

1 *Senate* BILL NO. *298*
 2 INTRODUCED BY *Drake Dumble, Mack, Healy*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A
 5 CLASSIFICATION OF PROPERTY FOR IMPROVEMENTS ON REAL PROPERTY
 6 LEASED TO GOVERNMENTAL AGENCIES AND ESTABLISHING THE RATE OF
 7 TAXATION THEREFOR; AMENDING SECTIONS 84-301 AND 84-302,
 8 R.C.M. 1947."
 9

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

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

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

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

1 digging, exploring, or prospecting for gas, oil, coal or
 2 minerals, and the same shall be placed in this
 3 classification for the purpose of taxation.

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

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

25 Class Four. (a) All land, town and city lots, with

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

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

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

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

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

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

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

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

25 Class Six. Property formerly included in this class is

1 now classified by section 84-308, R.C.M. 1947.

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

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

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

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

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

19 (3) a widow with minor or dependent children regardless
20 of age, who qualifies under the income limitations of (4),
21 or

22 (4) a recipient of retirement benefits whose income
23 from all sources is not more than four thousand dollars
24 (\$4,000) for a single person and five thousand two hundred
25 dollars (\$5,200) for a married couple per annum. Provided,

1 further, that one who applies for classification of property
 2 under this class must make an affidavit to the state
 3 department of revenue on a form as may be provided by the
 4 state department of revenue supplied without cost to the
 5 applicant, as to his income, if applicable, as to his
 6 retirement benefits, if applicable, or, as to his marital
 7 status, if applicable, and to the fact that he or she
 8 actually occupies such improvements with right of the county
 9 welfare board to investigate the applicant, on the
 10 completion of the form, as to answers given on the form.
 11 Provided, further, that the value of said property shall not
 12 increase during the life of the recipient of retirement
 13 benefits or widow or widower covered under this class. For
 14 purposes of the affidavit required for classification of
 15 property under this class, it shall be sufficient if the
 16 applicant signs a statement swearing to or affirming the
 17 correctness of the information supplied, whether or not the
 18 statement is signed before a person authorized to administer
 19 oaths, and mails the application and statement to the
 20 department of revenue. This signed statement shall be
 21 treated as a statement under oath or equivalent affirmation
 22 for purposes of section 94-7-203, R.C.M. 1947, relating to
 23 the criminal offense of false swearing.

24 Class Nine. Any newly constructed improvement on real
 25 property which is leased to an agency, department, or

1 political subdivision of local, state, or federal government
 2 for a term of not less than twenty (20) years.

3 Class ~~Nine~~ Ten. All property not included in the eight
 4 (8) preceding classes."

5 Section 2. Section 84-302, R.C.M. 1947, is amended to
 6 read as follows:

7 "84-302. Basis for imposition of taxes. As a basis for
 8 the imposition of taxes upon the different classes of
 9 property specified in the preceding section, a percentage of
 10 the true and full value of the property of each class shall
 11 be taken as follows:

12 Class 1. One hundred per cent (100%) of its true and
 13 full value.

14 Class 2. Twenty per cent (20%) of its true and full
 15 value.

16 Class 3. Thirty-three and one-third per cent (33 1/3%)
 17 of its true and full value.

18 Class 4. Thirty per cent (30%) of its true and full
 19 value.

20 Class 5. Seven per cent (7%) of its true and full
 21 value.

22 Class 6. As specified in section 84-308, R.C.M. 1947.

23 Class 7. Seven per cent (7%) of its true and full
 24 value.

25 Class 8. Fifteen per cent (15%) of its true and full

1 value.

2 Class 9. Six percent (6%) of the true and full value
3 for the first full year following completion of the
4 improvement; twelve percent (12%) of the true and full value
5 for the second full year following completion of the
6 improvement; eighteen percent (18%) of the true and full
7 value for the third full year following completion of the
8 improvement; twenty-four percent (24%) of the true and full
9 value for the fourth full year following completion of the
10 improvement; and thirty percent (30%) for the fifth full
11 year following completion of the improvement and for every
12 year thereafter.

13 Class 9 10. Forty per cent (40%) of its true and full
14 value."

-End-

Approved by Committee
on Taxation

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2 INTRODUCED BY DRAKE, DUNKLE,
3 MATHERS, HEALY
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23 or succession by any person or corporation, the surface
24 title to which has passed to or remains in another, the
25 state department of revenue shall determine the value of the

1 right to enter upon said tract of land for the purpose of
2 digging, exploring, or prospecting for gas, oil, coal or
3 minerals, and the same shall be placed in this
4 classification for the purpose of taxation.

5 Class Two. All agricultural and other tools, implements
6 and machinery, gas and other engines and boilers, threshing
7 machines and outfits used therewith, automobiles, motor
8 trucks and other power-driven cars, vehicles of all kinds
9 except mobile homes, boats and all watercraft, harness,
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11 of this section, all poles, lines, transformers, transformer
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19 average circuit miles for each station on the system is more
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22 products of both; stocks of merchandise of all sorts,
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 6 and except as such property may be included in Class Five,
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 6 applicant, as to his income, if applicable, as to his
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 24 the criminal offense of false swearing.

25 Class Nine. Any newly constructed improvement

1 CONSTRUCTED AFTER JANUARY 1, 1975 FOR THE SPECIFIC PURPOSE
 2 AS PROVIDED FOR WITHIN THIS CLASS on real property which is
 3 leased IN ITS ENTIRETY to an agency, department, or
 4 political subdivision of local, state, or federal government
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2 value.

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5 Class 9. Six percent (6%) of the true and full value
6 for the first full year following completion of the
7 improvement; twelve percent (12%) of the true and full value
8 for the second full year following completion of the
9 improvement; eighteen percent (18%) of the true and full
10 value for the third full year following completion of the
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25 (\$4,000) for a single person and five thousand two hundred

1 dollars (\$5,200) for a married couple per annum. Provided,
 2 further, that one who applies for classification of property
 3 under this class must make an affidavit to the state
 4 department of revenue on a form as may be provided by the
 5 state department of revenue supplied without cost to the
 6 applicant, as to his income, if applicable, as to his
 7 retirement benefits, if applicable, or, as to his marital
 8 status, if applicable, and to the fact that he or she
 9 actually occupies such improvements with right of the county
 10 welfare board to investigate the applicant, on the
 11 completion of the form, as to answers given on the form.
 12 Provided, further, that the value of said property shall not
 13 increase during the life of the recipient of retirement
 14 benefits or widow or widower covered under this class. For
 15 purposes of the affidavit required for classification of
 16 property under this class, it shall be sufficient if the
 17 applicant signs a statement swearing to or affirming the
 18 correctness of the information supplied, whether or not the
 19 statement is signed before a person authorized to administer
 20 oaths, and mails the application and statement to the
 21 department of revenue. This signed statement shall be
 22 treated as a statement under oath or equivalent affirmation
 23 for purposes of section 94-7-203, R.C.M. 1947, relating to
 24 the criminal offense of false swearing.

25 Class Nine. Any newly constructed improvement

1 CONSTRUCTED AFTER JANUARY 1, 1975 FOR THE SPECIFIC PURPOSE
 2 AS PROVIDED FOR WITHIN THIS CLASS on real property which is
 3 leased IN ITS ENTIRETY to an agency, department, or
 4 political subdivision of local, state, or federal government
 5 for a term of not less than twenty (20) years.

6 Class ~~Nine~~ Ten. All property not included in the ~~eight~~
 7 ~~(8)~~ NINE (9) preceding classes."

8 Section 2. Section 84-302, R.C.M. 1947, is amended to
 9 read as follows:

10 "84-302. Basis for imposition of taxes. As a basis for
 11 the imposition of taxes upon the different classes of
 12 property specified in the preceding section, a percentage of
 13 the true and full value of the property of each class shall
 14 be taken as follows:

15 Class 1. One hundred per cent (100%) of its true and
 16 full value.

17 Class 2. Twenty per cent (20%) of its true and full
 18 value.

19 Class 3. Thirty-three and one-third per cent (33 1/3%)
 20 of its true and full value.

21 Class 4. Thirty per cent (30%) of its true and full
 22 value.

23 Class 5. Seven per cent (7%) of its true and full
 24 value.

25 Class 6. As specified in section 84-308, R.C.M. 1947.

1 Class 7. Seven per cent (7%) of its true and full
2 value.

3 Class 8. Fifteen per cent (15%) of its true and full
4 value.

5 Class 9. Six percent (6%) of the true and full value
6 for the first full year following completion of the
7 improvement; twelve percent (12%) of the true and full value
8 for the second full year following completion of the
9 improvement; eighteen percent (18%) of the true and full
10 value for the third full year following completion of the
11 improvement; twenty-four percent (24%) of the true and full
12 value for the fourth full year following completion of the
13 improvement; and thirty percent (30%) for the fifth full
14 year following completion of the improvement and for every
15 year thereafter.

16 Class 9 10. Forty per cent (40%) of its true and full
17 value."

-End-