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*Senate* BILL NO. 365  
*Boylan*

INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE TAXABLE PROPERTY CLASSIFICATION OF CERTAIN SINGLE FAMILY RESIDENCES; AMENDING SECTION 84-301, R.C.M. 1947."

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

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

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

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 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

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classification for the purpose of taxation.

Class Two. (a) 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.

(b) Single-family owner occupied residences as evidenced by deed or by valid contract for deed, situated on not less than one (1) acre nor more than ten (10) acres of land and which have not more than a two-stall garage physically attached or detached.

Class Three. Livestock, poultry and unprocessed products of both; stocks of merchandise of all sorts, 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 Two,  
9 Class Five, Class Seven or Class Eight.

10 (b) Mobile homes without regard to the ownership of the  
11 land upon which they are situated, except those held by a  
12 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 the  
11 farm or in storage, irrespective of whether said products  
12 are owned by the elevator, warehouse or flour mill owner or  
13 company storing the same, or any other person whomsoever,  
14 except all perishable fruits and vegetables in farm storage  
15 and owned by the producer, and excepting livestock and  
16 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 regardless  
23 of age, who qualifies under the income limitations of (4),  
24 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."

-End-

STATE OF MONTANA

REQUEST NO. 153-75

FISCAL NOTE

Form BD-15

In compliance with a written request received Feb. 3, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 365 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:

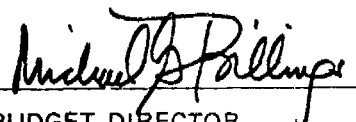
Senate Bill 365 changes the property tax classification of single family residences situated on 1-10 acres and having not more than a two stall garage attached or detached.

ASSUMPTIONS:

1. The single family residences eligible for reclassification are now class four property taxable at 30% of assessed value; under proposed law (class two property) said property would be taxable at 20% of assessed value.
2. Detached data regarding the quantity and value of single family residences eligible for reclassification is not available in the time allowed.

FISCAL IMPACT:

Although it is not possible to estimate the magnitude of the fiscal impact of Senate Bill 365, enactment would result in lowered property taxable valuations and commensurately reduced local and state property tax collections. Tax collections on property eligible under the proposed law would be reduced by one-third if mill levies remained constant. It is expected that there are many residences which would qualify under Senate Bill 365.

  
BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: 2/6/75