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Senate BILL NO. 342

INTRODUCED BY *Mathew Fasbender* *John Hamill* *Walter*
Boylan *Lat*

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PROPERTY TAX LAWS AFFECTING LIVESTOCK, AMENDING SECTIONS 84-301, 84-406, 84-202, AND 84-5208, R.C.M. 1947, AND REPEALING SECTIONS 84-5202 THROUGH 84-5207, R.C.M. 1947."

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

Section 1. This act may be cited as the "Livestock Tax Reform Act of 1975".

Section 2. 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:

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

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

Class Two. ~~All~~ Livestock, poultry, and unprocessed products of both; 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, steaks~~ Stocks of merchandise of all sorts, together with furniture and fixtures used therewith, except mobile homes; and all office or hotel furniture and

1 fixtures.

2 Class Four. (a) All land, town and city lots, with
3 improvements, and all trailers affixed to land owned,
4 leased, or under contract or purchase by the trailer owner,
5 manufacturing and mining machinery, fixtures and supplies,
6 except as otherwise provided by the constitution of Montana,
7 and except as such property may be included in Class Five,
8 Class Seven or Class Eight.

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

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

21 (b) All poles, lines, transformers, transformer
22 stations, meters, tools, improvements, machinery and other
23 property used and owned by co-operative rural electrical and
24 co-operative rural telephone associations organized under
25 the laws of Montana except those within the incorporated

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

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

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

23 In the event of the veteran's death, the dwelling
24 house, and the lot on which it is erected, so long as the
25 widow remains unmarried and the owner and occupant of the

1 property, shall remain within this classification.

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

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

1 provided further, that new industrial property shall not be
2 included to mean property which is used or employed in any
3 industrial plant which has been in operation in this state
4 for three (3) years or longer. Any person, corporation,
5 firm, partnership, association or other group seeking to
6 qualify its property for inclusion in this class shall make
7 application to the state department of revenue in such
8 manner and form as may be required by said department.

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

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

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

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

24 (4) a recipient of retirement benefits whose income
25 from all sources is not more than four thousand dollars

1 (\$4,000) for a single person and five thousand two hundred
 2 dollars (\$5,200) for a married couple per annum. Provided,
 3 further, that one who applies for classification of property
 4 under this class must make an affidavit to the state
 5 department of revenue on a form as may be provided by the
 6 state department of revenue supplied without cost to the
 7 applicant, as to his income, if applicable, as to his
 8 retirement benefits, if applicable, or, as to his marital
 9 status, if applicable, and to the fact that he or she
 10 actually occupies such improvements with right of the county
 11 welfare board to investigate the applicant, on the
 12 completion of the form, as to answers given on the form.
 13 Provided, further, that the value of said property shall not
 14 increase during the life of the recipient of retirement
 15 benefits or widow or widower covered under this class. For
 16 purposes of the affidavit required for classification of
 17 property under this class, it shall be sufficient if the
 18 applicant signs a statement swearing to or affirming the
 19 correctness of the information supplied, whether or not the
 20 statement is signed before a person authorized to administer
 21 oaths, and mails the application and statement to the
 22 department of revenue. This signed statement shall be
 23 treated as a statement under oath or equivalent affirmation
 24 for purposes of section 94-7-203, R.C.M. 1947, relating to
 25 the criminal offense of false swearing.

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

3 Section 3. Section 84-406, R.C.M. 1947, is amended to
 4 read as follows:

5 "84-406. Time of assessment--motor vehicles--mobile
 6 homes--livestock--snowmobiles. (1) The department of revenue
 7 or its agent must, between the first Monday of March and the
 8 second Monday of July in each year, ascertain the names of
 9 all taxable inhabitants, and assess all property in each
 10 county subject to taxation, except such as is required to be
 11 assessed by the state department of revenue, and must assess
 12 such property to the persons by whom it was owned or
 13 claimed, or in whose possession or control it was at 12
 14 midnight of the first Monday of March next preceding. It
 15 must also ascertain and assess all mobile homes arriving in
 16 ~~his-each~~ county after 12 midnight of the first Monday of
 17 March next preceding. The procedure provided by this section
 18 shall not apply to:

19 (a) Motor vehicles which are required by subdivision
 20 (2) hereof to be assessed as of the first day of January;
 21 but no mistake in the name of the owner or supposed owner of
 22 real property renders the assessment thereof invalid.

23 (b) Livestock ~~being-fed-in-feeding-pens-or-enclosures~~
 24 which ~~may~~ are required by subdivision (3) of this section to
 25 be assessed on an average inventory basis in each county.

1 Credits must be assessed as provided in section 84-101,
2 subdivision 6.

3 (c) Property defined in section 53-642 as "special
4 mobile equipment" shall be subject to assessment of personal
5 property taxes either on the date that application is made
6 for a special mobile equipment plate, if that date falls
7 between the first day of January and the first Monday of
8 March, or on the first Monday of March.

9 (d) Mobile homes held by a distributor or dealer of
10 mobile homes as a part of his stock in trade.

11 (e) Snowmobiles and campers which are required by
12 subdivision 4 hereof to be assessed as of the first day of
13 January.

14 (2) The department or its agent must ascertain and
15 assess all motor vehicles, except mobile homes, in each
16 county subject to taxation as of January 1 in each year, and
17 the same shall be assessed to the persons by whom owned or
18 claimed, or in whose possession or control such vehicle was
19 at 12 midnight of the first day of January in each year.
20 Provided that such tax shall not be assessed against motor
21 vehicles which constitute inventory of motor vehicle dealers
22 as of January 1, but said vehicles, and all other motor
23 vehicles brought into the state subsequent to January 1, as
24 motor vehicle dealer's inventory, shall be assessed to their
25 respective purchasers as of the dates said vehicles are

1 registered by said purchasers, and purchasers means and
2 includes dealers who apply for registration or
3 re-registration of motor vehicles, except as otherwise
4 provided by section 32-3315. Goods, wares and merchandise of
5 motor vehicle dealers, other than new motor vehicles and new
6 mobile homes, shall continue to be assessed at full and true
7 value as of the first Monday of March.

8 Except that this paragraph shall not apply to an
9 applicant for registration or re-registration of a mobile
10 home, nothing herein contained shall relieve the applicant
11 for registration or re-registration of any other motor
12 vehicle so assessed or subject to assessment of the duty of
13 paying taxes thereon as a condition precedent to
14 registration or re-registration in the event said taxes have
15 not been paid by any prior applicant or owner in all cases
16 where required to be paid.

17 (3) The assessed value of livestock ~~being-fed-in~~
18 ~~feeding--pens--or--enclosures~~ in each county on the first
19 Monday-in-March the assessment date shall may be computed by
20 adding the ~~assessed~~ value of livestock more than ~~six--(6)~~
21 nine (9) months of age being-fed on hand in each county on
22 the last day of each month since the last assessment date
23 and dividing the sum by twelve (12). For purposes of this
24 subdivision "livestock" means cattle, sheep, horses, and
25 mules.

1 (4) The department of revenue or its agent must
 2 ascertain and assess all snowmobiles and campers in his
 3 {each} county subject to taxation as of January 1 in each
 4 year, and the same shall be assessed to the persons by whom
 5 owned or claimed, or in whose possession or control such
 6 snowmobile or campers was at 12 M of the first day of
 7 January in each year; provided, however, that snowmobiles
 8 and campers which constitute inventory of snowmobile dealers
 9 and camper dealers shall be assessed to the dealers as of 12
 10 M of the first Monday of March in each year."

11 Section 4. Section 84-202, R.C.M. 1947, is amended to
 12 read as follows:

13 "84-202. Exemptions from taxation. (1) The property of
 14 the United States, the state, counties, cities, towns,
 15 school districts, municipal corporations, public libraries,
 16 all unprocessed, perishable fruits and vegetables in farm
 17 storage and owned by the producer, such other property as is
 18 used exclusively for agricultural and horticultural
 19 societies, for educational purposes, places of actual
 20 religious worship, hospitals and places of burial not used
 21 or held for private or corporate profit, and institutions of
 22 purely public charity, evidence of debt secured by mortgages
 23 of record upon real or personal property in the state of
 24 Montana, and public art galleries and public observatories
 25 not used or held for private or corporate profit, are exempt

1 from taxation, but no more land than is necessary for such
 2 purpose is exempt; provided, the term "institutions of
 3 purely public charity" as used in this act shall include
 4 organizations owning and operating facilities for the care
 5 of the retired or aged or chronically ill which are not
 6 operated for gain or profit; provided, that the terms public
 7 art galleries and public observatories used in this act
 8 shall mean only such art galleries and observatories whether
 9 of public or private ownership, as are open to the public,
 10 without charge or fee at all reasonable hours, and are used
 11 for the purpose of education only, and also when a clubhouse
 12 or building erected by or belonging to any society or
 13 organization of honorably discharged United States soldiers,
 14 sailors or marines who served in army or navy of United
 15 States, is used exclusively for educational, fraternal,
 16 benevolent or purely public charitable purposes, rather than
 17 for gain or profit, together with the library and furniture
 18 necessarily used in any such building, and all property,
 19 real or personal, in the possession of legal guardians of
 20 incompetent veterans of the World War or minor dependents of
 21 such veterans, where such property is funds or derived from
 22 funds received from the United States as pension,
 23 compensation, insurance, adjusted compensation, or gratuity,
 24 shall be exempt from all taxation as property of the United
 25 States while held by the guardian, but not after title

1 passes to the veteran or minor in his or her own right on
2 account of removal of legal disability.

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

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

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

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

25 (4) Livestock as defined in section 84-406(3) which

1 have not attained the age of nine (9) months as of the last
2 day of any month are exempt from taxation."

3 Section 5. There is a new R.C.M. section numbered
4 84-5201.1 that reads as follows:

5 84-5201.1. Duty of owner to assist in assessment. The
6 owner of livestock as defined in section 84-406 (3), or his
7 agent, at the time of assessment shall make and deliver to
8 the state department of revenue or its agent in the county
9 or counties where his livestock were located since the last
10 assessment date a written statement, under oath, showing the
11 different kinds of his livestock within the county or
12 counties belonging to him or under his charge, with their
13 marks and brands and showing the times during that period
14 that his livestock were within the county or counties.

15 Section 6. Section 84-5208, R.C.M. 1947, is amended to
16 read as follows:

17 "84-5208. Penalty for violation of law. Any person or
18 persons, company, or corporation, who is the owner or has in
19 charge any livestock within this state, who refuses to make
20 the statement or statements as provided in section ~~84-5202~~
21 84-5202.1, shall be guilty of a misdemeanor, and upon
22 conviction thereof shall be fined in a sum not exceeding one
23 hundred dollars."

24 Section 7. Sections 84-5202 through 84-5207 are
25 repealed.

-End-

-14-

SB342

STATE OF MONTANA

REQUEST NO. 159-75

FISCAL NOTE

Form BD 15

In compliance with a written request received February 3, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 342 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:

Senate Bill 342 revises the property tax laws affecting livestock by reclassifying livestock, poultry and unprocessed products of both from Class three (33 1/3% taxable valuation) to Class two (20% taxable valuation), changing the assessment process and exempting livestock less than 9 months of age from taxation.

ASSUMPTIONS:

1. Estimated assessed values for livestock are based on four year averages of data in the biennial reports of State Board of Equalization and Department of Revenue.
2. Extending the exemption period from six months of age to nine months of age and using an average monthly inventory method of assessing livestock, rather than assessing on the first Monday in March, will reduce the assessed value of yearlings by 25%.
3. The change in inventory system will probably also affect the value of non-yearlings, but no Department of Revenue estimates are possible at this time.
4. The assessed value of livestock yearlings older than nine months would be \$42,660,330 under the current law and \$31,995,248 under the proposed law. The assessed value of non-yearlings is assumed to be \$201,188,752 under both the current and proposed law.
5. The taxable value of all livestock would be \$81,283,027 under the current law and \$46,636,800 under the proposed law.
6. Six mills will be levied for universities in FY 76 and FY 77. As high as 8 mills may be necessary in support of public school permissive levy in FY 77.
7. The state livestock commission will continue to levy 11.5 mills on sheep and 10.5 mills on other livestock.
8. An additional \$50,000 per year increase in administrative costs will result from the increased frequency of performing livestock inventory.

CONTINUED

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

REQUEST NO. 159-75

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 of the Legislature upon request.

FISCAL IMPACT	FY 76 6 mill levy & livestock millage	FY 77 6 mill levy & livestock millage	FY 77 14 mill levy & livestock millage
Revenue:			
Estimated property tax collections from livestock under current law	\$1,343,034	\$1,343,034	\$1,993,298
Estimated property tax collections from livestock under proposed law	<u>770,587</u>	<u>770,587</u>	<u>1,143,681</u>
Estimated decrease in tax collections	<u>\$(572,447)</u>	<u>\$(572,447)</u>	<u>\$(849,617)</u>
Expenditures:			
Increase in operating expenses	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Net Effect	<u>\$(622,447)</u>	<u>\$(622,447)</u>	<u>\$(899,617)</u>

CONCLUSION:

Enactment of Senate Bill 342 would result in a decrease in property tax collections of between \$1,245,000 and \$1,522,000 and an increase in expenditures of \$100,000 during the biennium.

LOCAL IMPACT:

Enactment of Senate Bill 342 would decrease the taxable value of livestock by \$34.6 million. Counties with tax bases heavily dependent on livestock would experience the most significant impact. Assuming an average rural millage of 150 mills, the annual property tax loss would be \$5.19 million.

Michael B. Baileys

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 8, 1975

Approved by Committee
on Taxation

1 SENATE BILL NO. 342
2 INTRODUCED BY MATHERS, FASBENDER, GRAHAM,
3 MANLEY, BOYLAN, GALT
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PROPERTY
6 TAX LAWS AFFECTING LIVESTOCK, AMENDING SECTIONS 84-301,
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12 Reform Act of 1975".

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24 or succession by any person or corporation, the surface
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1 state department of revenue shall determine the value of the
2 right to enter upon said tract of land for the purpose of
3 digging, exploring, or prospecting for gas, oil, coal or
4 minerals, and the same shall be placed in this
5 classification for the purpose of taxation.

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

23 Class Three. ~~Livestock,---poultry---and---unprocessed~~
24 ~~products-of-both;---stocks~~ Stocks of merchandise of all sorts,
25 together with furniture and fixtures used therewith, except

1 mobile homes; and all office or hotel furniture and
2 fixtures.

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5 leased, or under contract or purchase by the trailer owner,
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20 moneyed capital employed in the banking business by any
21 banking corporation or individual in this state.

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23 stations, meters, tools, improvements, machinery and other
24 property used and owned by co-operative rural electrical and
25 co-operative rural telephone associations organized under

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17 (d) The dwelling house, and the lot on which it is
18 erected, owned and occupied by any resident of the state,
19 who has been honorably discharged from active service in any
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21 cent (100%) disabled due to a service-connected disability
22 by the United States veterans administration or its
23 successors.

24 In the event of the veteran's death, the dwelling
25 house, and the lot on which it is erected, so long as the

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

22 (3) a widow with minor or dependent children
23 regardless of age, who qualifies under the income
24 limitations of (4), or

25 (4) a recipient of retirement benefits whose income

1 from all sources is not more than four thousand dollars
 2 (\$4,000) for a single person and five thousand two hundred
 3 dollars (\$5,200) for a married couple per annum. Provided,
 4 further, that one who applies for classification of property
 5 under this class must make an affidavit to the state
 6 department of revenue on a form as may be provided by the
 7 state department of revenue supplied without cost to the
 8 applicant, as to his income, if applicable, as to his
 9 retirement benefits, if applicable, or, as to his marital
 10 status, if applicable, and to the fact that he or she
 11 actually occupies such improvements with right of the county
 12 welfare board to investigate the applicant, on the
 13 completion of the form, as to answers given on the form.
 14 Provided, further, that the value of said property shall not
 15 increase during the life of the recipient of retirement
 16 benefits or widow or widower covered under this class. For
 17 purposes of the affidavit required for classification of
 18 property under this class, it shall be sufficient if the
 19 applicant signs a statement swearing to or affirming the
 20 correctness of the information supplied, whether or not the
 21 statement is signed before a person authorized to administer
 22 oaths, and mails the application and statement to the
 23 department of revenue. This signed statement shall be
 24 treated as a statement under oath or equivalent affirmation
 25 for purposes of section 94-7-203, R.C.M. 1947, relating to

1 the criminal offense of false swearing.

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

4 Section 3. Section 84-406, R.C.M. 1947, is amended to
 5 read as follows:

6 *84-406. Time of assessment -- motor vehicles --
 7 mobile homes -- livestock -- snowmobiles. (1) The department
 8 of revenue or its agent must, between the first Monday of
 9 March and the second Monday of July in each year, ascertain
 10 the names of all taxable inhabitants, and assess all
 11 property in each county subject to taxation, except such as
 12 is required to be assessed by the state department of
 13 revenue, and must assess such property to the persons by
 14 whom it was owned or claimed, or in whose possession or
 15 control it was at 12 midnight of the first Monday of March
 16 next preceding. It must also ascertain and assess all mobile
 17 homes arriving in ~~his-her~~ county after 12 midnight of the
 18 first Monday of March next preceding. The procedure provided
 19 by this section shall not apply to:

20 (a) Motor vehicles which are required by subdivision
 21 (2) hereof to be assessed as of the first day of January;
 22 but no mistake in the name of the owner or supposed owner of
 23 real property renders the assessment thereof invalid.

24 (b) Livestock ~~being-fed-in-feeding-pens-or--enclosures~~
 25 which may are required by subdivision (3) of this section to

1 be assessed on an average inventory basis in each county.
 2 Credits must be assessed as provided in section 84-101,
 3 subdivision 6.

4 (c) Property defined in section 53-642 as "special
 5 mobile equipment" shall be subject to assessment of personal
 6 property taxes either on the date that application is made
 7 for a special mobile equipment plate, if that date falls
 8 between the first day of January and the first Monday of
 9 March, or on the first Monday of March.

10 (d) Mobile homes held by a distributor or dealer of
 11 mobile homes as a part of his stock in trade.

12 (e) Snowmobiles and campers which are required by
 13 subdivision 4 hereof to be assessed as of the first day of
 14 January.

15 (2) The department or its agent must ascertain and
 16 assess all motor vehicles, except mobile homes, in each
 17 county subject to taxation as of January 1 in each year, and
 18 the same shall be assessed to the persons by whom owned or
 19 claimed, or in whose possession or control such vehicle was
 20 at 12 midnight of the first day of January in each year.
 21 Provided that such tax shall not be assessed against motor
 22 vehicles which constitute inventory of motor vehicle dealers
 23 as of January 1, but said vehicles, and all other motor
 24 vehicles brought into the state subsequent to January 1, as
 25 motor vehicle dealer's inventory, shall be assessed to their

1 respective purchasers as of the dates said vehicles are
 2 registered by said purchasers, and purchasers means and
 3 includes dealers who apply for registration or
 4 re-registration of motor vehicles, except as otherwise
 5 provided by section 32-3315. Goods, wares and merchandise of
 6 motor vehicle dealers, other than new motor vehicles and new
 7 mobile homes, shall continue to be assessed at full and true
 8 value as of the first Monday of March.

9 Except that this paragraph shall not apply to an
 10 applicant for registration or re-registration of a mobile
 11 home, nothing herein contained shall relieve the applicant
 12 for registration or re-registration of any other motor
 13 vehicle so assessed or subject to assessment of the duty of
 14 paying taxes thereon as a condition precedent to
 15 registration or re-registration in the event said taxes have
 16 not been paid by any prior applicant or owner in all cases
 17 where required to be paid.

18 (3) The assessed value of livestock ~~being--fed-in~~
 19 ~~feeding-pens-or-enclosures~~ in each county on ~~the--first~~
 20 ~~Monday-in-March~~ the assessment date shall ~~may~~ be computed by
 21 adding the ~~assessed~~ ASSESSED value of ALL livestock more
 22 than ~~six-(6)~~ nine (9) months of age ~~being-fed on-hand~~ OWNED
 23 BY THE TAXPAYER in each county on the last day of each month
 24 since the last assessment date and dividing the sum by
 25 twelve (12). For purposes of this subdivision "livestock"

1 ~~means cattle, sheep, horses, and mules.~~

2 (4) The department of revenue or its agent must
3 ascertain and assess all snowmobiles and campers in his
4 teach county subject to taxation as of January 1 in each
5 year, and the same shall be assessed to the persons by whom
6 owned or claimed, or in whose possession or control such
7 snowmobile or campers was at 12 M of the first day of
8 January in each year; provided, however, that snowmobiles
9 and campers which constitute inventory of snowmobile dealers
10 and camper dealers shall be assessed to the dealers as of 12
11 M of the first Monday of March in each year."

12 Section 4. Section 84-202, R.C.M. 1947, is amended to
13 read as follows:

14 "84-202. Exemptions from taxation. (1) The property of
15 the United States, the state, counties, cities, towns,
16 school districts, municipal corporations, public libraries,
17 all unprocessed, perishable fruits and vegetables in farm
18 storage and owned by the producer, such other property as is
19 used exclusively for agricultural and horticultural
20 societies, for educational purposes, places of actual
21 religious worship, hospitals and places of burial not used
22 or held for private or corporate profit, and institutions of
23 purely public charity, evidence of debt secured by mortgages
24 of record upon real or personal property in the state of
25 Montana, and public art galleries and public observatories

1 not used or held for private or corporate profit, are exempt
2 from taxation, but no more land than is necessary for such
3 purpose is exempt; provided, the term "institutions of
4 purely public charity" as used in this act shall include
5 organizations owning and operating facilities for the care
6 of the retired or aged or chronically ill which are not
7 operated for gain or profit; provided, that the terms public
8 art galleries and public observatories used in this act
9 shall mean only such art galleries and observatories whether
10 of public or private ownership, as are open to the public,
11 without charge or fee at all reasonable hours, and are used
12 for the purpose of education only, and also when a clubhouse
13 or building erected by or belonging to any society or
14 organization of honorably discharged United States soldiers,
15 sailors or marines who served in army or navy of United
16 States, is used exclusively for educational, fraternal,
17 benevolent or purely public charitable purposes, rather than
18 for gain or profit, together with the library and furniture
19 necessarily used in any such building, and all property,
20 real or personal, in the possession of legal guardians of
21 incompetent veterans of the World War or minor dependents of
22 such veterans, where such property is funds or derived from
23 funds received from the United States as pension,
24 compensation, insurance, adjusted compensation, or gratuity,
25 shall be exempt from all taxation as property of the United

1 States while held by the guardian, but not after title
2 passes to the veteran or minor in his or her own right on
3 account of removal of legal disability.

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

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

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

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

1 (4) Livestock as defined in section 84-406(3) which
2 have not attained the age of nine (9) months as of the last
3 day of any month are exempt from taxation."

4 Section 5. There is a new R.C.M. section numbered
5 84-5201.1 that reads as follows:

6 84-5201.1. Duty of owner to assist in assessment. The
7 owner of livestock as defined in section 84-406 (3), or his
8 agent, at the time of assessment shall make and deliver to
9 the state department of revenue or its agent in the county
10 or counties where his livestock were located since the last
11 assessment date a written statement, under oath, showing the
12 different kinds of his livestock within the county or
13 counties belonging to him or under his charge, with their
14 marks and brands and showing the times during that period
15 that his livestock were within the county or counties.

16 Section 6. Section 84-5208, R.C.M. 1947, is amended to
17 read as follows:

18 "84-5208. Penalty for violation of law. Any person or
19 persons, company, or corporation, who is the owner or has in
20 charge any livestock within this state, who refuses to make
21 the statement or statements as provided in section ~~84-5202~~
22 84-5202.1, shall be guilty of a misdemeanor, and upon
23 conviction thereof shall be fined in a sum not exceeding one
24 hundred dollars."

25 Section 7. Sections 84-5202 through 84-5207 are

SB 0342/02

1 repeated.

~~-End-~~

1 SENATE BILL NO. 342

2 INTRODUCED BY MATHERS, FASBENDER, GRAHAM,
3 MANLEY, BOYLAN, GALT
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PROPERTY
6 TAX LAWS AFFECTING LIVESTOCK, AMENDING SECTIONS 84-301,
7 84-406, 84-202, AND 84-5208, R.C.M. 1947, AND REPEALING
8 SECTIONS 84-5202 THROUGH 84-5207, R.C.M. 1947."
9

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

11 Section 1. This act may be cited as the "Livestock Tax
12 Reform Act of 1975".

13 Section 2. Section 84-301, R.C.M. 1947, is amended to
14 read as follows:

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

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

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

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

23 Class Three. ~~Livestock,--poultry--and--unprocessed~~
24 ~~products-of-both--stocks~~ Stocks of merchandise of all sorts,
25 together with furniture and fixtures used therewith, except

1 mobile homes; and all office or hotel furniture and
2 fixtures.

3 Class Four. (a) All land, town and city lots, with
4 improvements, and all trailers affixed to land owned,
5 leased, or under contract or purchase by the trailer owner,
6 manufacturing and mining machinery, fixtures and supplies,
7 except as otherwise provided by the constitution of Montana,
8 and except as such property may be included in Class Five,
9 Class Seven or Class Eight.

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

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

22 (b) All poles, lines, transformers, transformer
23 stations, meters, tools, improvements, machinery and other
24 property used and owned by co-operative rural electrical and
25 co-operative rural telephone associations organized under

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

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

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

24 In the event of the veteran's death, the dwelling
25 house, and the lot on which it is erected, so long as the

1 widow remains unmarried and the owner and occupant of the
2 property, shall remain within this classification.

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

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

1 of any type, agriculture, trades or professions. And
2 provided further, that new industrial property shall not be
3 included to mean property which is used or employed in any
4 industrial plant which has been in operation in this state
5 for three (3) years or longer. Any person, corporation,
6 firm, partnership, association or other group seeking to
7 qualify its property for inclusion in this class shall make
8 application to the state department of revenue in such
9 manner and form as may be required by said department.

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

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

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

22 (3) a widow with minor or dependent children
23 regardless of age, who qualifies under the income
24 limitations of (4), or

25 (4) a recipient of retirement benefits whose income

1 from all sources is not more than four thousand dollars
 2 (\$4,000) for a single person and five thousand two hundred
 3 dollars (\$5,200) for a married couple per annum. Provided,
 4 further, that one who applies for classification of property
 5 under this class must make an affidavit to the state
 6 department of revenue on a form as may be provided by the
 7 state department of revenue supplied without cost to the
 8 applicant, as to his income, if applicable, as to his
 9 retirement benefits, if applicable, or, as to his marital
 10 status, if applicable, and to the fact that he or she
 11 actually occupies such improvements with right of the county
 12 welfare board to investigate the applicant, on the
 13 completion of the form, as to answers given on the form.
 14 Provided, further, that the value of said property shall not
 15 increase during the life of the recipient of retirement
 16 benefits or widow or widower covered under this class. For
 17 purposes of the affidavit required for classification of
 18 property under this class, it shall be sufficient if the
 19 applicant signs a statement swearing to or affirming the
 20 correctness of the information supplied, whether or not the
 21 statement is signed before a person authorized to administer
 22 oaths, and mails the application and statement to the
 23 department of revenue. This signed statement shall be
 24 treated as a statement under oath or equivalent affirmation
 25 for purposes of section 94-7-203, R.C.M. 1947, relating to

1 the criminal offense of false swearing.

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

4 Section 3. Section 84-406, R.C.M. 1947, is amended to
 5 read as follows:

6 "84-406. Time of assessment -- motor vehicles --
 7 mobile homes -- livestock -- snowmobiles. (1) The department
 8 of revenue or its agent must, between the first Monday of
 9 March and the second Monday of July in each year, ascertain
 10 the names of all taxable inhabitants, and assess all
 11 property in each county subject to taxation, except such as
 12 is required to be assessed by the state department of
 13 revenue, and must assess such property to the persons by
 14 whom it was owned or claimed, or in whose possession or
 15 control it was at 12 midnight of the first Monday of March
 16 next preceding. It must also ascertain and assess all mobile
 17 homes arriving in ~~his-{each}~~ county after 12 midnight of the
 18 first Monday of March next preceding. The procedure provided
 19 by this section shall not apply to:

20 (a) Motor vehicles which are required by subdivision
 21 (2) hereof to be assessed as of the first day of January;
 22 but no mistake in the name of the owner or supposed owner of
 23 real property renders the assessment thereof invalid.

24 (b) ~~Livestock being-fed-in-feeding-pens-or--enclosures~~
 25 which may are required by subdivision (3) of this section to

1 be assessed on an average inventory basis in each county.
 2 Credits must be assessed as provided in section 84-101,
 3 subdivision 6.

4 (c) Property defined in section 53-642 as "special
 5 mobile equipment" shall be subject to assessment of personal
 6 property taxes either on the date that application is made
 7 for a special mobile equipment plate, if that date falls
 8 between the first day of January and the first Monday of
 9 March, or on the first Monday of March.

10 (d) Mobile homes held by a distributor or dealer of
 11 mobile homes as a part of his stock in trade.

12 (e) Snowmobiles and campers which are required by
 13 subdivision 4 hereof to be assessed as of the first day of
 14 January.

15 (2) The department or its agent must ascertain and
 16 assess all motor vehicles, except mobile homes, in each
 17 county subject to taxation as of January 1 in each year, and
 18 the same shall be assessed to the persons by whom owned or
 19 claimed, or in whose possession or control such vehicle was
 20 at 12 midnight of the first day of January in each year.
 21 Provided that such tax shall not be assessed against motor
 22 vehicles which constitute inventory of motor vehicle dealers
 23 as of January 1, but said vehicles, and all other motor
 24 vehicles brought into the state subsequent to January 1, as
 25 motor vehicle dealer's inventory, shall be assessed to their

1 respective purchasers as of the dates said vehicles are
 2 registered by said purchasers, and purchasers means and
 3 includes dealers who apply for registration or
 4 re-registration of motor vehicles, except as otherwise
 5 provided by section 32-3315. Goods, wares and merchandise of
 6 motor vehicle dealers, other than new motor vehicles and new
 7 mobile homes, shall continue to be assessed at full and true
 8 value as of the first Monday of March.

9 Except that this paragraph shall not apply to an
 10 applicant for registration or re-registration of a mobile
 11 home, nothing herein contained shall relieve the applicant
 12 for registration or re-registration of any other motor
 13 vehicle so assessed or subject to assessment of the duty of
 14 paying taxes thereon as a condition precedent to
 15 registration or re-registration in the event said taxes have
 16 not been paid by any prior applicant or owner in all cases
 17 where required to be paid.

18 (3) The assessed value of livestock ~~being--fed-in~~
 19 ~~feeding-pens-or-enclosures~~ in each county on the ~~first~~
 20 ~~Monday-in-March~~ the assessment date shall may be computed by
 21 adding the ~~assessed~~ ASSESSED value of ALL livestock more
 22 than ~~six-(6)~~ nine (9) months of age ~~being-fed~~ on-hand OWNED
 23 BY THE TAXPAYER in each county on the last day of each month
 24 since the last assessment date and dividing the sum by
 25 twelve (12). For purposes of this subdivision "livestock"

1 means cattle, sheep, horses, and mules.

2 (4) The department of revenue or its agent must
3 ascertain and assess all snowmobiles and campers in ~~his~~
4 ~~teach~~ county subject to taxation as of January 1 in each
5 year, and the same shall be assessed to the persons by whom
6 owned or claimed, or in whose possession or control such
7 snowmobile or campers was at 12 M of the first day of
8 January in each year; provided, however, that snowmobiles
9 and campers which constitute inventory of snowmobile dealers
10 and camper dealers shall be assessed to the dealers as of 12
11 M of the first Monday of March in each year."

12 Section 4. Section 84-202, R.C.M. 1947, is amended to
13 read as follows:

14 "84-202. Exemptions from taxation. (1) The property of
15 the United States, the state, counties, cities, towns,
16 school districts, municipal corporations, public libraries,
17 all unprocessed, perishable fruits and vegetables in farm
18 storage and owned by the producer, such other property as is
19 used exclusively for agricultural and horticultural
20 societies, for educational purposes, places of actual
21 religious worship, hospitals and places of burial not used
22 or held for private or corporate profit, and institutions of
23 purely public charity, evidence of debt secured by mortgages
24 of record upon real or personal property in the state of
25 Montana, and public art galleries and public observatories

1 not used or held for private or corporate profit, are exempt
2 from taxation, but no more land than is necessary for such
3 purpose is exempt; provided, the term "institutions of
4 purely public charity" as used in this act shall include
5 organizations owning and operating facilities for the care
6 of the retired or aged or chronically ill which are not
7 operated for gain or profit; provided, that the terms public
8 art galleries and public observatories used in this act
9 shall mean only such art galleries and observatories whether
10 of public or private ownership, as are open to the public,
11 without charge or fee at all reasonable hours, and are used
12 for the purpose of education only, and also when a clubhouse
13 or building erected by or belonging to any society or
14 organization of honorably discharged United States soldiers,
15 sailors or marines who served in army or navy of United
16 States, is used exclusively for educational, fraternal,
17 benevolent or purely public charitable purposes, rather than
18 for gain or profit, together with the library and furniture
19 necessarily used in any such building, and all property,
20 real or personal, in the possession of legal guardians of
21 incompetent veterans of the World War or minor dependents of
22 such veterans, where such property is funds or derived from
23 funds received from the United States as pension,
24 compensation, insurance, adjusted compensation, or gratuity,
25 shall be exempt from all taxation as property of the United

1 States while held by the guardian, but not after title
2 passes to the veteran or minor in his or her own right on
3 account of removal of legal disability.

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

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

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

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

1 (4) Livestock as defined in section 84-406(3) which
2 have not attained the age of nine (9) months as of the last
3 day of any month are exempt from taxation."

4 Section 5. There is a new R.C.M. section numbered
5 84-5201.1 that reads as follows:

6 84-5201.1. Duty of owner to assist in assessment. The
7 owner of livestock as defined in section 84-406 (3), or his
8 agent, at the time of assessment shall make and deliver to
9 the state department of revenue or its agent in the county
10 or counties where his livestock were located since the last
11 assessment date a written statement, under oath, showing the
12 different kinds of his livestock within the county or
13 counties belonging to him or under his charge, with their
14 marks and brands and showing the times during that period
15 that his livestock were within the county or counties.

16 Section 6. Section 84-5208, R.C.M. 1947, is amended to
17 read as follows:

18 "84-5208. Penalty for violation of law. Any person or
19 persons, company, or corporation, who is the owner or has in
20 charge any livestock within this state, who refuses to make
21 the statement or statements as provided in section ~~84-5202~~
22 84-5202.1, shall be guilty of a misdemeanor, and upon
23 conviction thereof shall be fined in a sum not exceeding one
24 hundred dollars."

25 Section 7. Sections 84-5202 through 84-5207 are

SB 0342/02

1 repealed.

-End-

-15-

SB 342

HOUSE OF REPRESENTATIVES

March 24, 1975

HOUSE COMMITTEE ON TAXATION AMENDMENT TO SENATE BILL 342

Amend in the third reading copy as follows:

1. Amend page 14, section 4 (4), lines 1 through 3.

Strike: Subsection (4) in its entirety.

Insert: New subsection (4)

"(4) Livestock, defined as cattle, sheep, horses, or mules, which have not attained the age of nine (9) months as of the last day of any month."

AS SO AMENDED
BE CONCURRED IN

HOUSE OF REPRESENTATIVES

March 24, 1975

HOUSE COMMITTEE ON TAXATION AMENDMENT TO SENATE BILL 342

Amend in the third reading copy as follows:

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

AS SO AMENDED
BE CONCURRED IN

March 26, 1975

HOUSE OF REPRESENTATIVES

Committee of the Whole Amendment to SENATE BILL NO. 342,
third reading copy, as follows:

1. Amend title, page 1, line 6

Following: "SECTIONS"

Strike: "84-301,"

2. Amend page 1, section 2, line 13 through page 8, line 3

Strike: section 2 in its entirety and renumber the subsequent
sections

AS SO AMENDED

BE CONCURRED IN

1 SENATE BILL NO. 342

2 INTRODUCED BY MATHERS, FASBENDER, GRAHAM,

3 HANLEY, BOYLAN, GALT

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PROPERTY
6 TAX LAWS AFFECTING LIVESTOCK, AMENDING SECTIONS ~~84-301,~~
7 ~~84-406, 84-202, AND 84-5208, R.C.M. 1947, AND REPEALING~~
8 ~~SECTIONS 84-5202 THROUGH 84-5207, R.C.M. 1947."~~

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

11 Section 1. This act may be cited as the "Livestock Tax
12 Reform Act of 1975".

13 ~~Section 2. Section 84-301, R.C.M. 1947, is amended to~~
14 ~~read as follows:~~

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

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

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

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

23 ~~Class Three. Livestock, poultry and unprocessed~~
24 ~~products of both; stocks of merchandise of all sorts,~~
25 ~~together with furniture and fixtures used therewith, except~~

1 ~~mobile homes, and all office or hotel furniture and~~
2 ~~fixtures.~~

3 ~~Class Four. (a) All land, town and city lots, with~~
4 ~~improvements, and all trailers affixed to land owned,~~
5 ~~leased, or under contract or purchase by the trailer owner,~~
6 ~~manufacturing and mining machinery, fixtures and supplies,~~
7 ~~except as otherwise provided by the constitution of Montana,~~
8 ~~and except as such property may be included in Class Five,~~
9 ~~Class Seven or Class Eight.~~

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

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

22 ~~(b) All poles, lines, transformers, transformer~~
23 ~~stations, meters, tools, improvements, machinery and other~~
24 ~~property used and owned by co-operative rural electrical and~~
25 ~~co-operative rural telephone associations organized under~~

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

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

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

24 ~~In the event of the veteran's death, the dwelling~~
25 ~~house, and the lot on which it is erected, so long as the~~

~~widow remains unmarried and the owner and occupant of the property, shall remain within this classification.~~

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

~~Class Seven. (a) All new industrial property. New industrial property shall mean any new industrial plant, including land, buildings, machinery and fixtures which, in the determination of the state department of revenue, is used by a new industry during the first three (3) years of operation not having been assessed prior to July 1, 1961, within the state of Montana. New industry shall mean any person, corporation, firm, partnership, association, or other group which establishes a new plant or plants in this state for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry or industries. Provided, however, that new industrial property shall be limited to industries that manufacture, mill, mine, produce, process or fabricate materials, or do similar work in which capital and labor are employed and in which materials unservicable in their natural state are extracted, processed or made fit for use or are substantially altered or treated so as to create commercial products or materials, and in no event shall the term new industrial property be included to mean property used by retail or wholesale merchants, commercial services~~

~~of any type, agriculture, trades or professions. And provided further, that new industrial property shall not be included to mean property which is used or employed in any industrial plant which has been in operation in this state for three (3) years or longer. Any person, corporation, firm, partnership, association or other group seeking to qualify its property for inclusion in this class shall make application to the state department of revenue in such manner and form as may be required by said department.~~

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

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

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

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

~~(4) a recipient of retirement benefits whose income~~

~~1 from all sources is not more than four thousand dollars~~
~~2 (\$4,000) for a single person and five thousand two hundred~~
~~3 dollars (\$5,200) for a married couple per annum. Provided,~~
~~4 further, that one who applies for classification of property~~
~~5 under this class must take an affidavit to the state~~
~~6 department of revenue on a form as may be provided by the~~
~~7 state department of revenue supplied without cost to the~~
~~8 applicant, as to his income, if applicable, as to his~~
~~9 retirement benefits, if applicable, or, as to his marital~~
~~10 status, if applicable, and to the fact that he or she~~
~~11 actually occupies such improvements with right of the county~~
~~12 welfare board to investigate the applicant, on the~~
~~13 completion of the form, as to answers given on the form.~~
~~14 Provided, further, that the value of said property shall not~~
~~15 increase during the life of the recipient of retirement~~
~~16 benefits or widow or widower covered under this class. For~~
~~17 purposes of the affidavit required for classification of~~
~~18 property under this class, it shall be sufficient if the~~
~~19 applicant signs a statement swearing to or affirming the~~
~~20 correctness of the information supplied, whether or not the~~
~~21 statement is signed before a person authorized to administer~~
~~22 oaths, and mails the application and statement to the~~
~~23 department of revenue. This signed statement shall be~~
~~24 treated as a statement under oath or equivalent affirmation~~
~~25 for purposes of section 94-7-203, R.C.M. 1947, relating to~~

1 ~~the criminal offense of false swearing.~~

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

4 Section 2. Section 84-406, R.C.M. 1947, is amended to
 5 read as follows:

6 "84-406. Time of assessment — motor vehicles —
 7 mobile homes — livestock — snowmobiles. (1) The department
 8 of revenue or its agent must, between the first Monday of
 9 March and the second Monday of July in each year, ascertain
 10 the names of all taxable inhabitants, and assess all
 11 property in each county subject to taxation, except such as
 12 is required to be assessed by the state department of
 13 revenue, and must assess such property to the persons by
 14 whom it was owned or claimed, or in whose possession or
 15 control it was at 12 midnight of the first Monday of March
 16 next preceding. It must also ascertain and assess all mobile
 17 homes arriving in his {each} county after 12 midnight of the
 18 first Monday of March next preceding. The procedure provided
 19 by this section shall not apply to:

20 (a) Motor vehicles which are required by subdivision
 21 (2) hereof to be assessed as of the first day of January;
 22 but no mistake in the name of the owner or supposed owner of
 23 real property renders the assessment thereof invalid.

24 (b) Livestock being fed in feeding pens or enclosures
 25 which ~~may~~ are required by subdivision (3) of this section to

1 be assessed on an average inventory basis in each county.
 2 Credits must be assessed as provided in section 84-101,
 3 subdivision 6.

4 (c) Property defined in section 53-642 as "special
 5 mobile equipment" shall be subject to assessment of personal
 6 property taxes either on the date that application is made
 7 for a special mobile equipment plate, if that date falls
 8 between the first day of January and the first Monday of
 9 March, or on the first Monday of March.

10 (d) Mobile homes held by a distributor or dealer of
 11 mobile homes as a part of his stock in trade.

12 (e) Snowmobiles and campers which are required by
 13 subdivision 4 hereof to be assessed as of the first day of
 14 January.

15 (2) The department or its agent must ascertain and
 16 assess all motor vehicles, except mobile homes, in each
 17 county subject to taxation as of January 1 in each year, and
 18 the same shall be assessed to the persons by whom owned or
 19 claimed, or in whose possession or control such vehicle was
 20 at 12 midnight of the first day of January in each year.
 21 Provided that such tax shall not be assessed against motor
 22 vehicles which constitute inventory of motor vehicle dealers
 23 as of January 1, but said vehicles, and all other motor
 24 vehicles brought into the state subsequent to January 1, as
 25 motor vehicle dealer's inventory, shall be assessed to their

1 respective purchasers as of the dates said vehicles are
 2 registered by said purchasers, and purchasers means and
 3 includes dealers who apply for registration or
 4 re-registration of motor vehicles, except as otherwise
 5 provided by section 32-3315. Goods, wares and merchandise of
 6 motor vehicle dealers, other than new motor vehicles and new
 7 mobile homes, shall continue to be assessed at full and true
 8 value as of the first Monday of March.

9 Except that this paragraph shall not apply to an
 10 applicant for registration or re-registration of a mobile
 11 home, nothing herein contained shall relieve the applicant
 12 for registration or re-registration of any other motor
 13 vehicle so assessed or subject to assessment of the duty of
 14 paying taxes thereon as a condition precedent to
 15 registration or re-registration in the event said taxes have
 16 not been paid by any prior applicant or owner in all cases
 17 where required to be paid.

18 (3) The assessed value of livestock ~~being fed in~~
 19 ~~feeding pens or enclosures in each county on the first~~
 20 ~~Monday in March the assessment date shall~~ ~~may~~ be computed by
 21 adding the assessed ASSESSED value of ALL livestock more
 22 than ~~six (6)~~ nine (9) months of age ~~being fed on hand~~ OWNED
 23 BY THE TAXPAYER in each county on the last day of each month
 24 since the last assessment date and dividing the sum by
 25 twelve (12). For purposes of this subdivision "livestock"

1 means cattle, sheep, horses, and mules.

2 (4) The department of revenue or its agent must
3 ascertain and assess all snowmobiles and campers in his
4 [each] county subject to taxation as of January 1 in each
5 year, and the same shall be assessed to the persons by whom
6 owned or claimed, or in whose possession or control such
7 snowmobile or campers was at 12 M of the first day of
8 January in each year; provided, however, that snowmobiles
9 and campers which constitute inventory of snowmobile dealers
10 and camper dealers shall be assessed to the dealers as of 12
11 M of the first Monday of March in each year."

12 Section 3. Section 84-202, R.C.M. 1947, is amended to
13 read as follows:

14 "84-202. Exemptions from taxation. (1) The property of
15 the United States, the state, counties, cities, towns,
16 school districts, municipal corporations, public libraries,
17 all unprocessed, perishable fruits and vegetables in farm
18 storage and owned by the producer, such other property as is
19 used exclusively for agricultural and horticultural
20 societies, for educational purposes, places of actual
21 religious worship, hospitals and places of burial not used
22 or held for private or corporate profit, and institutions of
23 purely public charity, evidence of debt secured by mortgages
24 of record upon real or personal property in the state of
25 Montana, and public art galleries and public observatories

1 not used or held for private or corporate profit, are exempt
2 from taxation, but no more land than is necessary for such
3 purpose is exempt; provided, the term "institutions of
4 purely public charity" as used in this act shall include
5 organizations owning and operating facilities for the care
6 of the retired or aged or chronically ill which are not
7 operated for gain or profit; provided, that the terms public
8 art galleries and public observatories used in this act
9 shall mean only such art galleries and observatories whether
10 of public or private ownership, as are open to the public,
11 without charge or fee at all reasonable hours, and are used
12 for the purpose of education only, and also when a clubhouse
13 or building erected by or belonging to any society or
14 organization of honorably discharged United States soldiers,
15 sailors or marines who served in army or navy of United
16 States, is used exclusively for educational, fraternal,
17 benevolent or purely public charitable purposes, rather than
18 for gain or profit, together with the library and furniture
19 necessarily used in any such building, and all property,
20 real or personal, in the possession of legal guardians of
21 incompetent veterans of the World War or minor dependents of
22 such veterans, where such property is funds or derived from
23 funds received from the United States as pension,
24 compensation, insurance, adjusted compensation, or gratuity,
25 shall be exempt from all taxation as property of the United

1 States while held by the guardian, but not after title
2 passes to the veteran or minor in his or her own right on
3 account of removal of legal disability.

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

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

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

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

1 ~~(4) Livestock as defined in section 84-406(3) which~~
2 ~~have not attained the age of nine (9) months as of the last~~
3 ~~day of any month are exempt from taxation.~~

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

7 Section 4. There is a new R.C.M. section numbered
8 84-5201.1 that reads as follows:

9 84-5201.1. Duty of owner to assist in assessment. The
10 owner of livestock as defined in section 84-406 (3), or his
11 agent, at the time of assessment shall make and deliver to
12 the state department of revenue or its agent in the county
13 or counties where his livestock were located since the last
14 assessment date a written statement, under oath, showing the
15 different kinds of his livestock within the county or
16 counties belonging to him or under his charge, with their
17 marks and brands and showing the times during that period
18 that his livestock were within the county or counties.

19 Section 5. Section 84-5208, R.C.M. 1947, is amended to
20 read as follows:

21 "84-5208. Penalty for violation of law. Any person or
22 persons, company, or corporation, who is the owner or has in
23 charge any livestock within this state, who refuses to make
24 the statement or statements as provided in section 84-5202
25 84-5202.1, shall be guilty of a misdemeanor, and upon

1 conviction thereof shall be fined in a sum not exceeding one
2 hundred dollars."
3 Section 6. Sections 84-5202 through 84-5207 are
4 repealed.

-End-