

1 SENATE BILL NO. 10
 2 INTRODUCED BY MATHERS

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT MOVING LIVESTOCK AND
 5 UNPROCESSED LIVESTOCK PRODUCTS FROM CLASS THREE TO CLASS
 6 SEVEN IN THE PROPERTY TAX CLASSIFICATION SYSTEM; AMENDING
 7 SECTION 84-301, R.C.M. 1947."

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

10 Section 1. Section 84-301, R.C.M. 1947, is amended to
 11 read as follows:

12 "84-301. Classification of property for taxation. For
 13 the purpose of taxation the taxable property in the state
 14 shall be classified as follows:

15 Class One. The annual net proceeds of all mines and
 16 mining claims, after deducting only the expenses specified
 17 and allowed by section 84-5403; also where the right to
 18 enter upon land, to explore or prospect, or dig for oil,
 19 gas, coal or mineral is reserved in land or received by
 20 mesne conveyance (exclusive of leasehold interests), devise
 21 or succession by any person or corporation, the surface
 22 title to which has passed to or remains in another, the
 23 state department of revenue shall determine the value of the
 24 right to enter upon said tract of land for the purpose of
 25 digging, exploring, or prospecting for gas, oil, coal or

1 minerals, and the same shall be placed in this
 2 classification for the purpose of taxation.

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

19 Class Three. ~~Livestock, poultry~~ Poultry and unprocessed
 20 poultry products ~~of--both~~; stocks of merchandise of all
 21 sorts, together with furniture and fixtures used therewith,
 22 except mobile homes; and all office or hotel furniture and
 23 fixtures.

24 Class Four. (a) All land, town and city lots, with
 25 improvements, and all trailers affixed to land owned,

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

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

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

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

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

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

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

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

24 Class Six. Property formerly included in this class is
 25 now classified by section 84-30b, R.C.M. 1947.

1 Class Seven. (a) All new industrial property. New
 2 industrial property shall mean any new industrial plant,
 3 including land, buildings, machinery and fixtures which, in
 4 the determination of the state department of revenue, is
 5 used by a new industry during the first three (3) years of
 6 operation not having been assessed prior to July 1, 1961,
 7 within the state of Montana. New industry shall mean any
 8 person, corporation, firm, partnership, association, or
 9 other group which establishes a new plant or plants in this
 10 state for the operation of a new industrial endeavor, as
 11 distinguished from a mere expansion, reorganization, or
 12 merger of an existing industry or industries. Provided,
 13 however, that new industrial property shall be limited to
 14 industries that manufacture, mill, mine, produce, process or
 15 fabricate materials, or do similar work in which capital and
 16 labor are employed and in which materials unserviceable in
 17 their natural state are extracted, processed or made fit for
 18 use or are substantially altered or treated so as to create
 19 commercial products or materials; and in no event shall the
 20 term new industrial property be included to mean property
 21 used by retail or wholesale merchants, commercial services
 22 of any type, agriculture, trades or professions. And
 23 provided further, that new industrial property shall not be
 24 included to mean property which is used or employed in any
 25 industrial plant which has been in operation in this state

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

6 (b) Livestock and unprocessed products of livestock.

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

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

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

19 (3) a widow with minor or dependent children regardless
 20 of age, who qualifies under the income limitations of (4),
 21 or

22 (4) a recipient of retirement benefits whose income
 23 from all sources is not more than four thousand dollars
 24 (\$4,000) for a single person and five thousand two hundred
 25 dollars (\$5,200) for a married couple per annum. Provided,

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

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

STATE OF MONTANA

REQUEST NO. 10-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 6, 19 75, there is hereby submitted a Fiscal Note for Senate Bill No. 10 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 move livestock and unprocessed livestock products from class three to class seven for property tax classification purposes. (taxable value of class three property is 331/3% of assessed value; taxable value of class seven property is 7% of assessed value)

ASSUMPTIONS:

1. Assessed value of cattle, sheep, and horses will be \$327,531,032 in FY 76 and \$347,182,894 in FY 77.
2. Six mills will be levied for universities in FY 76 and FY 77. As much as 8 mills may be necessary in support of public school permissive levy in FY 77.
3. The state livestock commission will continue to have a levy of 11.5 mills on sheep and 10.5 mills on other livestock.

FISCAL IMPACT:

	FY 76	FY 77
1. Tax collections on livestock under current law assuming a 6 mill state levy in FY 76 and FY 77.	\$1,803,066	\$1,911,234
Tax collection under proposed law.	<u>378,644</u>	<u>401,360</u>
Decrease in collections	<u>\$1,424,422</u>	<u>\$1,509,874</u>
2. Tax collections on livestock under current law assuming a 6 mill state levy in FY 76 and a 14 mill levy in FY 77	\$1,803,066	\$2,837,055
Tax collections under proposed law.	<u>378,644</u>	<u>595,782</u>
Decrease in collections	<u>\$1,424,422</u>	<u>\$2,241,273</u>

CONCLUSION:

Enactment of Senate Bill 10 would result in a revenue loss to the state of approximately \$2.9 million to \$3.6 million during the biennium.

LOCAL IMPACT:

Significant impact will be felt in counties having a large amount of this tax base in livestock. For example, Beaverhead County would lose about one-fourth of its taxable value in FY 76 or approximately \$4.5 million.

Michael D. Ballinger
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/11/75