

1 *Senate* BILL NO. 29
 2 INTRODUCED BY *Shelton Turnage*
 3 *Marked*
 4 *Man G*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT LIVESTOCK
 5 LESS THAN ONE (1) YEAR OLD FROM TAXATION BY AMENDING SECTION
 6 84-202, R.C.M. 1947."

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

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

11 "84-202. Exemptions from taxation. (1) The property of
 12 the United States, the state, counties, cities, towns,
 13 school districts, municipal corporations, public libraries,
 14 all unprocessed, perishable fruits and vegetables in farm
 15 storage and owned by the producer, such other property as is
 16 used exclusively for agricultural and horticultural
 17 societies, for educational purposes, places of actual
 18 religious worship, hospitals and places of burial not used
 19 or held for private or corporate profit, and institutions of
 20 purely public charity, evidence of debt secured by mortgages
 21 of record upon real or personal property in the state of
 22 Montana, and public art galleries and public observatories
 23 not used or held for private or corporate profit, are exempt
 24 from taxation, but no more land than is necessary for such
 25 purpose is exempt; provided, the term "institutions of

1 purely public charity" as used in this act shall include
 2 organizations owning and operating facilities for the care
 3 of the retired or aged or chronically ill which are not
 4 operated for gain or profit; provided, that the terms public
 5 art galleries and public observatories used in this act
 6 shall mean only such art galleries and observatories whether
 7 of public or private ownership, as are open to the public,
 8 without charge or fee at all reasonable hours, and are used
 9 for the purpose of education only, and also when a clubhouse
 10 or building erected by or belonging to any society or
 11 organization of honorably discharged United States soldiers,
 12 sailors or marines who served in army or navy of United
 13 States, is used exclusively for educational, fraternal,
 14 benevolent or purely public charitable purposes, rather than
 15 for gain or profit, together with the library and furniture
 16 necessarily used in any such building, and all property,
 17 real or personal, in the possession of legal guardians of
 18 incompetent veterans of the World War or minor dependents of
 19 such veterans, where such property is funds or derived from
 20 funds received from the United States as pension,
 21 compensation, insurance, adjusted compensation, or gratuity,
 22 shall be exempt from all taxation as property of the United
 23 States while held by the guardian, but not after title
 24 passes to the veteran or minor in his or her own right on
 25 account of removal of legal disability.

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

6 (3) Freeport merchandise shall be exempt from
7 taxation. Freeport merchandise means those stocks of
8 merchandise manufactured or produced outside this state
9 which are in transit through this state and consigned to a
10 warehouse or other storage facility, public or private,
11 within this state, for storage in transit prior to shipment
12 to a final destination outside the state, and which have
13 acquired a taxable situs within the state.

14 Stocks of merchandise do not lose their status as
15 freeport merchandise because while in the storage facility
16 they are assembled, bound, joined, processed, disassembled,
17 divided, cut, broken in bulk, relabeled or repackaged.

18 Any person, corporation, firm, partnership,
19 association, or other group seeking to qualify its property
20 for inclusion in this class shall make application to the
21 state department of revenue in such manner or form as may be
22 required by the department.

23 (4) Livestock which have not attained the age of one
24 (1) year as of January 1 are exempt from taxation."

-End-

STATE OF MONTANA

REQUEST NO. 34-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 16, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 29 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 livestock less than one year old from property taxation.

ASSUMPTIONS:

1. No change in marketing pattern will result from this act. In other words, livestock owners will not respond immediately by selling older animals and buying animals less than one year old before assessment.
2. The assessed value of livestock for FY 76 is estimated at \$.764 million for sheep and \$41.896 million for other livestock. These values will not change significantly in FY 77.
3. Under current law, taxable value of livestock is 33 1/3% 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.
5. Special livestock mill levies of 11.5 mills on taxable value of sheep and 10.5 mills on other livestock will continue for FY 76 and FY 77.
6. No additional expenditures will be required to implement the proposed law.

FISCAL IMPACT:	FY 76 6 mill levy & livestock millage	FY 77 If 6 mill levy & livestock millage	FY 77 If 14 mill levy & livestock millage
Property tax collections on affected livestock under current law	\$ 234,887	\$ 234,887	\$ 348,648
Tax collections under proposed law	<u>0</u>	<u>0</u>	<u>0</u>
Decrease in tax collections	<u>\$ 234,887</u>	<u>\$ 234,887</u>	<u>\$ 348,648</u>

CONCLUSION:

Enactment of Senate Bill 29 would result in a revenue loss to the State of \$470,000 to \$583,500 during the biennium.

LOCAL IMPACT:

There would be a statewide loss in taxable valuation of approximately \$14.2 million under the proposed law. Counties with tax bases heavily dependent on livestock would experience the most significant impact.

Michael Bellings

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/21/75

Approved by Committee
on Taxation

SENATE BILL NO. 29

INTRODUCED BY GRAHAM, TURNAGE, MATHERS, MANLEY

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT LIVESTOCK AND
CERTAIN OTHER UNPROCESSED AGRICULTURAL PRODUCTS LESS THAN
~~ONE--(1)--YEAR~~ NINE (9) MONTHS OLD FROM TAXATION BY AMENDING
SECTION 84-202, R.C.M. 1947."

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

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

"84-202. Exemptions from taxation. (1) The property of
the United States, the state, counties, cities, towns,
school districts, municipal corporations, public libraries,
~~all--unprocessed--perishable--fruits--and--vegetables--in--farm~~
~~storage--and--owned--by--the--producer,~~ such other property as is
used exclusively for agricultural and horticultural
societies, for educational purposes, places of actual
religious worship, hospitals and places of burial not used
or held for private or corporate profit, and institutions of
purely public charity, evidence of debt secured by mortgages
of record upon real or personal property in the state of
Montana, and public art galleries and public observatories
not used or held for private or corporate profit, are exempt
from taxation, but no more land than is necessary for such

purpose is exempt; provided, the term "institutions of
purely public charity" as used in this act shall include
organizations owning and operating facilities for the care
of the retired or aged or chronically ill which are not
operated for gain or profit; provided, that the terms public
art galleries and public observatories used in this act
shall mean only such art galleries and observatories whether
of public or private ownership, as are open to the public,
without charge or fee at all reasonable hours, and are used
for the purpose of education only, and also when a clubhouse
or building erected by or belonging to any society or
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
necessarily used in any such building, and all property,
real or personal, in the possession of legal guardians of
incompetent veterans of the World War or minor dependents of
such veterans, where such property is funds or derived from
funds received from the United States as pension,
compensation, insurance, adjusted compensation, or gratuity,
shall be exempt from all taxation as property of the United
States while held by the guardian, but not after title
passes to the veteran or minor in his or her own right on

1 account of removal of legal disability.

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

7 (3) Freeport merchandise shall be exempt from
8 taxation. Freeport merchandise means those stocks of
9 merchandise manufactured or produced outside this state
10 which are in transit through this state and consigned to a
11 warehouse or other storage facility, public or private,
12 within this state, for storage in transit prior to shipment
13 to a final destination outside the state, and which have
14 acquired a taxable situs within the state.

15 Stocks of merchandise do not lose their status as
16 freeport merchandise because while in the storage facility
17 they are assembled, bound, joined, processed, disassembled,
18 divided, cut, broken in bulk, relabeled or repackaged.

19 Any person, corporation, firm, partnership,
20 association, or other group seeking to qualify its property
21 for inclusion in this class shall make application to the
22 state department of revenue in such manner or form as may be
23 required by the department.

24 ~~(4) --livestock--which--have--not--attained--the--age--of--one~~
25 ~~(1) --year--as--of--January--1--are--exempt--from--taxation.~~

1 (4) ALL UNPROCESSED, PERISHABLE FRUITS AND VEGETABLES
2 IN FARM STORAGE AND OWNED BY THE PRODUCER ARE EXEMPT FROM
3 TAXATION.

4 (5) ALL NONPERISHABLE, UNPROCESSED AGRICULTURAL
5 PRODUCTS, INCLUDING LIVESTOCK, HELD IN POSSESSION OF THE
6 ORIGINAL PRODUCER FOR LESS THAN NINE (9) MONTHS FOLLOWING
7 HARVEST OR IN THE CASE OF LIVESTOCK, FOLLOWING BIRTH."

-End-

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12 organization of honorably discharged United States soldiers,
13 sailors or marines who served in army or navy of United
14 States, is used exclusively for educational, fraternal,
15 benevolent or purely public charitable purposes, rather than
16 for gain or profit, together with the library and furniture
17 necessarily used in any such building, and all property,
18 real or personal, in the possession of legal guardians of
19 incompetent veterans of the World War or minor dependents of
20 such veterans, where such property is funds or derived from
21 funds received from the United States as pension,
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THIRD READING

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7 HARVEST OR IN THE CASE OF LIVESTOCK, FOLLOWING BIRTH."

-End-

HOUSE OF REPRESENTATIVES

March 24, 1975

HOUSE COMMITTEE ON TAXATION AMENDMENT TO SENATE BILL 29

Amend in the third reading copy as follows:

1. Amend in the title, page 1, line 6.
Following: "~~YEAR~~"
Strike: "NINE (9) MONTHS OLD"
Insert: "A CERTAIN AGE"
2. Amend page 4, section 1 (5), lines 4 through 7.
Strike: Subsection (5) in its entirety.
Insert: New subsections (5) and (6).
 "(5) All nonperishable unprocessed agricultural products except livestock, held in possession of the original producer for less than six (6) months following harvest.
 (6) Livestock, defined as cattle, sheep, horses, or mules, which have not attained the age of nine (9) months as of the last day of any month."

AS SO AMENDED
BE CONCURRED IN

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6 ~~ORIGINAL-PRODUCER-FOR-LESS-THAN-NINE--(9)--MONTHS--FOLLOWING~~
7 ~~HARVEST-OR-IN-THE-CASE-OF-LIVESTOCK,--FOLLOWING-BIRTH.~~

8 (5) ALL NONPERISHABLE UNPROCESSED AGRICULTURAL
9 PRODUCTS EXCEPT LIVESTOCK, HELD IN POSSESSION OF THE
10 ORIGINAL PRODUCER FOR LESS THAN SIX (6) MONTHS FOLLOWING
11 HARVEST.

12 (6) LIVESTOCK, DEFINED AS CATTLE, SHEEP, HORSES, OR
13 MULES, WHICH HAVE NOT ATTAINED THE AGE OF NINE (9) MONTHS AS
14 OF THE LAST DAY OF ANY MONTH."

-End-