

*Senate* BILL NO. *111*

INTRODUCED BY *Watt, Healy, Norman, Murphy, Blaylock, Mahoney, Lee, Smith, Colberg, Cetrone, Harden, Love, L. Hill*

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A REPLACEMENT TAX FOR THE PROPERTY TAX NOW LEVIED ON HABITABLE PROPERTY AND PROVIDING A METHOD FOR CALCULATING AND COLLECTING THE REPLACEMENT TAX; DEFINING HABITABLE PROPERTY AND PROVIDING FOR ITS SEPARATE LISTING; AND PROVIDING FOR WITHHOLDING."

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

Section 1. Short title. This act may be cited as the "Property Tax Replacement Act".

Section 2. Declaration of purpose. The purpose of this act is to provide an alternative method of assessing and collecting property taxes on housing. Basic to this act is the presumption that all persons use housing, and that all should therefore pay taxes thereon in accordance with their ability. To accomplish this the replacement tax, although not an income tax, will depend upon each person's total personal income as do "circuit breaker" laws, but calculated in a proportional manner will vary according to taxing jurisdictions and revenue needs. Since all now vote on bond issues, this act requires all to participate in their retirement. It will encourage more and better housing

and will often prevent persons from losing their homes due to inability to pay high property taxes.

Section 3. Definitions. For the purpose of this act:

(1) "Habitable property" means all urban and rural buildings, houses, dwellings, duplexes, apartments, rest homes, and mobile homes used or intended for human habitation on a regular, full-time basis, together with supplementary buildings such as a garage or small storage building normally associated with a residence and not income producing. Each head of household shall be entitled to only one unit qualifying as habitable property in any year, and all other buildings he may occupy will not be considered habitable property for purposes of this act. Attempts to declare relatives or other persons heads of households in order to qualify additional dwellings are not allowed. Habitable property also means the land occupied by the building not exceeding a typical town or city lot in area for duplexes or single family dwellings, and for multiple family buildings not exceeding that normally used for such construction considering the number of units and type of construction. Somewhat larger lots may be allowed providing such yards complement the building, are not income producing and do not lend themselves to separation and development. When habitable property is located on units of land larger than indicated above, and on which additional development

1 may be expected in the future, or which may be income  
 2 producing, separate listing and taxing of this additional  
 3 land is required. Habitable property does not mean mobile  
 4 homes used for recreational purposes or stock in trade of a  
 5 distributor or dealer.

6 (2) "Total personal income" means income from whatever  
 7 its source, including, but not limited to, compensation for  
 8 services, income derived from dealings in property, income  
 9 derived from business, all interest, rent, royalties,  
 10 dividends, alimony and separate maintenance payments,  
 11 annuities, income from life insurance and endowment  
 12 contracts, all pensions, all social security payments,  
 13 income from discharge of indebtedness, partnership income,  
 14 income in respect of a decedent, income from an interest in  
 15 an estate or trust, and income otherwise classified as  
 16 "capital gains" for federal income tax purposes. Reference  
 17 may be made to the federal internal revenue code for the  
 18 determination of the scope of the foregoing terms.  
 19 Notwithstanding the provisions of sections 31-221, 68-1303,  
 20 or 75-6215, retirement payments are part of total personal  
 21 income for the purposes of this act.

22 (a) In determining "total personal income" no  
 23 deduction shall be allowed for:

- 24 (i) depreciation of any habitable property,  
 25 (ii) costs of maintenance, repair, or upkeep of any

- 1 habitable property,  
 2 (iii) payment of one-half (1/2) of real property taxes  
 3 paid on any habitable property located within the state of  
 4 Montana,  
 5 (iv) any federal or state income taxes paid on income  
 6 earned or accrued in Montana,  
 7 (v) gasoline taxes or any sales taxes for items of  
 8 personal use,  
 9 (vi) any other item unless listed in section 3 (2) (b)  
 10 below.  
 11 (b) In determining "total personal income" deduction  
 12 shall be allowed for:  
 13 (i) interest paid on real property mortgages on  
 14 habitable property only;  
 15 (ii) actual costs of conducting a business or  
 16 profession, not expressly disallowed under subsection (a)  
 17 hereinabove, provided such costs are actually incurred and  
 18 are payable (even if not paid) during the taxpayer's taxable  
 19 year.  
 20 (3) "Governmental unit" means school districts,  
 21 incorporated cities and towns, counties, and state.  
 22 (4) "Department" means the department of revenue,  
 23 state of Montana.  
 24 (5) "Mill-equivalent" means that fraction of a mill  
 25 that total personal income will be multiplied by to

1 determine the replacement tax at the same time a mill is  
 2 assessed against taxable valuation. This fraction will be  
 3 determined by the department according to the provisions of  
 4 this act.

5 Section 4. Duties of the department. The department  
 6 shall:

7 (1) In order to administer the property tax  
 8 replacement act more professionally, and to guarantee  
 9 confidentiality, establish a centralized, computerized  
 10 system.

11 (2) Provide forms and instructions to the county  
 12 treasurers.

13 (3) Interpret this act for county officials to secure  
 14 uniformity of application and act as arbiter between  
 15 counties.

16 (4) Hear appeals taken from decisions of county  
 17 officials regarding legal residence, taxing districts, and  
 18 taxpayers' complaints. Decisions may be further appealed to  
 19 the county tax appeals board and to the state tax appeals  
 20 board.

21 (5) Establish and maintain a separate listing of all  
 22 habitable property. In all structures used or designed  
 23 partially for human habitation and partially for other uses  
 24 the appraisers shall make the proper division and make two  
 25 assessments. Although hotels, rooming houses, and motels

1 serving transient or nonpermanent tenants are not included,  
 2 the appraisers shall determine if portions of these  
 3 establishments are used by a family or head of household for  
 4 long-term occupancy; and if they so determine they shall  
 5 also determine the proper division and make two assessments.

6 (6) In 1976, and thereafter, property tax statements  
 7 for habitable property shall be prepared and processed  
 8 separately from other tax statements, except as applies to  
 9 special taxing districts as explained in section 13 (3).  
 10 Then in each governmental unit the department shall  
 11 determine the ratio which the total taxable value of the  
 12 property described above bears to the grand total taxable  
 13 value in the respective governmental units. The ratios so  
 14 arrived at shall be used to determine the dollar amounts of  
 15 the approved budgets of the respective governmental units  
 16 which are to be replaced by the property replacement tax.  
 17 After full implementation of this act, these listings need  
 18 not be changed or updated unless property passes to other  
 19 uses, is allowed to stand idle, or is occupied by a  
 20 nonresident of Montana. When, or if, a use for these  
 21 statements is not present they need not be prepared.

22 (7) No later than August 1, 1977, determines the  
 23 mill-equivalent which shall be determined by analyzing the  
 24 total personal income reported in April, 1977, and other  
 25 pertinent data.

1 (8) Provide the formula which local officials will use  
 2 in calculating the millage to be applied to taxable  
 3 valuations and the mill-equivalents to be applied to total  
 4 personal income to determine the replacement tax to meet the  
 5 budgets.

6 (9) After the first year of this law's operation the  
 7 department may, if in its judgment sufficient data is not  
 8 yet available to proceed to the final implementation of the  
 9 law, or if unanticipated problems have arisen, direct a  
 10 second year of operation according to the provisions for the  
 11 first year's operation. If this decision is made, the  
 12 department may also delay for one (1) year the requirement  
 13 of subsections (7) and (8) of this section.

14 Section 5. Duties of county officials. (1) County  
 15 treasurers: The county treasurer shall mail on or before  
 16 February 20, 1977, and each year thereafter, to every known  
 17 taxpayer in the county who is a natural person, a brief form  
 18 which he shall also have available in his office for the  
 19 general public, together with printed instructions and a  
 20 strong, opaque return envelope addressed to the proper  
 21 section of the department of revenue in Helena. On this  
 22 form the taxpayer shall provide name, address, social  
 23 security number of himself and spouse, school district, city  
 24 or town, and total personal income. He shall also indicate  
 25 in the space provided for that purpose whether or not his

1 income was subject to withholding for the previous taxable  
 2 year. The total personal income shall be itemized according  
 3 to the categories listed in section 3 (2). Failure to  
 4 receive the necessary form by mail does not excuse an  
 5 individual from securing a form and making a report. The  
 6 forms and instructions shall explain that the total personal  
 7 income requires the inclusion of several items not included  
 8 in federal or state returns, and every resident with a  
 9 yearly income in excess of two hundred dollars (\$200) must  
 10 file a return. The reports shall be completed and mailed to  
 11 the department of revenue no later than April 15 of each  
 12 year. As these reports are received by the department it  
 13 shall sort and record the total personal income of the  
 14 taxpayer in each governmental unit in which the taxpayer is  
 15 a resident.

16 (2) County commissioners: On the second Monday of  
 17 July, 1977, unless postponed for one (1) year by the  
 18 department, and each year thereafter, the county  
 19 commissioners shall furnish to all officials who set  
 20 millages the official estimates of the total personal income  
 21 for each governmental unit. To arrive at these estimates  
 22 the commissioners shall take into account the total personal  
 23 income of the previous year as well as any other information  
 24 or studies which are available. The county tax appeals  
 25 board shall hear and determine questions as to legal

1 residence of taxpayers, questions between taxing districts,  
2 and complaints of taxpayers. Appeals may be taken to the  
3 state appeals board.

4 (3) Other county officials: After the first year of  
5 operation those officials who set mill levies shall apply  
6 the mill-equivalent which has been established by the state  
7 department for all millages determined by law to the  
8 official estimates of total personal income provided by the  
9 county commissioners. To meet all legally determined  
10 budgets they shall calculate the millages to be assessed  
11 against all taxable valuations of the governmental units and  
12 the mill-equivalents which will be applied against all the  
13 total personal income of the governmental units. The  
14 formula for this will have been provided. However, when the  
15 total personal income forms are received by the department  
16 of revenue in April, 1978, and thereafter, the department  
17 shall as promptly as possible notify the county treasurers  
18 as to the total personal income of the county and of each  
19 taxing jurisdiction therein, and the county treasurer shall  
20 promptly furnish to all officials who set mill levies the  
21 corrected total personal income for each governmental unit.  
22 The mill-equivalents which were previously calculated on the  
23 basis of the official estimates shall now be corrected to  
24 provide the exact anticipated revenue. It is these  
25 corrected mill-equivalents which shall be forwarded to the

1 department and applied to each person's total personal  
2 income.

3 Section 6. Withholding. (1) In order to insure  
4 collection in the manner and to the extent provided by this  
5 act, every employer (as defined in section 84-4942) making  
6 payment of wages (as defined in section 84-4942) shall  
7 deduct and withhold beginning January 1, 1976, upon such  
8 wages one percent (1%) thereof, and after full  
9 implementation two percent (2%) thereof.

10 (2) Every employer shall be liable for the amounts  
11 required to be deducted and withheld and such amounts shall  
12 be considered as a tax; with respect thereto the employee  
13 (as defined in section 84-4942) shall be considered a  
14 taxpayer.

15 (3) On or before the last day of the months of April,  
16 July, October, and January of each calendar year beginning  
17 January 1, 1976, every employer subject to the provisions of  
18 this act shall file a return in such form and containing  
19 such information as required by the department and shall pay  
20 therewith the amount required by this act to be deducted and  
21 withheld by said employer from the wages paid during the  
22 preceding quarterly period of three (3) months. However,  
23 when the total amount of tax withheld on account of all  
24 employees is less than ten dollars (\$10) in each quarterly  
25 period of any year, one (1) yearly report shall be filed and

1 amounts withheld paid therewith on or before February 15,  
2 1977, and each year thereafter.

3 (4) All amounts deducted and withheld shall be  
4 considered as a tax collected under the provisions of this  
5 act, and no employee shall have any right of action against  
6 any employer to any money deducted and withheld from his  
7 wages and paid to the state of Montana in compliance with  
8 this act.

9 (5) Every employer shall, prior to the 15th day of  
10 February in each year, beginning in 1977 as concerns this  
11 act, furnish to each employee a written statement showing  
12 the total wages paid by the employer to the employee during  
13 the preceding calendar year and showing the amount of the  
14 federal income tax withheld, the amount of state income tax  
15 withheld, and the tax withheld under the provisions of this  
16 act. Said statement shall contain such additional  
17 information and shall be in such form as the department  
18 shall prescribe and a duplicate thereof shall be filed by  
19 the employee with his report to the department as provided  
20 in section 5 (1) of this act.

21 (6) Every employer shall file on or before the 15th  
22 day of February each year a statement with the department in  
23 such form and containing such information as the department  
24 shall require including the total wages paid to each  
25 employee during the preceding calendar year or any part

1 thereof, and showing the total amount of the federal income  
2 tax deducted and withheld, the amount of state income tax  
3 deducted and withheld, and the total amount of the tax  
4 deducted and withheld under the provisions of this act.

5 (7) Every employer who deducts and withholds any  
6 amounts under the provisions of this act shall hold the same  
7 in trust for the state of Montana and if any tax imposed by  
8 this act or any portion thereof is not paid within sixty  
9 (60) days after the same becomes due, the department shall  
10 issue a warrant under its official seal which shall have the  
11 same force and effect and shall be enforced and carried into  
12 execution in the same manner as that specified in section  
13 84-4928 with respect to warrants relating to unpaid income  
14 taxes.

15 (8) If any employer fails to pay over to the state the  
16 tax deducted and withheld under the provisions of this act,  
17 or shall fail to furnish any statement herein provided for  
18 the same, additions to the amount of such tax shall be  
19 imposed and added as those specified in section 84-4924 with  
20 respect to failure to make a return of income or to pay any  
21 income tax; and any individual, corporation, partnership, or  
22 any officer or employee thereof, who with the intent to  
23 evade any tax or any requirement of this act, or who with  
24 the intent to evade tax, files or supplies any false or  
25 fraudulent statement or information, shall be liable to the

1 same penalty as those imposed by section 84-4924 with  
2 respect to filing or supplying false statements or  
3 information with respect to income taxes.

4 (9) Every taxpayer subject to withholding under the  
5 provisions of this act shall use throughout the remainder of  
6 the calendar year, for purposes of withholding under this  
7 act, his domicile as of his first employment of that year,  
8 and he shall file the report required by section 5 (i) to  
9 the credit of that county regardless of whether or not his  
10 domicile is changed during the year. It shall be the duty  
11 of each taxpayer subject to withholding under this act to  
12 provide each of his employers with the address to be used on  
13 the withholding forms. If a later mailing address of the  
14 employee is different from that used for withholding, the W2  
15 form provided to the employee shall be sent to this later  
16 mailing address. No taxpayer subject to the provisions of  
17 this act shall pay a property tax replacement tax based on  
18 his total personal income to more than one county during any  
19 one taxable year. Should a taxpayer subject to the  
20 provisions of this act change his domicile he shall notify  
21 all his employers and the county treasurers concerned of his  
22 new residence, and such change shall become effective as of  
23 January 1 of the following year.

24 (10) The department is hereby empowered to adopt rules  
25 and regulations for carrying out the provisions of this act

1 and the enforcement thereof. All of the remedies available  
2 to the state of Montana for the administration, enforcement,  
3 and collection of income taxes shall be available and shall  
4 apply to the tax required to be deducted and withheld under  
5 the provisions of this act.

6 Section 7. Nature of fund, disbursement to counties.

7 (1) Amounts collected by the state department under the  
8 provisions of this act are deemed to be county funds and  
9 shall be held in trust for the counties of this state. Such  
10 funds shall be deposited upon receipt to a separate account  
11 provided for that purpose and invested so as to obtain the  
12 most favorable rate of interest consistent with approved  
13 practices.

14 (2) In May of 1977, and periodically thereafter, the  
15 revenue collected for each county by withholding shall be  
16 forwarded to that county by the department of revenue. The  
17 department shall also notify the county treasurer as to the  
18 amount of the revenue to be credited to each governmental  
19 unit. The department shall be given sufficient  
20 appropriation from the general fund to provide for its  
21 expenses in the administration of this act.

22 Section 8. In the years beginning January 1, 1976,  
23 property will be assessed and levies applied and tax bills  
24 sent as in previous years except as noted in section 4 (6).  
25 However, only the first half payment, except as applies to

1 special taxing districts as explained in section 13 (3),  
 2 will be collected on habitable property. The second half  
 3 payment will be replaced by the property replacement tax in  
 4 the following manner:

5 (1) As the reports received by the department are  
 6 sorted the total personal income of the residents of each  
 7 governmental unit shall be determined. For each of the  
 8 governmental units the total of the revenue to be replaced  
 9 shall be divided by the total personal income of the  
 10 residents of that governmental unit. The quotient so  
 11 arrived at shall be the rate to be used against each  
 12 taxpayer's total personal income to produce the replacement  
 13 revenue for that unit.

14 (2) Each taxpayer's total personal income shall then  
 15 be multiplied by the total of the rates for the units for  
 16 which he is liable and he shall receive by mail in a strong,  
 17 opaque, sealed envelope his tax statement, together with  
 18 such an explanation of the method by which it was determined  
 19 as to enable him to check its accuracy. The statement shall  
 20 be mailed on or before June 20, 1977, and each year  
 21 thereafter. For each taxpayer who submitted a withholding  
 22 statement the amount withheld shall be subtracted from his  
 23 tax liability, and in the event the amount withheld exceeds  
 24 the tax liability of the taxpayer, the balance, if one  
 25 dollar (\$1) or more, shall be refunded.

1 (3) All the above transactions shall be handled by the  
 2 department of revenue, and all county funds, interest, and  
 3 penalties collected by the department shall be periodically  
 4 forwarded to the counties for distribution to the taxing  
 5 jurisdictions.

6 Section 9. Penalty. All replacement taxes which are  
 7 due but not paid when due each year shall be delinquent and  
 8 shall draw interest at the rate of two-thirds (2/3) of one  
 9 percent (1%) per month until paid and a penalty of five  
 10 percent (5%) shall be added thereto.

11 Section 10. Collection of delinquent taxes. Action  
 12 may be brought by the county attorney at any time at the  
 13 request of the county treasurer in the name of the state to  
 14 recover the amount of any taxes, penalties, and interest due  
 15 under this act. When a taxpayer becomes delinquent the  
 16 confidentiality which the department is required by law to  
 17 maintain does not apply after the matter is placed in the  
 18 hands of the county attorney. Judgments secured under this  
 19 section shall have priority over all other judgments.

20 Section 11. Taxpayers not subject to withholding. On  
 21 or before September 30, after full implementation of this  
 22 act, and each year thereafter, every taxpayer who must file  
 23 a report under the provisions of this act and who is not  
 24 subject to withholding shall pay to the department, as an  
 25 advance partial payment of his replacement tax, two percent



1 (2%) of his total personal income for the first six (6)  
 2 months of that year. Any person entering or leaving the  
 3 state on a permanent basis within this period shall pay on  
 4 that portion of his total personal income which he earned or  
 5 received while a resident of Montana. This one-half (1/2)  
 6 year payment shall be credited to the person making it and  
 7 shall be subtracted from the amount the taxpayer owes for  
 8 the entire year when his next tax statement is presented  
 9 following the reports due each April 15. When the total  
 10 personal income reports are received the corrected  
 11 mill-equivalents which have been set shall be applied  
 12 against each taxpayer's total personal income. The  
 13 replacement tax payment previously received for the first  
 14 half year shall be subtracted from his total tax and  
 15 statement sent to him for the remainder. With this  
 16 statement shall be a simple explanation of how the figures  
 17 were arrived at. These statements shall be mailed on or  
 18 before May 15 of each year, and the taxpayer shall pay the  
 19 amount due on or before June 10 of each year.

20 Section 12. Nonresidents. Habitable property occupied  
 21 either regularly or part-time by nonresidents of Montana  
 22 whether self-owned or rented, shall continue to be assessed  
 23 and taxed as nonhabitable property. However, landlords of  
 24 multiple housing and operators of mobile home courts shall,  
 25 beginning July 1, 1976, require each tenant to fill out in

1 duplicate and sign a short form stating that he is or is not  
 2 a resident of Montana as determined by whether or not he  
 3 files a state income tax report and pays such state income  
 4 tax as is due and pays the property replacement tax as  
 5 required by this act. The landlord shall then add ten  
 6 percent (10%) to the rent of nonresident tenants for  
 7 quarterly transmission to the county treasurer which shall  
 8 be in lieu of the property replacement tax which they do not  
 9 pay. This money shall be deposited to the credit of the  
 10 county general fund and used to reduce the mill levy the  
 11 following year. The landlord shall also transmit to the  
 12 county treasurer one copy of each tenant form, both resident  
 13 and nonresident, and shall retain the duplicate for his  
 14 files.

15 Section 13. Applicability to existing law. (1)  
 16 Nothing in this act shall be construed to affect in any way  
 17 property tax laws or practices except on habitable property  
 18 as herein defined, and as such property supports schools,  
 19 cities or towns, counties, and the state.

20 (2) This act contemplates no change in the manner in  
 21 which special improvement districts' assessments are  
 22 handled. Such payments may be billed and collected with the  
 23 first half of the regular taxes or independently.

24 (3) This act contemplates no change in the manner of  
 25 collection of taxes on special taxing districts except that

1 such taxes may be collected in November instead of  
2 collecting only one-half at that time.

3 (4) Notwithstanding any of the provisions of this act,  
4 all general obligation bonds now outstanding or which may be  
5 issued in the future will continue to be an obligation of  
6 all property pledged to their redemption because the  
7 replacement tax herein authorized shall be considered as an  
8 alternative method of tax assessment and collection on  
9 habitable property.

10 (5) Whenever this act refers to another section of the  
11 laws of Montana, it refers to that law as presently and  
12 subsequently amended.

13 Section 14. Divulging information unlawful --  
14 exceptions -- penalties. Except as provided in section  
15 84-4931 and in section 10 of this act, it shall be unlawful  
16 for any person to divulge any information contained in  
17 reports filed by taxpayers under the terms of this act. Any  
18 violations of this provision shall be punishable by a fine  
19 not exceeding one thousand dollars (\$1,000) or imprisonment  
20 in the county jail not exceeding one (1) year, or both, and  
21 if such offender be an officer or employee of the state or  
22 county he shall be dismissed from office and be ineligible  
23 to hold any public office in this state for one (1) year  
24 thereafter.

25 Section 15. Severability. It is the intent of the

1 legislature that if a part of this act is invalid all valid  
2 parts that are severable therefrom remain in effect. If a  
3 part of this act is invalid in one or more of its  
4 applications, that part remains in effect in all valid  
5 applications severable from the invalid applications.

-End-

STATE OF MONTANA

REQUEST NO. 52-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 118 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 providing for a replacement tax for the property tax now levied on habitable property and providing a method for calculating and collecting the replacement tax.

REVENUE IMPACT:

In the ideal situation, SB 118 would, on a dollar for dollar basis, replace property tax revenues under current law with total personal income tax revenues under proposed law. Thus, there would be no appreciable effect on state revenues.

EXPENDITURE IMPACT:

In order to comply with the provisions of SB 118, the Department of Revenue would require 63 additional appraisers, 63 assessor aides, 7 professionals, 6 clerks, and part-time mailroom personnel plus office space and equipment. Data processing costs are estimated at \$200,000 start-up plus \$200,000 annual fee. Additional state expenditures estimated for the biennium are:

	FY76	FY77
Personal Services	\$1,382,861	\$1,503,988
Operating Expenses	484,100	285,000
Capital Outlay	19,050	0
	<u>\$1,886,011</u>	<u>\$1,788,988</u>

It is also estimated that there will be a need for one more employee in each county treasurer's office in small counties and two more employees in class one counties.

TECHNICAL NOTE:

Line 22, page 6 - "determines" should read "determine".

*Michael B. Bellings*  
BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: 1/25/75

## STATE OF MONTANA

REQUEST NO. 228-75

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 11, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 118 (amended) 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 providing for a replacement tax for the property tax now levied on habitable property and providing a method for calculating and collecting the replacement tax.

The amendments to Senate Bill 118 provide an effective date of July 1, 1976, revise the definition of total personal income, require the tax statement to be included with the income tax form, raise the minimum income for filing to \$600, revise definition of nonresidents and make minor clarifying language changes.

## REVENUE IMPACT:

In the ideal situation, Senate Bill 118 would, on a dollar for dollar basis, replace property tax revenues under current law with total personal income tax revenues under proposed law. Thus, there would be no appreciable effect on state or local revenues although the tax burden will no doubt be significantly redistributed over the population. The amendments to Senate Bill 118 will have no effect on amount of revenue. The effective date of July 1, 1976 delays implementation of the replacement tax by one year.

## EXPENDITURE IMPACT:

The following costs supersede the estimated expenditures for the original version of Senate Bill 118. The amendments to Senate Bill 118 delay implementation and provide for a more efficient administrative procedure. The costs are based on the following assumptions:

1. Cost of withholding forms and distribution will be \$30,000 in FY 77.
2. Start up costs for data processing will be \$100,000 for FY 76 and FY 77.
3. Increased costs involved in withholding collection (last quarter of FY 77) can be absorbed in existing budget.

	FY 76	FY 77
Increased expenditures by the Department of Revenue under proposed law as amended	<u>\$100,000</u>	<u>\$130,000</u>

It is also estimated that there will be a need for one more employee in each county assessor's office in small counties and two more employees in Class one counties.

## CONCLUSION:

Enactment of Senate Bill 118 (amended) would result in an increase in General Fund expenditures of \$230,000 in the 1975-77 Biennium.

## TECHNICAL NOTES:

1. Line 1, page 8----- "The county treasurer" should read "The county assessor."
2. Line 7, page 1----- "determines" should read "determine."

*Michael J. Belluzo*  
by *Karen Wilson*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 18, 1975

Approved by Committee  
on Taxation

SENATE BILL NO. 118

INTRODUCED BY WATT, HEALY, NORMAN, MURPHY, BLAYLOCK,  
MEHRENS, LEE, R. SMITH, COLBERG, CETRONE, WARDEN,  
TOWE, SIEBEL, FOSTER

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A  
REPLACEMENT TAX FOR THE PROPERTY TAX NOW LEVIED ON HABITABLE  
PROPERTY AND PROVIDING A METHOD FOR CALCULATING AND  
COLLECTING THE REPLACEMENT TAX; DEFINING HABITABLE PROPERTY  
AND PROVIDING FOR ITS SEPARATE LISTING, ~~AND~~, PROVIDING FOR  
WITHHOLDING; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Short title. This act may be cited as the  
"Property Tax Replacement Act".

Section 2. Declaration of purpose. The purpose of  
this act is to provide an alternative method of assessing  
and collecting property taxes on housing. Basic to this act  
is the presumption that all persons use housing, and that  
all should therefore pay taxes thereon in accordance with  
their ability. To accomplish this the replacement tax,  
although not an income tax, will depend upon each person's  
total personal income as do "circuit breaker" laws, but  
calculated in a proportional manner will vary according to  
taxing jurisdictions and revenue needs. Since all now vote

on bond issues, this act requires all to participate in  
their retirement. It will encourage more and better housing  
and will often prevent persons from losing their homes due  
to inability to pay high property taxes.

Section 3. Definitions. For the purpose of this act:  
(1) "Habitable property" means all urban and rural  
buildings, houses, dwellings, duplexes, apartments, rest  
homes, and mobile homes used or intended for human  
habitation ~~on-a-regular,-full-time-basis,-together--with~~ AS  
DOMICILES AND SUCH supplementary buildings such as a garage  
or small storage building normally associated with a  
residence and not income producing. EVERY PERSON IS  
PRESUMED TO HAVE A DOMICILE BUT ~~Each~~ EACH head of household  
shall be entitled to only one unit qualifying as habitable  
property in any year, and all other buildings he may occupy  
will not be considered habitable property for purposes of  
this act. ~~Attempts-to-declare-relatives--or--other--persons~~  
~~heads-of-households-in-order-to-qualify-additional-dwellings~~  
~~are--not--allowed.~~ THIS DOES NOT PRECLUDE THE OWNERSHIP OF  
RENTAL OR OTHER HABITABLE PROPERTY IN WHICH OTHER PERSONS  
ARE DOMICILED. Habitable property also means the land  
occupied by the building not exceeding a typical town or  
city lot in area for duplexes or single family dwellings,  
and for multiple family buildings not exceeding that  
normally used for such construction considering the number

1 of units and type of construction. Somewhat larger lots may  
 2 be allowed providing such yards complement the building, are  
 3 not income producing and do not lend themselves to  
 4 separation and development. THE AGENT OF THE DEPARTMENT OF  
 5 REVENUE SHALL MAKE THIS DETERMINATION SUBJECT TO THE APPEALS  
 6 PROCEDURE. When habitable property is located on units of  
 7 land larger than indicated above, and on which additional  
 8 development may be expected in the future, or which may be  
 9 income producing, separate listing and taxing of this  
 10 additional land is required. THE AGENT OF THE DEPARTMENT OF  
 11 REVENUE SHALL MAKE THE DETERMINATION SUBJECT TO THE APPEALS  
 12 PROCEDURE. Habitable property does not mean mobile homes  
 13 used for recreational purposes or stock in trade of a  
 14 distributor or dealer.

15 (2) "Total personal income" means income from whatever  
 16 its source, including, but not limited to, compensation for  
 17 services, income derived from dealings in property, income  
 18 derived from business, all interest, rent, royalties,  
 19 dividends, alimony and separate maintenance payments,  
 20 annuities, income from life insurance and endowment  
 21 contracts, all pensions, all social security payments, ALL  
 22 RAILROAD RETIREMENT, income from discharge of indebtedness,  
 23 partnership income, income in respect of a decedent, income  
 24 from an interest in an estate or trust, and income otherwise  
 25 classified as "capital gains" for federal income tax

1 purposes. Reference may be made to the federal internal  
 2 revenue code for the determination of the scope of the  
 3 foregoing terms. ~~Notwithstanding the provisions of sections~~  
 4 ~~31-2217-68-1303, or 75-6215, retirement payments are part of~~  
 5 ~~total personal income for the purposes of this act.~~

6 (a) In determining "total personal income" no  
 7 deduction shall be allowed for:

- 8 (i) depreciation of any habitable property,
- 9 (ii) costs of maintenance, repair, or upkeep of any  
 10 habitable property,
- 11 (iii) payment of one-half (1/2) of real property taxes  
 12 paid on any habitable property located within the state of  
 13 Montana,
- 14 (iv) any federal or state income taxes paid on income  
 15 earned or accrued in Montana,
- 16 (v) gasoline taxes or any sales taxes for items of  
 17 personal use,
- 18 (vi) any other item unless listed in section 3 (2) (b)  
 19 below.

20 (b) In determining "total personal income" deduction  
 21 shall be allowed for:

- 22 ~~(i) interest paid on real property mortgages on~~  
 23 ~~habitable property only,~~
- 24 ~~(ii)~~ actual costs of conducting a business or  
 25 profession, not expressly disallowed under subsection (a)

1 hereinabove, provided such costs are actually incurred and  
2 are payable (even if not paid) during the taxpayer's taxable  
3 year.

4 (3) "Governmental unit" means school districts,  
5 incorporated cities and towns, counties, and state.

6 (4) "Department" means the department of revenue,  
7 state of Montana.

8 (5) "Mill-equivalent" means that fraction of a mill  
9 that total personal income will be multiplied by to  
10 determine the replacement tax at the same time a mill is  
11 assessed against taxable valuation. This fraction will be  
12 determined by the department according to the provisions of  
13 this act.

14 Section 4. Duties of the department. The department  
15 shall:

16 (1) In order to administer the property tax  
17 replacement act more professionally, and to guarantee  
18 confidentiality, establish a centralized, computerized  
19 system.

20 (2) Provide forms and instructions to the county  
21 treasurers.

22 (3) Interpret this act for county officials to secure  
23 uniformity of application and act as arbiter between  
24 counties.

25 (4) Hear appeals taken from decisions of county

1 officials regarding legal residence, taxing districts, and  
2 taxpayers' complaints. Decisions may be further appealed to  
3 the county tax appeals board and to the state tax appeals  
4 board.

5 (5) Establish and maintain a separate listing of all  
6 habitable property. In all structures used or designed  
7 partially for human habitation and partially for other uses  
8 the appraisers shall make the proper division and make two  
9 assessments. Although hotels, rooming houses, and motels  
10 serving transient or nonpermanent tenants are not included,  
11 the appraisers shall determine if portions of these  
12 establishments are used by a family or head of household for  
13 long-term occupancy; and if they so determine they shall  
14 also determine the proper division and make two assessments.

15 (6) In 1976, and thereafter PREPARE, property tax  
16 statements for habitable property ~~shall--be-prepared~~ and  
17 ~~processed~~ PROCESS THEM separately from other tax statements,  
18 except as applies to special taxing districts as explained  
19 in section 13 (3). Then in each governmental unit the  
20 department shall determine the ratio which the total taxable  
21 value of the HABITABLE property ~~described--above~~ AGAINST  
22 WHICH MILLAGE IS NOT ASSESSED, bears to the grand total  
23 taxable value in the respective governmental units. The  
24 ratios so arrived at shall be used to determine the dollar  
25 amounts of the approved budgets of the respective

1 governmental units which are to be replaced by the property  
 2 replacement tax. After full implementation of this act,  
 3 these ~~listings~~ TAX STATEMENTS need not be changed or updated  
 4 unless property passes to other uses, is allowed to stand  
 5 idle, or is occupied by a nonresident of Montana. When, or  
 6 if, a use for these TAX statements is not present they need  
 7 not be prepared.

8 (7) No later than August 1, ~~1977~~ 1978, determines the  
 9 mill-equivalent which shall be determined by analyzing the  
 10 total personal income reported in April, ~~1977~~ 1978, and  
 11 other pertinent data.

12 (8) Provide the formula which local officials will use  
 13 in calculating the millage to be applied to taxable  
 14 valuations and the mill-equivalents to be applied to total  
 15 personal income to determine the replacement tax to meet the  
 16 budgets.

17 (9) After the first year of this law's operation ~~the~~  
 18 ~~department-may~~, if in its judgment sufficient data is not  
 19 yet available to proceed to the final implementation of the  
 20 law, or if unanticipated problems have arisen, direct a  
 21 second year of operation according to the provisions for the  
 22 first year's operation. If this decision is made, the  
 23 department may also delay for one (1) year the requirement  
 24 of subsections (7) and (8) of this section.

25 Section 5. Duties of county officials. (1) County

1 ~~treasurers~~ ASSESSORS: The county treasurer shall mail on or  
 2 before February 20, ~~1977~~ 1978, and each year thereafter, to  
 3 every ~~known~~ taxpayer in the county who is a natural person,  
 4 AND WHO MAY NOT BE ON THE LIST TO RECEIVE A STATE INCOME TAX  
 5 FORM FROM THE DEPARTMENT OF REVENUE, a brief form which he  
 6 shall also have available in his office for the general  
 7 public, together with printed instructions and a strong,  
 8 opaque return envelope addressed to the proper section of  
 9 the department of revenue in Helena. THE DEPARTMENT OF  
 10 REVENUE SHALL ALSO ENCLOSE THIS FORM WITH THE STATE INCOME  
 11 TAX FORM. On this form the taxpayer shall provide name,  
 12 address, social security number of himself and spouse,  
 13 school district, city or town, and total personal income.  
 14 He shall also indicate in the space provided for that  
 15 purpose whether or not his income was subject to withholding  
 16 for the previous taxable year. The total personal income  
 17 shall be itemized according to the categories listed in  
 18 section 3 (2). Failure to receive the necessary form by  
 19 mail does not excuse an individual from securing a form and  
 20 making a report. The forms and instructions shall explain  
 21 that the total personal income requires the inclusion of  
 22 several items not included in federal or state returns, and  
 23 every resident with a yearly income in excess of ~~two~~ SIX  
 24 hundred dollars ~~(\$200)~~ (\$600) must file a return. The  
 25 reports shall be completed and mailed to the department of



1 revenue no later than April 15 of each year. As these  
2 reports are received by the department it shall sort and  
3 record the total personal income of the taxpayer in each  
4 governmental unit in which the taxpayer is a resident.

5 (2) County commissioners: On the second Monday of  
6 July, ~~1977~~ 1978, unless postponed for one (1) year by the  
7 department, and each year thereafter, the county  
8 commissioners WITH THE ADVICE OF THE DEPARTMENT OF REVENUE  
9 shall furnish to all officials who set millages the official  
10 estimates of the total personal income for each governmental  
11 unit. To arrive at these estimates the commissioners shall  
12 take into account the total personal income of the previous  
13 year as well as any other information or studies which are  
14 available.

15 (3) COUNTY TAX APPEALS BOARDS: The county tax appeals  
16 board shall hear and determine questions as to legal  
17 residence of taxpayers, questions between taxing districts,  
18 and complaints of taxpayers. Appeals may be taken to the  
19 state appeals board.

20 ~~(3)~~ (4) Other county officials: After the first year  
21 of operation those officials who set mill levies shall apply  
22 the mill-equivalent which has been established by the state  
23 department for all millages determined by law to the  
24 official estimates of total personal income provided by the  
25 county commissioners. To meet all legally determined

1 budgets they shall calculate the millages to be assessed  
2 against all taxable valuations of the governmental units and  
3 the mill-equivalents which will be applied against all the  
4 total personal income of the governmental units. The  
5 formula for this will have been provided. However, when the  
6 total personal income forms are received by the department  
7 of revenue in April, ~~1978~~ 1979, and thereafter, the  
8 department shall as promptly as possible notify the county  
9 treasurers as to the total personal income of the county and  
10 of each taxing jurisdiction therein, and the county  
11 treasurer shall promptly furnish to all officials who set  
12 mill levies the corrected total personal income for each  
13 governmental unit. The mill-equivalents which were  
14 previously calculated on the basis of the official estimates  
15 shall now be corrected to provide the exact anticipated  
16 revenue. It is these corrected mill-equivalents which shall  
17 be forwarded to the department and applied to each person's  
18 total personal income.

19 Section 6. Withholding. (1) In order to insure  
20 collection in the manner and to the extent provided by this  
21 act, every employer (as defined in section 84-4942) making  
22 payment of wages (as defined in section 84-4942) shall  
23 deduct and withhold beginning January 1, ~~1976~~ 1977, upon  
24 such wages one percent (1%) thereof, and after full  
25 implementation two percent (2%) thereof.

1 (2) Every employer shall be liable for the amounts  
2 required to be deducted and withheld and such amounts shall  
3 be considered as a tax; with respect thereto the employee  
4 (as defined in section 34-4942) shall be considered a  
5 taxpayer.

6 (3) On or before the last day of the months of April,  
7 July, October, and January of each calendar year beginning  
8 January 1, ~~1976~~ 1977, every employer subject to the  
9 provisions of this act shall file a return in such form and  
10 containing such information as required by the department  
11 and shall pay therewith the amount required by this act to  
12 be deducted and withheld by said employer from the wages  
13 paid during the preceding quarterly period of three (3)  
14 months. However, when the total amount of tax withheld on  
15 account of all employees is less than ten dollars (\$10) in  
16 each quarterly period of any year, one (1) yearly report  
17 shall be filed and amounts withheld paid therewith on or  
18 before February 15, ~~1977~~ 1978, and each year thereafter.

19 (4) All amounts deducted and withheld shall be  
20 considered as a tax collected under the provisions of this  
21 act, and no employee shall have any right of action against  
22 any employer to any money deducted and withheld from his  
23 wages and paid to the state of Montana in compliance with  
24 this act.

25 (5) Every employer shall, prior to the 15th day of

1 February in each year, beginning in ~~1977~~ 1978 as concerns  
2 this act, furnish to each employee a written statement  
3 showing the total wages paid by the employer to the employee  
4 during the preceding calendar year and showing the amount of  
5 the federal income tax withheld, the amount of state income  
6 tax withheld, and the tax withheld under the provisions of  
7 this act. Said statement shall contain such additional  
8 information and shall be in such form as the department  
9 shall prescribe and a duplicate thereof shall be filed by  
10 the employee with his report to the department as provided  
11 in section 5 (1) of this act.

12 (6) Every employer shall file on or before the 15th  
13 day of February each year a statement with the department in  
14 such form and containing such information as the department  
15 shall require including the total wages paid to each  
16 employee during the preceding calendar year or any part  
17 thereof, and showing the total amount of the federal income  
18 tax deducted and withheld, the amount of state income tax  
19 deducted and withheld, and the total amount of the tax  
20 deducted and withheld under the provisions of this act.

21 (7) Every employer who deducts and withholds any  
22 amounts under the provisions of this act shall hold the same  
23 in trust for the state of Montana and if any tax imposed by  
24 this act or any portion thereof is not paid within sixty  
25 (60) days after the same becomes due, the department shall

1 issue a warrant under its official seal which shall have the  
2 same force and effect and shall be enforced and carried into  
3 execution in the same manner as that specified in section  
4 84-4928 with respect to warrants relating to unpaid income  
5 taxes.

6 (8) If any employer fails to pay over to the state the  
7 tax deducted and withheld under the provisions of this act,  
8 or shall fail to furnish any statement herein provided for  
9 the same, additions to the amount of such tax shall be  
10 imposed and added as those specified in section 84-4924 with  
11 respect to failure to make a return of income or to pay any  
12 income tax; and any individual, corporation, partnership, or  
13 any officer or employee thereof, who with the intent to  
14 evade any tax or any requirement of this act, or who with  
15 the intent to evade tax, files or supplies any false or  
16 fraudulent statement or information, shall be liable to the  
17 same penalty as those imposed by section 84-4924 with  
18 respect to filing or supplying false statements or  
19 information with respect to income taxes.

20 (9) Every taxpayer subject to withholding under the  
21 provisions of this act shall use throughout the remainder of  
22 the calendar year, for purposes of withholding under this  
23 act, his domicile as of his first employment of that year,  
24 and he shall file the report required by section 5 (1) to  
25 the credit of that county regardless of whether or not his

1 domicile is changed during the year. It shall be the duty  
2 of each taxpayer subject to withholding under this act to  
3 provide each of his employers with the address to be used on  
4 the withholding forms. If a later mailing address of the  
5 employee is different from that used for withholding, the W2  
6 form provided to the employee shall be sent to this later  
7 mailing address. No taxpayer subject to the provisions of  
8 this act shall pay a property tax replacement tax based on  
9 his total personal income to more than one county during any  
10 one taxable year. Should a taxpayer subject to the  
11 provisions of this act change his domicile he shall notify  
12 all his employers and the county treasurers concerned of his  
13 new residence, and such change shall become effective as of  
14 January 1 of the following year.

15 (10) The department is hereby empowered to adopt rules  
16 and regulations for carrying out the provisions of this act  
17 and the enforcement thereof. All of the remedies available  
18 to the state of Montana for the administration, enforcement,  
19 and collection of income taxes shall be available and shall  
20 apply to the tax required to be deducted and withheld under  
21 the provisions of this act.

22 Section 7. Nature of fund -- disbursement to counties.  
23 (1) Amounts collected by the state department under the  
24 provisions of this act are deemed to be county funds and  
25 shall be held in trust for the counties of this state. Such

1 funds shall be deposited upon receipt to a separate account  
 2 provided for that purpose and invested so as to obtain the  
 3 most favorable rate of interest consistent with approved  
 4 practices.

5 (2) In May of ~~1977~~ 1978, and periodically thereafter,  
 6 the revenue collected for each county by withholding shall  
 7 be forwarded to that county by the department of revenue.  
 8 The department shall also notify the county treasurer as to  
 9 the amount of the revenue to be credited to each  
 10 governmental unit. The department shall be given sufficient  
 11 appropriation from the general fund to provide for its  
 12 expenses in the administration of this act.

13 Section 8. THE INTRODUCTORY PERIOD. In the years  
 14 beginning January 1, ~~1976~~ 1977, property will be assessed  
 15 and levies applied and tax bills sent as in previous years  
 16 except as noted in section 4 (6). However, only the first  
 17 half payment, except as applies to special taxing districts  
 18 as explained in section 13 (3), will be collected on  
 19 habitable property. The second half payment will be  
 20 replaced by the property replacement tax in the following  
 21 manner:

22 (1) As the reports received by the department are  
 23 sorted the total personal income of the residents of each  
 24 governmental unit shall be determined. For each of the  
 25 governmental units the total of the revenue to be replaced

1 shall be divided by the total personal income of the  
 2 residents of that governmental unit. The quotient so  
 3 arrived at shall be the rate to be used against each  
 4 taxpayer's total personal income to produce the replacement  
 5 revenue for that unit.

6 (2) Each taxpayer's total personal income shall then  
 7 be multiplied by the total of the rates for the units for  
 8 which he is liable and he shall receive by mail in a strong,  
 9 opaque, sealed envelope his tax statement, together with  
 10 such an explanation of the method by which it was determined  
 11 as to enable him to check its accuracy. The statement shall  
 12 be mailed on or before June 20, ~~1977~~ 1978, and each year  
 13 thereafter. For each taxpayer who submitted a withholding  
 14 statement the amount withheld shall be subtracted from his  
 15 tax liability, and in the event the amount withheld exceeds  
 16 the tax liability of the taxpayer, the balance, if one  
 17 dollar (\$1) or more, shall be refunded. THE TAXPAYER SHALL  
 18 PAY THE AMOUNT DUE ON OR BEFORE JULY 5, 1978 AND EACH YEAR  
 19 THEREAFTER. IF THE TAX DUE IS LESS THAN ONE DOLLAR (\$1) IT  
 20 SHALL BE FORGIVEN.

21 (3) All the above transactions shall be handled by the  
 22 department of revenue, and all county funds, interest, and  
 23 penalties collected by the department shall be periodically  
 24 forwarded to the counties for distribution to the taxing  
 25 jurisdictions.

1 Section 9. Penalty. All replacement taxes which are  
 2 due but not paid when due each year shall be delinquent and  
 3 shall draw interest at the rate of two-thirds (2/3) of one  
 4 percent (1%) per month until paid and a penalty of five  
 5 percent (5%) shall be added thereto.

6 Section 10. Collection of delinquent taxes. Action  
 7 may be brought by the county attorney at any time at the  
 8 request of the county treasurer in the name of the state to  
 9 recover the amount of any taxes, penalties, and interest due  
 10 under this act. When a taxpayer becomes delinquent the  
 11 confidentiality which the department is required by law to  
 12 maintain does not apply after the matter is placed in the  
 13 hands of the county attorney. Judgments secured under this  
 14 section shall have priority over all other judgments.

15 Section 11. Taxpayers not subject to withholding. On  
 16 or before September 30, after full implementation of this  
 17 act, and each year thereafter, every taxpayer who must file  
 18 a report under the provisions of this act and who is not  
 19 subject to withholding shall pay to the department, as an  
 20 advance partial payment of his replacement tax, two percent  
 21 (2%) of his total personal income for the first six (6)  
 22 months of that year. Any person entering or leaving the  
 23 state on a permanent basis within this period shall pay on  
 24 that portion of his total personal income which he earned or  
 25 received while a resident of Montana. This one-half (1/2)

1 year payment shall be credited to the person making it and  
 2 shall be subtracted from the amount the taxpayer owes for  
 3 the entire year when his next tax statement is presented  
 4 following the reports due each April 15. When the total  
 5 personal income reports are received the corrected  
 6 mill-equivalents which have been set shall be applied  
 7 against each taxpayer's total personal income. The  
 8 replacement tax payment previously received for the first  
 9 half year shall be subtracted from his total tax and a  
 10 statement sent to him for the remainder. With this  
 11 statement shall be a simple explanation of how the figures  
 12 were arrived at. These statements shall be mailed on or  
 13 before May 15 of each year, and the taxpayer shall pay the  
 14 amount due on or before June 10 of each year.

15 Section 12. Nonresidents. A NONRESIDENT FOR PURPOSES  
 16 OF THIS ACT IS A PERSON WHO IS NOT DOMICILED IN MONTANA FOR  
 17 AT LEAST SIX (6) MONTHS OF THE CALENDAR YEAR PRECEDING THE  
 18 APRIL 15 REPORTING DATE, AND WHO DOES NOT REPORT AT LEAST  
 19 ONE-HALF (1/2) OF HIS INCOME TO MONTANA FOR INCOME TAX  
 20 PURPOSES WHETHER OR NOT ONE-HALF (1/2) THE INCOME WAS EARNED  
 21 IN MONTANA. Habitable property occupied either regularly or  
 22 part-time by nonresidents of Montana whether self-owned or  
 23 rented, shall continue to be assessed and taxed as  
 24 nonhabitable property. However, landlords of multiple  
 25 housing and operators of mobile home courts shall, beginning

1 July 1, ~~1976~~ 1977, require each tenant to fill out in  
 2 duplicate and sign a short form stating that he is or is not  
 3 a resident of Montana as determined by ~~whether-or-not-he~~  
 4 ~~files-a-state-income-tax-report-and-pays-such--state--income~~  
 5 ~~tax--as--is--due--and--pays--the-property-replacement-tax-as~~  
 6 ~~required-by-this-act~~ THE ABOVE DEFINITION. The landlord  
 7 shall then add ten percent (10%) to the rent of nonresident  
 8 tenants, ~~for-quarterly-transmission-to-the-county--treasurer~~  
 9 ~~which-shall-be-in-lieu-of-the-property-replacement-tax-which~~  
 10 ~~they-do-not-pay.~~ THIS IS A NONRESIDENT PROPERTY REPLACEMENT  
 11 TAX WHICH SHALL BE TRANSMITTED QUARTERLY TO THE COUNTY  
 12 TREASURER. This money shall be deposited to the credit of  
 13 the county general fund and used to reduce the mill levy the  
 14 following year. The landlord shall also transmit to the  
 15 county treasurer one copy of each tenant form, both resident  
 16 and nonresident, and shall retain the duplicate for his  
 17 files.

18 Section 13. Applicability to existing law. (1)  
 19 Nothing in this act shall be construed to affect in any way  
 20 property tax laws or practices except on habitable property  
 21 as herein defined, and as such property supports schools,  
 22 cities or towns, counties, and the state.

23 (2) This act contemplates no change in the manner in  
 24 which special improvement districts' assessments are  
 25 handled. Such payments may be billed and collected with the

1 first half of the regular taxes or independently.

2 (3) This act contemplates no change in the manner of  
 3 collection of taxes on special taxing districts except that  
 4 such taxes may be collected in November instead of  
 5 collecting only one-half at that time.

6 (4) Notwithstanding any of the provisions of this act,  
 7 all general obligation bonds now outstanding or which may be  
 8 issued in the future will continue to be an obligation of  
 9 all property pledged to their redemption because the  
 10 replacement tax herein authorized shall be considered as an  
 11 alternative method of tax assessment and collection on  
 12 habitable property.

13 (5) Whenever this act refers to another section of the  
 14 laws of Montana, it refers to that law as presently and  
 15 subsequently amended.

16 Section 14. Divulging information unlawful --  
 17 exceptions -- penalties. Except as provided in section  
 18 84-4931 and in section 10 of this act, it shall be unlawful  
 19 for any person to divulge any information contained in  
 20 reports filed by taxpayers under the terms of this act. Any  
 21 violations of this provision shall be punishable by a fine  
 22 not exceeding one thousand dollars (\$1,000) or imprisonment  
 23 in the county jail not exceeding one (1) year, or both, and  
 24 if such offender be an officer or employee of the state or  
 25 county he shall be dismissed from office and be ineligible

1 to hold any public office in this state for one (1) year  
2 thereafter.

3 Section 15. Severability. It is the intent of the  
4 legislature that if a part of this act is invalid all valid  
5 parts that are severable therefrom remain in effect. If a  
6 part of this act is invalid in one or more of its  
7 applications, that part remains in effect in all valid  
8 applications severable from the invalid applications.

9 SECTION 16. EFFECTIVE DATE. THIS ACT SHALL BE  
10 EFFECTIVE JULY 1, 1976.

-End-