultural use and is part of a bona fide farm or ranch  
 15 unit shall be eligible for valuation, assessment and  
 16 taxation as herein provided each year it meets any of EITHER  
 17 OF the following qualifications:

18 (1)---it (A) THE AREA OF SUCH LAND IS NOT LESS THAN  
 19 FIVE (5) CONTIGUOUS ACRES WHEN MEASURED IN ACCORDANCE WITH  
 20 PROVISIONS OF SECTION 84-437.6, R.C.M. 1947, AND IT is being  
 21 actively--devoted-to-agriculture-or-it-has-been-historically  
 22 devoted-to-agricultural-use--and--it--has--been--valued--and  
 23 assessed--as--agricultural--land--for--the--taxable--years--1971,  
 24 1972--and--1973--has been actively devoted to agriculture  
 25 during the last growing season and it continues to be

1 actively devoted to agricultural use which means:

2 ~~(a)---it (I) IT is used to produce field crops~~  
 3 including, but not limited to, grains, feed crops, fruits,  
 4 vegetables; or

5 ~~(b)---it (II) IT is used for grazing; or~~

6 ~~(c)---it (III) IT is in a crop-land retirement program~~  
 7 or and

8 ~~(2)---The FHB area of such land is not less than five~~  
 9 ~~(5) ten---(10) FIVE---(5) contiguous acres when measured in~~  
 10 ~~accordance with the provisions of section 87-104-437.6;~~  
 11 ~~when the gross value of grazing or field crops produced for~~  
 12 ~~sale or home consumption thereon together with any payments~~  
 13 ~~received under a crop-land retirement program totals at~~  
 14 ~~least one thousand (\$1,000) two thousand dollars (\$2,000)~~  
 15 ~~per year; or~~

16 ~~(3)(2)(B) It agriculturally produces for sale or home~~  
 17 ~~consumption the equivalent of fifteen percent---(15%) twenty~~  
 18 ~~percent---(20%) FIFTEEN PERCENT (15%) or more of the owners'~~  
 19 ~~annual gross income regardless of the number of contiguous~~  
 20 ~~acres in the ownership.~~

21 ~~(4)(3)(2) Land shall not be classified or valued as~~  
 22 ~~agricultural if it is subdivided with stated restrictions~~  
 23 ~~prohibiting its use for agricultural purposes or if utility~~  
 24 ~~lines or division roads have been constructed to the~~  
 25 ~~individual tracts prior to filing of the subdivision plat.~~

1       ~~(5)(4)(3)~~ The grazing of ON land by a pleasure horse  
2 or pony-or-occasional-limited-grazing-of--other--animals--or  
3 other--minimal--or--incidental--farm-practices OTHER ANIMALS  
4 KEPT AS A HOBBY AND NOT AS A PART OF A BONA FIDE  
5 AGRICULTURAL ENTERPRISE shall not be considered to-be A bona  
6 fide agricultural operations OPERATION."

7       SECTION 2. SECTION 84-437.6, R.C.M. 1947, IS AMENDED  
8 TO READ AS FOLLOWS:

9       "84-437.6. Improvements on agricultural land. In  
10 determining the total area of land actively devoted to  
11 agricultural use there shall be included the area of all  
12 land under barns, sheds, silos, cribs, greenhouses and like  
13 structures, lakes, dams, ponds, streams, irrigation ditches  
14 and like facilities,~~but-land-under-and-such-additional-land~~  
15 ~~as--may--be--actually-used-in-connection-with-the-farm-house~~  
16 ~~shall-be-excluded-in-determining-such-total-area."~~

-End-