

1 *Senate* BILL NO. *156*  
 2 INTRODUCED BY *James Blaylock Neely Huey Fee*  
 3 *Edw LYNCH Washburn Citron Chesney Leib*  
 4 *Warden Flynn* A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE PROPERTY TAX  
 5 RELIEF OR EQUIVALENT RELIEF TO HOMEOWNERS AND RENTERS WHO  
 6 MEET CERTAIN INCOME AND AGE CRITERIA; PROVIDING PENALTIES  
 7 FOR FRAUDULENT CLAIMS; AND PROVIDING AN EFFECTIVE DATE."

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

10 Section 1. Short title. This act may be cited as the  
11 "Montana Residential Property Tax Relief Act of 1975".

12 Section 2. Purpose. The purpose of this act is to  
13 relieve the burden which the residential property tax places  
14 on certain homeowners and renters.

15 Section 3. Definitions. As used in this act:

16 (1) "Income" means the sum of federal adjusted gross  
17 income without regard to loss as that quantity is defined in  
18 the internal revenue code of the United States and all  
19 nontaxable income including but not limited to the gross  
20 amount of any pension or annuity (including railroad  
21 retirement act benefits and veterans disability benefits),  
22 amount of capital gains excluded from adjusted gross income,  
23 alimony, support money, nontaxable strike benefits, cash  
24 public assistance and relief, all payments received under  
25 the federal social security, and payments and interest on

1 federal, state, county, and municipal bonds.

2 (2) "Claimant" means an individual natural person who  
3 files a claim under this act and who was domiciled in this  
4 state during at least six (6) months of the year for which  
5 the claim is filed. In the event that an individual who  
6 would have a claim under this act, dies before filing the  
7 claim, the personal representative of the estate of the  
8 decedent may file the claim.

9 (3) "Household" means an association of persons who  
10 live in the same dwelling, sharing its furnishings,  
11 facilities, accommodations, and expenses. The term does not  
12 include bona fide lessees, tenants, or roomers and boarders  
13 on contract.

14 (4) "Household income" means all income received by  
15 all persons of a household while they are members of the  
16 household.

17 (5) "Homestead" means a dwelling or unit of a multiple  
18 unit dwelling which is subject to ad valorem taxes, owned  
19 and occupied as a residence by the owner thereof for at  
20 least six (6) months during the calendar year preceding a  
21 claim or occupied as a dwelling of a renter or lessee for at  
22 least six (6) months during the calendar year preceding a  
23 claim and as much of the surrounding land, but not in excess  
24 of one (1) acre, as is reasonably necessary for its use as a  
25 dwelling.

1 (6) "Department" means the department of revenue.

2 (7) "Gross rent" means the total rent in cash or its  
3 equivalent actually paid by the renter or lessee for the  
4 right of occupancy of the homestead pursuant to an arms'  
5 length transaction with the landlord thereof.

6 (8) "Property taxes paid" means general ad valorem  
7 taxes levied against the homestead exclusive of special  
8 assessments, penalties, or interest and paid during the  
9 calendar year for which a claim is made.

10 (9) "Rent constituting property tax paid" means twenty  
11 percent (20%) of the gross rent.

12 Section 4. Who may file a claim. A claimant who  
13 reaches the age of fifty-five (55) on or before December 31  
14 of a calendar year may file a claim for that year if the  
15 household for which the claim is filed has a household  
16 income which does not exceed seven thousand five hundred  
17 dollars (\$7,500) for the calendar year for which the claim  
18 is filed and property taxes paid or rent constituting  
19 property tax paid exceeds three percent (3%) of the total  
20 household income.

21 Section 5. One claim per household. Only one claim  
22 per household per year is entitled to relief under this act.

23 Section 6. Exclusions. No claim for relief under this  
24 act shall be allowed for any portion of property taxes paid  
25 or rent constituting property taxes paid which is derived

1 from public rent or tax subsidy program.

2 Section 7. Administration. The department shall make  
3 available appropriate forms with instructions and shall  
4 adopt rules necessary for administration of this act.

5 Section 8. Filing date. A claim for relief under this  
6 act for property tax or rent constituting property tax  
7 actually paid during the claimant's fiscal year is due on or  
8 before the fifteenth day of the fourth month following the  
9 close of the claimant's fiscal year, or if the claimant's  
10 individual income tax return is made on the basis of a  
11 calendar year then relief under this act for property tax or  
12 rent constituting property tax actually paid during the  
13 calendar year is due on or before April 15 of the next  
14 calendar year. The department may grant a reasonable  
15 extension for filing claims whenever, in its judgement, good  
16 cause exists and shall keep a record of every such extension  
17 and reason therefor.

18 Section 9. Form of relief. Relief under this act will  
19 be granted in the form of a credit against the claimant's  
20 Montana individual income tax liability. In case the amount  
21 of such credit exceeds the claimant's liability under Title  
22 84, chapter 49, the amount of the excess shall be refunded  
23 to the claimant. A tax credit may be claimed even though  
24 the claimant has no income taxable under Title 84, chapter  
25 49.

1 Section 10. Maximum tax credit. The maximum tax  
2 credit allowable under this act is two hundred dollars  
3 (\$200).

4 Section 11. Computation of relief. The tax credit  
5 granted under this act shall be computed as follows:

6 (1) In the event that the claim arises from a  
7 household which resides in a homestead owned by a member of  
8 the household, the tax credit is either the amount of  
9 property taxes paid or the amount obtained by multiplying  
10 the appropriate credit factor in table 1 by the maximum tax  
11 credit allowable, whichever is smaller.

12 (2) In the event that the claim arises from a  
13 household which resides in a homestead which it rents, the  
14 tax credit is either the amount of the rent constituting  
15 property taxes paid by the household or the amount obtained  
16 by multiplying the appropriate credit factor in table 1 by  
17 the maximum tax credit allowable, whichever is smaller.

18 Table 1

19 If Income is:	The corresponding credit factor is:
20 0-\$999 -----	1.00
21 \$1,000-\$1,999-----	.90
22 \$2,000-\$2,999-----	.80
23 \$3,000-\$3,999-----	.50
24 \$4,000-\$4,999-----	.30
25 \$5,000-\$5,999-----	.20

1 \$6,000-\$6,999-----	.10
2 \$7,000-\$7,499-----	.05

3 Section 12. Proof of claim. Either a receipt showing  
4 property tax paid or a receipt showing gross rent paid  
5 whichever is appropriate must be filed with each claim. In  
6 addition, each claimant must at the request of the  
7 department, supply all additional information necessary to  
8 support his claim.

9 Section 13. Disallowance of certain claims. A claim  
10 shall be disallowed if the department finds that the  
11 claimant received title to his homestead primarily for the  
12 purpose of receiving benefits under this act.

13 Section 14. When the landlord and tenant have not  
14 dealt at arms' length and the department judges the gross  
15 rent charged to be excessive, the department may adjust the  
16 gross rent to a reasonable amount for the purpose of this  
17 act.

18 Section 15. Denial of claim. Any person filing a  
19 false or fraudulent claim under this act shall be charged  
20 with the offense of unsworn falsification to authorities  
21 pursuant to section 94-7-204. If a false or fraudulent  
22 claim has been paid, the amount paid may be recovered as any  
23 other debt owned to the state. An additional ten percent  
24 (10%) may be added to the amount due as a penalty. The  
25 unpaid debt shall bear interest from the date of the

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1 original payment of claim until paid at the rate of one  
2 percent (1%) per month.

3 Section 16. Effective date. Relief under this act  
4 will be initiated for the calendar year 1976 with tax  
5 credits granted on the 1976 state individual income tax.

-End-

## STATE OF MONTANA

REQUEST NO. 70-75

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 22, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 156 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 provide property tax relief in the form of a credit against income tax liability to homeowners and renters age 55 or older with annual income under \$7,500. The relief under this act will be initiated for CY 76 with tax credits applied against CY 76 income.

## ASSUMPTIONS:

1. An estimated 35,713 households would qualify for property tax relief under Senate Bill 156.
2. Experience of other states with laws similar to proposed law indicate that 85% of those eligible will apply.
3. The property tax or equivalent paid will exceed the maximum credit allowed.
4. Income tax rebates and credits will be applied when CY 76 returns are filed, thus all of CY 76 loss of revenue will be realized in FY 77.
5. The Department of Revenue will incur additional costs of \$70,000 for data processing and auditing in FY 77.

## REVENUE IMPACT:

	FY 76	FY 77
Income tax collections under current law	\$ 104.8 million	\$ 124.0 million
Income tax collections under proposed law	<u>104.8 million</u>	<u>120.5 million</u>
Decrease in collections	<u>0</u>	<u>\$ 3.5 million</u>

## EXPENDITURE IMPACT:

Additional expenditures under proposed law	<u>\$ 70,000</u>
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## LOCAL IMPACT:

Senate Bill 156 will not alter existing property tax structure; there will be no loss in revenue to local government units.

## CONCLUSION:

Enactment of Senate Bill 156 would result in increased state expenditures of \$70,000 and decreased revenue of \$3.5 million during the biennium. Income tax collections are allocated 64% to the General Fund, 25% to the State Equalization Aid Earmarked Revenue Account and 11% to the Long-Range Building Program.

*Michael B. Billings*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 27, 1975

Approved by Committee  
on Taxation

SENATE BILL NO. 156

INTRODUCED BY REGAN, BLAYLOCK, HEALY, GREELY, LEE, TOWE,  
LYNCH, FASBENDER, CETRONE, THIESSEN, SEIBEL,  
CONOVER, FLYNN, FINLEY, WARDEN  
(BY REQUEST OF GOVERNOR)

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE ~~PROPERTY~~ TAX  
RELIEF ~~OR-EQUIVALENT-RELIEF-TO-HOMEBOWNERS-AND~~ TO RENTERS WHO  
MEET CERTAIN INCOME AND AGE CRITERIA; PROVIDING PENALTIES  
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amount of any pension or annuity (including railroad  
retirement act benefits and veterans disability benefits),  
amount of capital gains excluded from adjusted gross income,

alimony, support money, nontaxable strike benefits, cash AND  
FOOD STAMP public assistance and relief, all payments  
received under the federal social security, and payments and  
interest on federal, state, county, and municipal bonds.

(2) "Claimant" means an individual natural person who  
files a claim under this act and who was domiciled in this  
state during ~~at-least-six-(6)-months-of~~ the year for which  
the claim is filed. In the event that an individual who  
would have a claim under this act, dies before filing the  
claim, the personal representative of the estate of the  
decedent may file the claim.

(3) "Household" means an association of persons who  
live in the same dwelling, sharing its furnishings,  
facilities, accommodations, and expenses. The term does not  
include bona fide lessees, tenants, or roomers and boarders  
on contract.

(4) "Household income" means all income received by  
all persons of a household while they are members of the  
household.

(5) "Homestead" AS USED IN THIS ACT means a dwelling  
or unit of a multiple unit dwelling which is subject to ad  
valorem taxes, ~~owned--and--occupied--as-a-residence-by-the~~  
~~owner--thereof--for--at--least--six--(6)--months--during--the~~  
~~calendar-year-preceding-a-claim-or~~ occupied as a dwelling of  
a renter or lessee for at least six (6) months during the

1 calendar year preceding a claim and as much of the  
2 surrounding land, but not in excess of one (1) acre, as is  
3 reasonably necessary for its use as a dwelling.

4 (6) "Department" means the department of revenue.

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6 equivalent actually paid by the renter or lessee for the  
7 right of occupancy of the homestead pursuant to an arms'  
8 length transaction with the landlord thereof.

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12 ~~calendar year for which a claim is made.~~

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14 twenty percent (20%) of the gross rent.

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19 a household income which does not exceed seven thousand five  
20 hundred dollars (\$7,500) for the calendar year for which the  
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14 claimant--received--title--to--his--homestead--primarily--for--the  
15 purpose--of--receiving--benefits--under--this--act.~~

16 Section 13. When the landlord and tenant have not  
17 dealt at arms' length and the department judges the gross  
18 rent charged to be excessive, the department may adjust the  
19 gross rent to a reasonable amount for the purpose of this  
20 act.

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