

SENATE BILL NO. 11

INTRODUCED BY MATHERS

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE AN EXEMPTION FROM TAXATION OF ALL RESIDENT HOMESTEADS, AND TO ENABLE POLITICAL SUBDIVISIONS TO FURTHER EXEMPT FROM TAXATION THE RESIDENT HOMESTEADS OF PERSONS SIXTY-FIVE (65) YEARS OF AGE OR OLDER."

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

Section 1. All resident homesteads exempted. Eighteen hundred dollars (\$1,800) of the taxable value of all resident homesteads declared and recorded with the clerk of the county in which the land is situated pursuant to Sections 33-127, and 33-128 is exempt from all taxation for all state purposes.

Section 2. Resident homesteads of persons sixty-five (65) years of age or older may be further exempted. Effective July 1, 1975, the governing body of any county, city, town, school district, or other political subdivision of the state may exempt by its own action not less than eighteen hundred dollars (\$1,800) of the taxable value of declared and recorded resident homesteads of all persons sixty-five (65) years of age or older from all ad valorem taxes levied by the political subdivision. As an

alternative, upon receipt of a petition signed by twenty percent (20%) of the registered voters within the political subdivision, the governing body of the subdivision shall call an election to determine by majority vote whether an amount not less than eighteen hundred dollars (\$1,800) as provided in the petition, of the taxable value of residence homesteads of persons sixty-five (65) years of age or older shall be exempt from ad valorem taxes thereafter levied by the political subdivision. Where any ad valorem tax has previously been pledged for the payment of any debt, the taxing officers of the political subdivision shall have authority to continue to levy and collect the tax against the homestead property at the same rate as was pledged until the debt is discharged, if the cessation of the levy would damage the obligation of the contract by which the debt was created.

-End-

STATE OF MONTANA

REQUEST NO. 1-75

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 11 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 exempt \$1,800 of the taxable value of all resident homesteads from all taxation for state purposes and to further exempt, by their own action, not less than \$1,800 of the taxable value of such homesteads of persons 65 years or older from all ad valorem taxes levied by political subdivisions.

ASSUMPTIONS:

1. A declaration of homestead must have been filed with the clerk and recorder in the county in which the property is located in order for the homestead to come under the provisions of this bill.
2. There are approximately 5,000 homesteads declared in the state; this number will triple in FY 76 and triple again in FY 77 in response to this bill.
3. The average cash value of a homestead is approximately \$18,000; assessed value is approximately 35% of cash value; taxable value is 30% of assessed value.
4. 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.

FISCAL IMPACT:

(1) Estimated tax collections on homesteads under current law assuming a six mill state levy in FY 76 and FY 77.	FY 76 \$170,100	FY 77 \$510,300
Estimated tax collections on homesteads under proposed law	<u>8,100</u>	<u>24,300</u>
Decrease in tax collections	<u>\$162,000</u>	<u>\$486,000</u>
(2) Estimated tax collections on homesteads under current law assuming a six mill state levy in FY 76 and a fourteen mill levy in FY 77.	\$170,100	\$ 1,190,700
Estimated tax collections on homesteads under proposed law	<u>8,100</u>	<u>56,700</u>
Decrease in tax collections	<u>\$162,000</u>	<u>\$ 1,134,000</u>

continued

BUDGET DIRECTOR
Office of Budget and Program Planning
Date: _____

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CONCLUSION:

Enactment of Senate Bill 11 would result in a revenue loss to the state of \$648,000 to \$1,296,000 during the biennium.

LOCAL IMPACT:

Loss of revenue to local government is uncertain but could be substantial in political subdivisions which vote further exemptions to those 65 and older under the provisions of Section 2.

TECHNICAL NOTE:

Line 6, page 2: the word "residence" should be changed to "resident".


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 10, 1975