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INTRODUCED BY *Senate* BILL NO. *165*  
*Cetrono Roberts Ryan Gagny Norman*  
*Blaylock Laibel STEPHENS, Martin Drake Turnage*

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 84-301, R.C.M. 1947, TO CLASSIFY BUSINESS INVENTORIES IN CLASS SEVEN (7) FOR THE PURPOSE OF PROPERTY TAXATION."

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

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

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

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

Class Three. Livestock, poultry and unprocessed products of both; ~~stocks--of--merchandise--of--all--sorts,~~ ~~together-with~~ furniture and fixtures used therewith, in commercial activities; ~~except-mobile-homes~~, and all office or hotel furniture and fixtures.

Class Four. (a) All land, town and city lots, with improvements, and all trailers affixed to land owned, leased, or under contract or purchase by the trailer owner,

1 manufacturing and mining machinery, fixtures and supplies,  
2 except as otherwise provided by the constitution of Montana,  
3 and except as such property may be included in Class Five,  
4 Class Seven or Class Eight.

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

10 Class Five. (a) All moneys and credits, secured or  
11 unsecured, including all state, county, school district and  
12 other municipal bonds, warrants and securities, without any  
13 deduction or offset; provided, however, that the terms  
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15 moneyed capital employed in the banking business by any  
16 banking corporation or individual in this state.

17 (b) All poles, lines, transformers, transformer  
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19 property used and owned by co-operative rural electrical and  
20 co-operative rural telephone associations organized under  
21 the laws of Montana except those within the incorporated  
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23 cent (95%) of the electric consumers and/or telephone users  
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25 property enumerated in this sub-section (b) within

1 incorporated limits of a city or town in which less than  
2 ninety-five per cent (95%) of the electric consumers or  
3 users will be served by a co-operative organization, such  
4 property shall be put in Class Two.

5 (c) All unprocessed agricultural products either on the  
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8 company storing the same, or any other person whomsoever,  
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12 (d) The dwelling house, and the lot on which it is  
13 erected, owned and occupied by any resident of the state,  
14 who has been honorably discharged from active service in any  
15 branch of the armed forces, who is rated one hundred per  
16 cent (100%) disabled due to a service-connected disability  
17 by the United States veterans administration or its  
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19 In the event of the veteran's death, the dwelling  
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21 widow remains unmarried and the owner and occupant of the  
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23 Class Six. Property formerly included in this class is  
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1 industrial property shall mean any new industrial plant,  
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 3 application to the state department of revenue in such  
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 17 contract for deed, and which is actually occupied by:

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Approved by Committee  
on Taxation

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16 Provided, further, that the value of said property shall not

17 increase during the life of the recipient of retirement

18 benefits or widow or widower covered under this class. For

19 purposes of the affidavit required for classification of

20 property under this class, it shall be sufficient if the

21 applicant signs a statement swearing to or affirming the

22 correctness of the information supplied, whether or not the

23 statement is signed before a person authorized to administer

24 oaths, and mails the application and statement to the

25 department of revenue. This signed statement shall be

1 treated as a statement under oath or equivalent affirmation

2 for purposes of section 94-7-203, R.C.M. 1947, relating to

3 the criminal offense of false swearing.

4 Class Nine. All property not included in the eight (8)

5 preceding classes."

-End-

## 1 SENATE BILL NO. 165

2 INTRODUCED BY CETRONE, ROBERTS, REGAN, MANLEY, NORMAN,

3 BLAYLOCK, SEIBEL, STEPHENS, MATHERS, DRAKE, TURNAGE

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION  
6 84-301, R.C.M. 1947, TO CLASSIFY BUSINESS INVENTORIES IN  
7 CLASS SEVEN (7) FOR THE PURPOSE OF PROPERTY TAXATION."  
8

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

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

12 "84-301. Classification of property for taxation. For  
13 the purpose of taxation the taxable property in the state  
14 shall be classified as follows:

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

1 minerals, and the same shall be placed in this  
2 classification for the purpose of taxation.

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

19 Class Three. Livestock, poultry and unprocessed  
20 products of both; ~~stocks--of--merchandise--of--all--sorts,~~  
21 ~~together-with~~ furniture and fixtures used ~~therewith,~~ in  
22 commercial activities; ~~except-mobile-homes;~~ and all office  
23 or hotel furniture and fixtures.

24 Class Four. (a) All land, town and city lots, with  
25 improvements, and all trailers affixed to land owned,

1 leased, or under contract or purchase by the trailer owner,  
2 manufacturing and mining machinery, fixtures and supplies,  
3 except as otherwise provided by the constitution of Montana,  
4 and except as such property may be included in Class Five,  
5 Class Seven or Class Eight.

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

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

18 (b) All poles, lines, transformers, transformer  
19 stations, meters, tools, improvements, machinery and other  
20 property used and owned by co-operative rural electrical and  
21 co-operative rural telephone associations organized under  
22 the laws of Montana except those within the incorporated  
23 limits of a city or town in which less than ninety-five per  
24 cent (95%) of the electric consumers and/or telephone users  
25 are served by a co-operative organization, and as to the

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

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

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

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

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

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

1       for three (3) years or longer. Any person, corporation,  
 2 firm, partnership, association or other group seeking to  
 3 qualify its property for inclusion in this class shall make  
 4 application to the state department of revenue in such  
 5 manner and form as may be required by said department.

6       (b) Business inventories. Business inventories shall  
 7 include goods intended for sale or lease in the ordinary  
 8 course of business, and shall include raw materials and work  
 9 in progress with respect to such goods, but shall not  
 10 include goods actually leased or rented on the lien date, or  
 11 mobile homes held by a dealer or distributor as a part of  
 12 his stock in trade.

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

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

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

25       (3) a widow with minor or dependent children regardless

1 of age, who qualifies under the income limitations of (4),  
2 or

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

1 department of revenue. This signed statement shall be  
2 treated as a statement under oath or equivalent affirmation  
3 for purposes of section 94-7-203, R.C.M. 1947, relating to  
4 the criminal offense of false swearing.

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

-End-