

1                    SENATE    BILL NO.    12  
2    INTRODUCED BY    TOWE

3  
4    A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE INCOME  
5    CEILINGS FOR CLASS 8 PROPERTY CLASSIFICATIONS ELIGIBILITY TO  
6    FIVE THOUSAND DOLLARS (\$5,000) PER YEAR FOR A SINGLE  
7    TAXPAYER AND TO SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500)  
8    PER YEAR FOR A MARRIED COUPLE; AMENDING SECTION 84-301,  
9    R.C.M. 1947."

10  
11    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

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

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

1    right to enter upon said tract of land for the purpose of  
2    digging, exploring, or prospecting for gas, oil, coal or  
3    minerals, and the same shall be placed in this  
4    classification for the purpose of taxation.

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

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

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1       Class Four. (a) All land, town and city lots, with  
2 improvements, and all trailers affixed to land owned,  
3 leased, or under contract or purchase by the trailer owner,  
4 manufacturing and mining machinery, fixtures and supplies,  
5 except as otherwise provided by the constitution of Montana,  
6 and except as such property may be included in Class Five,  
7 Class Seven or Class Eight.

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

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

20       (b) All poles, lines, transformers, transformer  
21 stations, meters, tools, improvements, machinery and other  
22 property used and owned by co-operative rural electrical and  
23 co-operative rural telephone associations organized under  
24 the laws of Montana except those within the incorporated  
25 limits of a city or town in which less than ninety-five per

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

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

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

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

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

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

1 included to mean property which is used or employed in any  
2 industrial plant which has been in operation in this state  
3 for three (3) years or longer. Any person, corporation,  
4 firm, partnership, association or other group seeking to  
5 qualify its property for inclusion in this class shall make  
6 application to the state department of revenue in such  
7 manner and form as may be required by said department.

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

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

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

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

24 (4) a recipient of retirement benefits whose income  
25 from all sources is not more than four five thousand dollars

1 ~~(\$4,000)~~ (\$5,000) for a single person and ~~five-thousand-two~~  
 2 ~~hundred-dollars-(65,200)~~ seven thousand five hundred dollars  
 3 (\$7,500) for a married couple per annum. Provided, further,  
 4 ~~that one~~ who applies for classification of property under  
 5 ~~this class~~ must make an affidavit to the state department of  
 6 revenue on a form as may be provided by the state department  
 7 of revenue supplied without cost to the applicant, as to his  
 8 income, if applicable, as to his retirement benefits, if  
 9 applicable, or, as to his marital status, if applicable, and  
 10 to the fact that he or she actually occupies such  
 11 improvements with right of the county welfare board to  
 12 investigate the applicant, on the completion of the form, as  
 13 to answers given on the form. Provided, further, that the  
 14 value of said property shall not increase during the life of  
 15 the recipient of retirement benefits or widow or widower  
 16 covered under this class. For purposes of the affidavit  
 17 required for classification of property under this class, it  
 18 shall be sufficient if the applicant signs a statement  
 19 , swearing to or affirming the correctness of the information  
 20 supplied, whether or not the statement is signed before a  
 21 person authorized to administer oaths, and mails the  
 22 application and statement to the department of revenue.  
 23 This signed statement shall be treated as a statement under  
 24 oath or equivalent affirmation for purposes of section  
 25 94-7-203, R.C.M. 1947, relating to the criminal offense of

1 false swearing.

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

STATE OF MONTANA

REQUEST NO. 2-75

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. 12 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 increase the income ceilings for class 8 property classification eligibility to \$5,000 per year for a single taxpayer and \$7,500 per year for a married couple.

Assumptions:

1. Approximately 1,700 additional applicants will qualify for class 8 property classification under proposed law.
2. Average market value of class 8 property is \$12,500. Taxable value is 15% of assessed value.
3. Total levy on taxable value of property will average 225 mills.
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:

	FY 76		FY 77	
	State	Local Govt	State	Local Govt
1. Estimated tax collections from 1,700 applicants under current law assuming a state mill levy of 6 mills in FY 76 and FY 77; 219 mills local levy.	\$15,300	\$558,450	\$15,300	\$558,450
Estimated tax collections under proposed law.	<u>7,650</u>	<u>279,225</u>	<u>7,650</u>	<u>279,225</u>
Decrease in tax collections.	<u>\$ 7,650</u>	<u>\$279,225</u>	<u>\$ 7,650</u>	<u>\$279,225</u>
2. Estimated tax collections from 1,700 applicants under current law assuming a state mill levy of 6 mills in FY 76 and 14 mills in FY 77; 219 mills local levy.	\$15,300	\$558,450	\$35,700	\$558,450
Estimated tax collections under proposed law.	<u>7,650</u>	<u>279,225</u>	<u>17,850</u>	<u>279,225</u>
Decrease in tax collections.	<u>\$ 7,650</u>	<u>\$279,225</u>	<u>\$17,850</u>	<u>\$279,225</u>

Conclusion:

Enactment of Senate Bill 12 will decrease state revenues by approximately \$15,000 to \$25,500 during the biennium and will decrease local government revenue by approximately \$558,500.

*Michael S. Poellings*  
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 BUDGET DIRECTOR

Office of Budget and Program Planning  
 Date: 1/11/75