1 SENATE BILL NO. 17
2 INTRODUCED BY LYNCH

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A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY SECTION 84-202. R.C.M. 1947."

WHEREAS, in 1973 several bills were introduced which 6 7 proposed amending section 84-202, R.C.M. 1947. Two bills 8 passed in 1973 and appear as chapters 266 and 361, Laws of 1973. These two chapters amended 84-202 by extending the 9 tax exemption to unprocessed fruits and vegetables in farm 10 11 storage and to freeport merchandise. Another bill amending section 84-202 was introduced in 1973 and held over until 12 13 the 1974 session. This bill did not contain the 1973 amendments to section 84-202 and such amendments were never 14 added to the bill. The bill was passed and signed into law 15 in its introduced form and appears as chapter 376, Laws of 16 17 1974. Therefore, to ascertain the present status of section 84-202, R.C.M. 1947, it is necessary to read the 1973 and 18 1974 session laws in conjunction with one another. The 19 R.C.M. pocket supplements do not presently correctly reflect 20 21 the status of section 84-202. Therefore, the purpose of this act is merely to clarify the law, and does not amend it 22 23 in substance.

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

1 Section 1. Section 84-202, R.C.M. 1947, is amended to 2 read as follows:

\*84-202. Exemptions from taxation. (1) The property of the United States, the state, counties, cities, towns, 5 school districts, municipal corporations, public libraries, all unprocessed, perishable fruits and vegetables in farm 7 storage and owned by the producer, such other property as is 8 used exclusively for agricultural and horticultural societies, for educational purposes, places of actual 10 religious worship, hospitals and places of burial not used or held for private or corporate profit, and institutions of 11 12 purely public charity, evidence of debt secured by mortgages 13 of record upon real or personal property in the state of 14 Montana, and public art galleries and public observatories not used or held for private or corporate profit, are exempt 15 16 from taxation, but no more land than is necessary for such purpose is exempt; provided, the term "institutions of 17 purely public charity" as used in this act shall include 18 19 organizations owning and operating facilities for the care 20 of the retired or aged or chronically ill which are not operated for gain or profit; provided, that the terms public 21 art galleries and public observatories used in this act 22 shall mean only such art galleries and observatories whether 23 24 of public or private ownership, as are open to the public, without charge or fee at all reasonable hours, and are used

- 1 for the purpose of education only, and also when a clubhouse or building erected by or belonging to any society or 2 organization of honorably discharged United States soldiers, 3 sailors or marines who served in army or navy of United States, is used exclusively for educational, fraternal, benevolent or purely public charitable purposes, rather than for gain or profit, together with the library and furniture necessarily used in any such building, and all property, real or personal, in the possession of legal quardians of 9 incompetent veterans of the World War or minor dependents of 10 such veterans, where such property is funds or derived from 11 funds received from the United States as pension, 12 13 compensation, insurance, adjusted compensation, or gratuity, 14 shall be exempt from all taxation as property of the United 15 States while held by the guardian, but not after title passes to the veteran or minor in his or her own right on 16 account of removal of legal disability. 17
  - (2) All household goods and furniture, including clocks, musical instruments, sewing machines, wearing apparel of members of the family actually used by the owner for personal and domestic purposes, or for furnishing or equipping the family residence are exempt from taxation.

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(3) Freeport merchandise shall be exempt from taxation. Freeport merchandise means those stocks of merchandise manufactured or produced outside this state

which are in transit through this state and consigned to a 1 warehouse or other storage facility, public or private, 2 within this state, for storage in transit prior to shipment to a final destination outside the state, and which have 5 acquired a taxable situs within the state. 6 Stocks of merchandise do not lose their status as freeport merchandise because while in the storage facility they are assembled, bound, joined, processed, disassembled, 8 9 divided, cut, broken in bulk, relabeled or repackaged. person, 10 corporation. firm, partnership, Any 11 association, or other group seeking to qualify its property 12 for inclusion in this class shall make application to the 13 state department of revenue in such manner or form as may be required by the department." 14

-End-

58.17

44th Legislature SB 0017/02 SB 0017/02

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## Approved by Committee on Taxation

| 1  | SENATE BILL NO. 17   |
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| 2  | INTRODUCED BY LYNCH  |
| 3  |  |
| 4  | A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY SECTION       |
| 5  | 84-202, R.C.M. 1947."  |
| 6  | WHEREAS, in 1973 several bills were introduced which         |
| 7  | proposed amending section 84-202, R.C.M. 1947. Two bills     |
| 8  | passed in 1973 and appear as chapters 266 and 361, Laws of   |
| 9  | 1973. These two chapters amended 84-202 by extending the     |
| 10 | tax exemption to unprocessed fruits and vegetables in farm   |
| 11 | storage and to freeport merchandise. Another bill amending   |
| 12 | section 84-202 was introduced in 1973 and held over until    |
| 13 | the 1974 session. This bill did not contain the 1973         |
| 14 | amendments to section 84-202 and such amendments were never  |
| 15 | added to the bill. The bill was passed and signed into law   |
| 16 | in its introduced form and appears as chapter 376, Laws of   |
| 17 | 1974. Therefore, to ascertain the present status of section  |
| 18 | 84-202, R.C.M. 1947, it is necessary to read the 1973 and    |
| 19 | 1974 session laws in conjunction with one another. The       |
| 20 | R.C.M. pocket supplements do not presently correctly reflect |
| 21 | the status of section 84-202. Therefore, the purpose of      |
| 22 | this act is merely to clarify the law, and does not amend it |
| 23 | in substance.  |

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

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SECOND READING (Second Printing)

read as follows: \*84-202. Exemptions from taxation. (1) The property of 3 the United States, the state, counties, cities, towns, 5 school districts, municipal corporations, public libraries, all-unprocessedy-perishable-fruits-and--vegetables--in--farm 7 storage-and-owned-by-the-producer; such other property as is Я exclusively for agricultural and horticultural 9 societies, for educational purposes, places of actual 10 religious worship, hospitals and places of burial not used 11 or held for private or corporate profit, and institutions of 12 purely public charity, evidence of debt secured by mortgages 13 of record upon real or personal property in the state of 14 Montana, and public art galleries and public observatories 15 not used or held for private or corporate profit, are exempt 16 from taxation, but no more land than is necessary for such 17 purpose is exempt; provided, the term "institutions of 18 purely public charity" as used in this act shall include 19 organizations owning and operating facilities for the care 20 of the retired or aged or chronically ill which are not 21 operated for gain or profit; provided, that the terms public 22 art galleries and public observatories used in this act 23 shall mean only such art galleries and observatories whether of public or private ownership, as are open to the public, 24 without charge or fee at all reasonable hours, and are used

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SB 17

Section 1. Section 84-202, R.C.M. 1947, is amended to

- 1 for the purpose of education only, and also when a clubhouse 2 or building erected by or belonging to any society or 3 organization of honorably discharged United States soldiers, sailors or marines who served in army or navy of United 5 States, is used exclusively for educational, fraternal, 6 benevolent or purely public charitable purposes, rather than 7 for gain or profit, together with the library and furniture 8 necessarily used in any such building, and all property, 9 real or personal, in the possession of legal quardians of 10 incompetent veterans of the World War or minor dependents of 11 such veterans, where such property is funds or derived from 12 funds received from the United States as pension, 13 compensation, insurance, adjusted compensation, or gratuity, 14 shall be exempt from all taxation as property of the United 15 States while held by the guardian, but not after title 16 passes to the veteran or minor in his or her own right on 17 account of removal of legal disability. 18
  - (2) All household goods and furniture, including clocks, musical instruments, sewing machines, wearing apparel of members of the family actually used by the owner for personal and domestic purposes, or for furnishing or equipping the family residence are exempt from taxation.

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(3) Freeport merchandise shall be exempt from taxation. Freeport merchandise means those stocks of merchandise manufactured or produced outside this state

| 2   | warehouse or other storage facility, public or private,      |
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| 3   | within this state, for storage in transit prior to shipment  |
| 4   | to a final destination outside the state, and which have     |
| 5   | acquired a taxable situs within the state.                   |
| -6  | Stocks of merchandise do not lose their status as            |
| 7   | freeport merchandise because while in the storage facility   |
| 18  | they are assembled, bound, joined, processed, disassembled,  |
| 9   | divided, cut, broken in bulk, relabeled or repackaged.       |
| 10  | Any person, corporation, firm, partnership,                  |
| 11  | association, or other group seeking to qualify its property  |
| 12  | for inclusion in this class shall make application to the    |
| 13  | state department of revenue in such manner or form as may be |
| .14 | required by the department.                                  |
| 15  | (4) ALL UNPROCESSED, PERISHABLE FRUITS AND VEGETABLES        |

which are in transit through this state and consigned to a

-End-

IN FARM STORAGE AND OWNED BY THE PRODUCER."

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-3- SB 17

-4- SB 17

SB 0017/03 SB 0017/03

read as follows:

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| 1 | SENATE BILL NO. 17  |
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| 2 | INTRODUCED BY LYNCH |

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44th Legislature

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Section 1. Section 84-202, R.C.M. 1947, is amended to

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purpose is exempt; provided, the term "institutions of

purely public charity" as used in this act shall include

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operated for gain or profit; provided, that the terms public

22 art galleries and public observatories used in this act

23 shall mean only such art galleries and observatories whether

of public or private ownership, as are open to the public,

25 without charge or fee at all reasonable hours, and are used

SB 0017/03

for the purpose of education only, and also when a clubhouse 1 2 or building erected by or belonging to any society or 3 organization of honorably discharged United States soldiers, sailors or marines who served in army or navy of United States, is used exclusively for educational, fraternal, benevolent or purely public charitable purposes, rather than for gain or profit, together with the library and furniture 8 necessarily used in any such building, and all property, 9 real or personal, in the possession of legal quardians of 10 incompetent veterans of the World War or minor dependents of 11 such veterans, where such property is funds or derived from 12 funds received from the United States as pension, compensation, insurance, adjusted compensation, or gratuity, 13 shall be exempt from all taxation as property of the United 14 15 States while held by the guardian, but not after title 16 passes to the veteran or minor in his or her own right on 17 account of removal of legal disability. 18

(2) All household goods and furniture, including clocks, musical instruments, sewing machines, wearing apparel of members of the family actually used by the owner for personal and domestic purposes, or for furnishing or equipping the family residence are exempt from taxation.

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warehouse or other storage facility, public or private,
within this state, for storage in transit prior to shipment
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state department of revenue in such manner or form as may be
required by the department.

15 (4) ALL UNPROCESSED, PERISHABLE FRUITS AND VEGETABLES

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17 TAXATION."

-End-

SB 17 -4- SB 17

44th Legislature SB 0017/03 SB 0017/03

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-End-

-3- SB 17

-4- SB 17