

1 HB BILL NO. 85
 2 INTRODUCED BY E. N. Dassingier Dog Co

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO LOWER THE TAX
 5 ASSESSMENT ON LIVESTOCK BY CHANGING THE CLASSIFICATION OF
 6 LIVESTOCK FROM CLASS THREE TO CLASS TWO; AMENDING SECTION
 7 84-301, R.C.M. 1947."

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

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

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

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

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

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

20 Class Three. ~~livestock,---poultry~~ Poultry and
 21 unprocessed poultry products ~~of both~~; furniture and fixtures
 22 used in commercial activities; the annual gross proceeds of
 23 underground coal mines; and all office or hotel furniture
 24 and fixtures, except improvements included in Class Nine.

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

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

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

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

1 organization, such property shall be put in Class Two.

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

9 (c) The dwelling house, and the lot on which it is
10 erected, owned and occupied by any resident of the state
11 who has been honorably discharged from active service in any
12 branch of the armed forces, and who is rated one-hundred-per
13 cent--(100%) disabled due to a service-connected disability
14 by the United States veterans administration or its
15 successors. In the event of the veteran's death, the
16 dwelling house, and the lot on which it is erected, so long
17 as the surviving spouse remains unmarried and the owner and
18 occupant of the property, shall remain within this
19 classification.

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

22 Class Seven. (a) (i) All new industrial property. ~~New~~
23 industrial property shall mean means any new industrial
24 plant, including land, buildings, machinery, and fixtures,
25 which, in the determination of the state department of

1 revenue, is used by a new industry during the first three
 2 ~~(3)~~ years of operation not having been assessed prior to
 3 July 1, 1961, within the state of Montana. "New industry"
 4 ~~shall mean~~ means any person, corporation, firm, partnership,
 5 association, or other group which establishes a new plant or
 6 plants in this state for the operation of a new industrial
 7 endeavor, as distinguished from a mere expansion,
 8 reorganization, or merger of an existing industry or
 9 industries. ~~Provided, however, that new~~ New industrial
 10 property ~~shall be~~ is limited to industries that manufacture,
 11 mill, mine, produce, process, or fabricate materials, or do
 12 similar work in which capital and labor are employed and in
 13 which materials unserviceable in their natural state are
 14 extracted, processed, or made fit for use or are
 15 substantially altered or treated so as to create commercial
 16 products or materials; industries that engage in the
 17 mechanical or chemical transformation of materials or
 18 substances into new products in the manner defined as
 19 manufacturing in the 1972 Standard Industrial Classification
 20 Manual, prepared by the United States office of management
 21 and budget; and in no event shall the term new industrial
 22 property be included to mean property used by retail or
 23 wholesale merchants, commercial services of any type,
 24 agriculture, trades, or professions. New industrial property
 25 does not include a plant which will create an adverse impact

1 on existing state, county, or municipal services. The
 2 department shall promulgate regulations for the
 3 determination of what constitutes an adverse impact taking
 4 into consideration the number of people to be employed and
 5 the size of the community in which the location is
 6 contemplated. Once the department has made an initial
 7 determination that the industrial facility qualifies as new
 8 industrial property, the department shall then upon proper
 9 notice hold a hearing to determine if the new industrial
 10 classification should be retained by the property. The
 11 local taxing authority may appear at the hearing, and it
 12 also may waive its objection to retention of this
 13 classification if the industry agrees to the prepayment of
 14 taxes sufficient to satisfy tax requirements created by the
 15 location and construction of the facility during the
 16 construction period.

17 (ii) In the event of a prepayment of taxes, the maximum
 18 amount or of prepayment shall be the amount without the
 19 application of the Class 7 (a) to such property.

20 (iii) If a major new industrial facility qualifies
 21 under Class 7 (a), the reduction of its yearly payment of
 22 property taxes for reimbursement of its prepaid taxes, as
 23 provided for in ~~section 84-41-105, R.C.M. 1947,~~ shall not
 24 begin until the Class 7 (a) qualification expires. ~~And~~
 25 ~~provided further, that new~~ New industrial property shall not

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

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

15 (c) Air pollution control equipment as defined in
 16 section 69-3923.

17 (d) A capital investment in a recognized nonfossil
 18 form of energy generation, to the extent provided under
 19 section 84-7403.

20 Class Eight. (a) ~~(i)~~ Any improvement on real property,
 21 trailers affixed to land, or mobile home belonging to any
 22 person who qualifies under any one or more of the
 23 hereinafter set forth categories, with appurtenant land not
 24 exceeding ~~five-(5)~~ acres, which together have a market value
 25 of not more than ~~twenty-seven-thousand-five-hundred-dollars~~

1 ~~(\$27,500)~~, which dwelling is owned or under a contract for
 2 deed, and which is actually occupied for at least ~~ten-(10)~~
 3 months per a year as the primary residential dwelling of:

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

7 ~~(2)(B)~~ a widower ~~sixty-two-(62)~~ years of age or older,
 8 whether with or without minor dependent children, who
 9 qualifies under the income limitations of ~~(4)-(4)~~ or ~~(D)~~;

10 ~~(3)(C)~~ a widow or widower with minor or dependent
 11 children regardless of age, who qualifies under the income
 12 limitations of ~~(4)-(4)~~ ~~(D)~~; or

13 ~~(4)(D)~~ a recipient or recipients of retirement or
 14 disability benefits whose income from all sources is not
 15 more than ~~six-thousand-dollars-(6,000)~~ for a single person
 16 and ~~six--thousand--eight--hundred--dollars--(6,800)~~ for a
 17 married couple total per annum, whether said dwelling is
 18 occupied by a single person or a married couple.

19 ~~(ii) Provided, further, that one One~~ who applies for
 20 classification of property under this class must make an
 21 affidavit to the state department of revenue, on a form as
 22 may be provided by the ~~state department of revenue and~~
 23 supplied without cost to the applicant, as to his income, if
 24 applicable, as to his retirement benefits, if applicable,
 25 or, and as to his marital status, if applicable, and to the

1 fact that he or she actually occupies or maintains as his or
 2 her primary residential dwelling, such land and
 3 improvements, with right of the county welfare board to
 4 investigate the applicant, on the completion of the form, as
 5 to answers given on the form it. ~~Provided, further, the~~ the
 6 assessed value of said property shall not be increased
 7 during the life of the recipient of retirement benefits or
 8 widow or widower covered under this class, unless the
 9 owner-resident makes a substantial improvement in the
 10 dwelling. For the purposes of the affidavit required for
 11 classification of property under this class, ~~it shall be~~ is
 12 sufficient if the applicant signs a statement swearing to or
 13 affirming the correctness of the information supplied,
 14 whether or not the statement is signed before a person
 15 authorized to administer oaths, and mails the application
 16 and statement to the department of revenue. This signed
 17 statement shall be treated as a statement under oath or
 18 equivalent affirmation for purposes of section 94-7-203,
 19 ~~Revised--1947~~, relating to the criminal offense of false
 20 swearing.

21 (b) A capital investment in a building for an energy
 22 conservation purpose, to the extent provided under section
 23 84-7403.

24 Class Nine. The incremental increase in the value of
 25 real estate attributable to repairing, maintaining, or

1 improving existing improvements.

2 Class Ten. The annual gross proceeds of coal mines
 3 using the strip mining method.

4 Class Eleven. Centrally assessed utility allocations
 5 after deductions of locally assessed properties and except
 6 as provided in Class Two for rural telephones and Class Five
 7 (a) for cooperatives, and all other property not included in
 8 the ~~ten-10~~ preceding classes."

-End-

STATE OF MONTANA

REQUEST NO. 36-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, 19 77, there is hereby submitted a Fiscal Note for House Bill 85 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION

An act to lower the tax assessment on livestock by changing the classification of livestock from class three to class two; amending section 84-301, R.C.M. 1947.

ASSUMPTIONS

1. The taxable value of class 2 property is 20% of assessed value.
2. The taxable value of class 3 property is 33 1/3% of assessed value.
3. Livestock is assessed at 40% of market value, regardless of the classification in which it is placed.
4. Total state mill levy of 23.1 mills on sheep; 27.6 mills on other livestock.
5. Mill levy for county & school purposes is 133.03 mills.
6. "Livestock and unprocessed livestock products" includes cattle, sheep, horses and swine.
7. Cities and towns are unaffected by proposed change.
8. 1976 assessed values for livestock are assumed to apply to 1977 and 1978.

FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
Estimated property tax to state - livestock, under current law	\$1,807,689	\$1,807,689
Estimated property tax to state - livestock, under proposed law	<u>\$1,084,614</u>	<u>\$1,084,614</u>
TOTAL DECREASE	<u>\$ 723,075</u>	<u>\$ 723,075</u>

EFFECT ON COUNTY OR OTHER LOCAL REVENUE

Approximately \$3.5M less revenue will be generated for county and school purposes (i.e., property tax revenues from livestock for counties and schools will be reduced by about 40%).

LONG-RANGE EFFECTS

State revenues from property tax on livestock will be reduced by about 40% from what they would be if current classification and assessment practices were to remain in effect.

TECHNICAL NOTE

Assumption 3 is incompatible with current assessment practices, and yet it is a crucial part of the analysis which leads to the indicated conclusions regarding impact.

Richard L. Drury Jr.
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-12-77

STATE OF MONTANA

REQUEST NO. 36-77

FISCAL NOTE

(revised)

Form BD-15

In compliance with a written request received March 16, 19 77, there is hereby submitted a Fiscal Note for House Bill 85 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.

THIS FISCAL NOTE REVISES THE ORIGINAL FISCAL NOTE ON HOUSE BILL 85.

The original fiscal note did not reflect the effect of House Bill 85 on public school funding.

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7. Cities and towns are unaffected by proposed change.
8. 1976 assessed values for livestock are assumed to apply to 1977 and 1978.

FISCAL IMPACT:

	<u>FY 78</u>	<u>FY 79</u>	<u>TOTAL</u>
Estimated property tax to state - current law	\$1,807,689	\$1,807,689	\$3,615,378
Estimated property tax to state - proposed law	<u>1,084,614</u>	<u>1,084,614</u>	<u>2,169,228</u>
Decrease in property tax under proposed law	<u>723,075</u>	<u>723,075</u>	<u>1,446,150</u>
Estimated public school equalization collections from livestock - current law	2,626,929	2,626,929	5,253,858
Estimated public school equalization collections from livestock - proposed law	<u>1,576,157</u>	<u>1,576,157</u>	<u>3,152,314</u>
Decrease in public school equalization collections due to proposed law	<u>1,050,772</u>	<u>1,050,772</u>	<u>2,101,544</u>
Estimated local share of permissive levy - current law	853,751	853,751	1,707,502
Estimated local share of permissive levy - proposed law	<u>512,251</u>	<u>512,251</u>	<u>1,024,502</u>
Decrease in local share of permissive levy under proposed law	<u>341,500</u>	<u>341,500</u>	<u>683,000</u>
Total decrease in collections due to proposed legislation*	<u>\$2,115,347</u>	<u>\$2,115,347</u>	<u>\$4,230,694</u>

*The decrease in collections will increase the General Fund requirement to fund the Executive Budget recommendations by \$3.1 million (\$0.3 million for the University System, \$2.1 million for the Foundation Program, and \$0.7 million for the state share of the permissive levy.)

(continued on page 2)

BUDGET DIRECTOR
Office of Budget and Program Planning
Date: _____

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State revenues from property tax on livestock will be reduced by about 40% from what they would be if current classification and assessment practices were to remain in effect.

TECHNICAL NOTE:

Assumption 3 is incompatible with current assessment practices, and yet it is a crucial part of the analysis which leads to the indicated conclusions regarding impact.

Richard L. Drayton
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-17-77

Approved by Committee
on Taxation

1 HB BILL NO. 85
2 INTRODUCED BY E. N. Darringer Jay Cox

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO LOWER THE TAX
5 ASSESSMENT ON LIVESTOCK BY CHANGING THE CLASSIFICATION OF
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11 read as follows:

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13 the purpose of taxation the taxable property in the state
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16 mining claims, except coal mines, after deducting only the
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19 or dig for oil, gas, coal or mineral is reserved in land or
20 received by mesne conveyance (exclusive of leasehold
21 interests), devise or succession by any person or
22 corporation, the surface title to which has passed to or
23 remains in another, the state department of revenue shall
24 determine the value of the right to enter upon said tract of
25 land for the purpose of digging, exploring, or prospecting

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

3 Class Two. ~~++~~ Livestock and unprocessed livestock
4 products, all agricultural and other tools, implements, and
5 machinery, gas and other engines and boilers, threshing
6 machines and outfits used therewith, automobiles, motor
7 trucks, and other power-driven cars, vehicles of all kinds
8 except mobile homes, boats and all watercraft, harness,
9 saddlery, and robes and except as provided in Class five
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11 transformer stations, meters, tools, improvements, machinery
12 and other property used and owned by all persons, firms,
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15 exclusively to rural areas or to rural areas and cities and
16 towns, provided that any such city or town has a population
17 of ~~eight-hundred-(800)~~ persons or less; and provided
18 further, that the average circuit miles for each station on
19 the system is more than ~~one-and-one-quarter-(1 1/4)~~ miles.

20 Class Three. ~~Livestock---~~ poultry Poultry and
21 unprocessed poultry products ~~of both~~; furniture and fixtures
22 used in commercial activities; the annual gross proceeds of
23 underground coal mines; and all office or hotel furniture
24 and fixtures, except improvements included in Class Nine.

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1 improvements, except improvements included in Class Nine,
2 and all trailers affixed to land owned, leased, or under
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4 and mining machinery, fixtures, and supplies, except as
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8 (b) Mobile homes without regard to the ownership of
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14 transformer stations, meters, tools, improvements,
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18 Montana, except those within the incorporated limits of a
19 city or town in which less than ~~ninety-five-per-cent-(95%)~~
20 of the electric consumers ~~and/or~~ telephone users are served
21 by a co-operative ~~cooperative~~ organization, and as to the
22 property enumerated in ~~CM's~~ ~~sub-section~~ subsection (a)
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9 (c) The dwelling house, and the lot on which it is
10 erected, owned and occupied by any resident of the state
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12 branch of the armed forces, ~~and~~ who is rated ~~one-hundred-per~~
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 17 married couple total per annum, whether said dwelling is
 18 occupied by a single person or a married couple.

19 ~~(ii) Provided, further, that one~~ One who applies for
 20 classification of property under this class must make an
 21 affidavit to the state department of revenue, on a form as
 22 may be provided by the state department ~~of-revenue and~~
 23 supplied without cost to the applicant, as to his income, if
 24 applicable, as to his retirement benefits, if applicable,
 25 ~~or~~ and as to his marital status, if applicable, and to the

1 fact that he ~~or she~~ actually occupies or maintains as his or
 2 her primary residential dwelling, such land and
 3 improvements, with right of the county welfare board to
 4 investigate the applicant, on the completion of the form, as
 5 to answers given on the ~~form it~~. ~~Provided, further, the~~ ~~the~~ ~~the~~
 6 assessed value of said property shall not be increased
 7 during the life of the recipient of retirement benefits or
 8 widow or widower covered under this class, unless the
 9 owner-resident makes a substantial improvement in the
 10 dwelling. For the purposes of the affidavit required for
 11 classification of property under this class, it ~~shall be~~ ~~is~~
 12 sufficient if the applicant signs a statement swearing to or
 13 affirming the correctness of the information supplied,
 14 whether or not the statement is signed before a person
 15 authorized to administer oaths, and mails the application
 16 and statement to the department of revenue. This signed
 17 statement shall be treated as a statement under oath or
 18 equivalent affirmation for purposes of ~~section~~ ~~94-7-203~~
 19 ~~R.C.M.--1947~~, relating to the criminal offense of false
 20 swearing.

21 (b) A capital investment in a building for an energy
 22 conservation purpose, to the extent provided under ~~section~~
 23 84-7403.

24 Class Nine. The incremental increase in the value of
 25 real estate attributable to repairing, maintaining, or

1 improving existing improvements.

2 Class Ten. The annual gross proceeds of coal mines
 3 using the strip mining method.

4 Class Eleven. Centrally assessed utility allocations
 5 after deductions of locally assessed properties and except
 6 as provided in Class Two for rural telephones and Class Five
 7 (a) for cooperatives, and all other property not included in
 8 the ~~ten-10~~ preceding classes."

-End-

1 HB BILL NO. 85
 2 INTRODUCED BY C. N. Darringer Day-Cox

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO LOWER THE TAX
 5 ASSESSMENT ON LIVESTOCK BY CHANGING THE CLASSIFICATION OF
 6 LIVESTOCK FROM CLASS THREE TO CLASS TWO; AMENDING SECTION
 7 84-301, R.C.M. 1947."

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

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

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

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

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

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

20 Class Three. ~~Livestock--poultry;~~ Poultry and
 21 unprocessed poultry products ~~of both;~~ furniture and fixtures
 22 used in commercial activities; the annual gross proceeds of
 23 underground coal mines; and all office or hotel furniture
 24 and fixtures, except improvements included in Class Nine.

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

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

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

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

1 organization, such property shall be put in Class Two.

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

9 (c) The dwelling house and the lot on which it is
10 erected, owned and occupied by any resident of the state
11 who has been honorably discharged from active service in any
12 branch of the armed forces, and who is rated one-hundred-per
13 cent--(100%) disabled due to a service-connected disability
14 by the United States veterans administration or its
15 successors. In the event of the veteran's death, the
16 dwelling house and the lot on which it is erected, so long
17 as the surviving spouse remains unmarried and the owner and
18 occupant of the property, shall remain within this
19 classification.

20 Class Six. Property formerly included in this class is
21 now classified by section 84-308-R.E.M.-1947.

22 Class Seven. (a) (i) All new industrial property. "New
23 industrial property" shall mean means any new industrial
24 plant, including land, buildings, machinery, and fixtures,
25 which, in the determination of the state department of

1 revenue, is used by a new industry during the first three
 2 {3} years of operation not having been assessed prior to
 3 July 1, 1961, within the state of Montana. "New industry"
 4 ~~shall mean means~~ any person, corporation, firm, partnership,
 5 association, or other group which establishes a new plant or
 6 plants in this state for the operation of a new industrial
 7 endeavor, as distinguished from a mere expansion,
 8 reorganization, or merger of an existing industry or
 9 industries. ~~Provided, However, that new~~ New industrial
 10 property ~~shall be is~~ limited to industries that manufacture,
 11 mill, mine, produce, process, or fabricate materials, or do
 12 similar work in which capital and labor are employed and in
 13 which materials unserviceable in their natural state are
 14 extracted, processed, or made fit for use or are
 15 substantially altered or treated so as to create commercial
 16 products or materials; industries that engage in the
 17 mechanical or chemical transformation of materials or
 18 substances into new products in the manner defined as
 19 manufacturing in the 1972 Standard Industrial Classification
 20 Manual, prepared by the United States office of management
 21 and budget; and in no event shall the term new industrial
 22 property be included to mean property used by retail or
 23 wholesale merchants, commercial services of any type,
 24 agriculture, trades, or professions. New industrial property
 25 does not include a plant which will create an adverse impact

1 on existing state, county, or municipal services. The
 2 department shall promulgate regulations for the
 3 determination of what constitutes an adverse impact taking
 4 into consideration the number of people to be employed and
 5 the size of the community in which the location is
 6 contemplated. Once the department has made an initial
 7 determination that the industrial facility qualifies as new
 8 industrial property, the department shall then upon proper
 9 notice hold a hearing to determine if the new industrial
 10 classification should be retained by the property. The
 11 local taxing authority may appear at the hearing and it
 12 also may waive its objection to retention of this
 13 classification if the industry agrees to the prepayment of
 14 taxes sufficient to satisfy tax requirements created by the
 15 location and construction of the facility during the
 16 construction period.

17 (ii) In the event of a prepayment of taxes, the maximum
 18 amount ~~or of~~ prepayment shall be the amount without the
 19 application of the Class 7 (a) to such property.

20 (iii) If a major new industrial facility qualifies
 21 under Class 7 (a), the reduction of its yearly payment of
 22 property taxes for reimbursement of its prepaid taxes, as
 23 provided for in section 84-41-105, R.C.M. 1947, shall not
 24 begin until the Class 7 (a) qualification expires. ~~And~~
 25 ~~provided-further-that-new~~ New industrial property shall not

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

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

15 (c) Air pollution control equipment as defined in
 16 section 69-3923.

17 (d) A capital investment in a recognized nonfossil
 18 form of energy generation, to the extent provided under
 19 section 84-7403.

20 Class Eight. (a) (i) Any improvement on real property,
 21 trailers affixed to land, or mobile home belonging to any
 22 person who qualifies under any one or more of the
 23 hereinafter set forth categories, with appurtenant land not
 24 exceeding five-~~(5)~~ acres, which together have a market value
 25 of not more than twenty-seven-thousand-five-hundred-dollars

1 ~~(\$27,500)~~, which dwelling is owned or under a contract for
 2 deed, and which is actually occupied for at least ten-~~(10)~~
 3 months per a year as the primary residential dwelling of:

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

7 ~~(2)~~(B) a widower sixty-two-~~(62)~~ years of age or older,
 8 whether with or without minor dependent children, who
 9 qualifies under the income limitations of ~~(4)~~ or (D);

10 ~~(3)~~(C) a widow or widower with minor or dependent
 11 children regardless of age, who qualifies under the income
 12 limitations of ~~(4)~~ (D); or

13 ~~(4)~~(D) a recipient or recipients of retirement or
 14 disability benefits whose income from all sources is not
 15 more than six-thousand-dollars-~~(\$6,000)~~ for a single person
 16 and six-thousand-eight-hundred-dollars-~~(\$6,800)~~ for a
 17 married couple total per annum, whether said dwelling is
 18 occupied by a single person or a married couple.

19 (ii) ~~Provided, further, that one~~ One who applies for
 20 classification of property under this class must make an
 21 affidavit to the state department of revenue, on a form as
 22 may be provided by the state department of revenue and
 23 supplied without cost to the applicant, as to his income, if
 24 applicable, as to his retirement benefits, if applicable,
 25 or, and as to his marital status, if applicable, and to the

1 fact that he ~~or she~~ actually occupies or maintains as his ~~or~~
 2 her primary residential dwelling, such land and
 3 improvements, with right of the county welfare board to
 4 investigate the applicant, on the completion of the form, as
 5 to answers given on ~~the form~~ it. ~~Provided, further, the~~ The
 6 assessed value of said property shall not be increased
 7 during the life of the recipient of retirement benefits or
 8 widow or widower covered under this class, unless the
 9 owner-resident makes a substantial improvement in the
 10 dwelling. For the purposes of the affidavit required for
 11 classification of property under this class, it ~~shall be~~ is
 12 sufficient if the applicant signs a statement swearing to or
 13 affirming the correctness of the information supplied,
 14 whether or not the statement is signed before a person
 15 authorized to administer oaths, and mails the application
 16 and statement to the department of revenue. This signed
 17 statement shall be treated as a statement under oath or
 18 equivalent affirmation for purposes of ~~section 94-7-203,~~
 19 ~~ReC.M. 1947,~~ relating to the criminal offense of false
 20 swearing.

21 (b) A capital investment in a building for an energy
 22 conservation purpose, to the extent provided under ~~section~~
 23 84-7403.

24 Class Nine. The incremental increase in the value of
 25 real estate attributable to repairing, maintaining, or

1 improving existing improvements.

2 Class Ten. The annual gross proceeds of coal mines
 3 using the strip mining method.

4 Class Eleven. Centrally assessed utility allocations
 5 after deductions of locally assessed properties and except
 6 as provided in Class Two for rural telephones and Class Five
 7 (a) for cooperatives, and all other property not included in
 8 the ~~ten-10~~ preceding classes."

-End-

April 8, 1977

SENATE
COMMITTEE OF THE WHOLE

That House Bill No. 85, third reading, be amended as follows:

1. Amend page 2, section 1, line 3.

Following: "Livestock"

Insert: ", poultry"

Following: "unprocessed"

Strike: "livestock"

2. Amend page 2, section 1, line 4.

Following: "products"

Insert: "of both"

3. Amend page 2, section 1, lines 20 and 21.

Following: "poultry,"

Strike: "Poultry and unprocessed poultry products ~~of-both~~; furniture"

Insert: "Furniture"

April 7, 1977

SENATE
STANDING COMMITTEE REPORT
Taxation Committee

That House Bill No. 85, third reading, be amended as follows:

1. Amend title, line 7.

Following: "1947"

Insert: "; and providing for replacement revenues"

2. Amend page 10, line 8.

Following: line 8

Insert: "Section 2. Distribution of federal "payments-in-lieu of taxes."

Monies received by units of local government under the provisions of Public Law 94-565, October 20, 1976, or any subsequent amendments, shall, for the fiscal year in which the funds are received, be used first to reduce the loss in revenue to the county equalization funds for elementary and high schools resulting from the reduction in the classification of livestock from class 3 to class 2 as provided in this act.

Section 3. Coordination with other legislation. If House Bill 70 is enacted into law, then in lieu of section 1 of this act, House Bill 70 shall be revised by moving livestock and unprocessed livestock products from class nine, taxed at 13.3% of market value, to class fourteen, taxed at 8% of market value."

HOUSE BILL NO. 85

INTRODUCED BY DASSINGER, DAY, COX

A BILL FOR AN ACT ENTITLED: "AN ACT TO LOWER THE TAX ASSESSMENT ON LIVESTOCK BY CHANGING THE CLASSIFICATION OF LIVESTOCK FROM CLASS THREE TO CLASS TWO; AMENDING SECTION 84-301, R.C.M. 1947; AND PROVIDING FOR REPLACEMENT REVENUES."

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, except coal mines, 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 die 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 classification for the purpose of taxation.

Class Two. ~~At Livestock, POULTRY and unprocessed livestock 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 (a) 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 poultry products of both, furniture~~ FURNITURE and fixtures used in commercial activities; the annual gross proceeds of underground coal mines; and all office or hotel

1 furniture and fixtures, except improvements included in
2 Class Nine.

3 Class Four. (a) All land, ~~and~~ town and city lots, with
4 improvements, except improvements included in Class Nine,
5 and all trailers affixed to land owned, leased, or under
6 contract ~~or~~ of purchase by the trailer owner; ~~1~~ manufacturing
7 and mining machinery, fixtures, ~~2~~ and supplies, except as
8 otherwise provided by the constitution of Montana, and
9 except as such property may be included in Class Five, Class
10 Seven, ~~2~~ or Class Eight.

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

16 Class Five. (a) All poles, lines, transformers,
17 transformer stations, meters, tools, improvements,
18 machinery, ~~2~~ and other property used and owned by ~~co-operative~~
19 ~~cooperative~~ rural electrical and ~~co-operative~~ ~~cooperative~~
20 rural telephone associations organized under the laws of
21 Montana, ~~2~~ except those within the incorporated limits of a
22 city or town in which less than ~~ninety-five-per-cent-(95%)~~
23 of the electric consumers ~~and~~for telephone users are served
24 by a ~~co-operative~~ ~~cooperative~~ organization, and as to the
25 property enumerated in this ~~sub-section~~ ~~subsection~~ (a)

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

5 (b) All unprocessed agricultural products either on
6 the farm or in storage, irrespective of whether said
7 products are owned by the elevator, warehouse, ~~2~~ or flour mill
8 owner or company storing the same, or any other person
9 whomsoever, except all perishable fruits and vegetables in
10 farm storage and owned by the producer, and excepting
11 livestock and poultry and the unprocessed products of both.

12 (c) The dwelling house, and the lot on which it is
13 erected, owned and occupied by any resident of the state,
14 who has been honorably discharged from active service in any
15 branch of the armed forces, ~~and~~ who is rated ~~one-hundred-per~~
16 ~~cent--(100%)~~ disabled due to a service-connected disability
17 by the United States veterans administration or its
18 successors. In the event of the veteran's death, the
19 dwelling house, and the lot on which it is erected, so long
20 as the surviving spouse remains unmarried and the owner and
21 occupant of the property, shall remain within this
22 classification.

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

25 Class Seven. (a) ~~(i)~~ All new industrial property. ~~"New~~

1 industrial property ~~shall mean~~ means any new industrial
 2 plant, including land, buildings, machinery, and fixtures,
 3 which, in the determination of the state department of
 4 revenue, is used by a new industry during the first three
 5 ~~to~~ years of operation not having been assessed prior to
 6 July 1, 1961, within the state of Montana. New industry
 7 ~~shall mean~~ means any person, corporation, firm, partnership,
 8 association, or other group which establishes a new plant or
 9 plants in this state for the operation of a new industrial
 10 endeavor, as distinguished from a mere expansion,
 11 reorganization, or merger of an existing industry or
 12 industries. ~~Provided, however, that new~~ New industrial
 13 property ~~shall be~~ is limited to industries that manufacture,
 14 mill, mine, produce, process, or fabricate materials, or do
 15 similar work in which capital and labor are employed and in
 16 which materials unserviceable in their natural state are
 17 extracted, processed, or made fit for use or are
 18 substantially altered or treated so as to create commercial
 19 products or materials; industries that engage in the
 20 mechanical or chemical transformation of materials or
 21 substances into new products in the manner defined as
 22 manufacturing in the 1972 Standard Industrial Classification
 23 Manual, prepared by the United States office of management
 24 and budget; and in no event shall the term new industrial
 25 property be included to mean property used by retail or

1 wholesale merchants, commercial services of any type,
 2 agriculture, trades, or professions. New industrial property
 3 does not include a plant which will create an adverse impact
 4 on existing state, county, or municipal services. The
 5 department shall promulgate regulations for the
 6 determination of what constitutes an adverse impact taking
 7 into consideration the number of people to be employed and
 8 the size of the community in which the location is
 9 contemplated. Once the department has made an initial
 10 determination that the industrial facility qualifies as new
 11 industrial property, the department shall then upon proper
 12 notice hold a hearing to determine if the new industrial
 13 classification should be retained by the property. The
 14 local taxing authority may appear at the hearing and it
 15 also may waive its objection to retention of this
 16 classification if the industry agrees to the prepayment of
 17 taxes sufficient to satisfy tax requirements created by the
 18 location and construction of the facility during the
 19 construction period.

20 (ii) In the event of a prepayment of taxes, the maximum
 21 amount or of prepayment shall be the amount without the
 22 application of the Class 7 (a) to such property.

23 (iii) If a major new industrial facility qualifies
 24 under Class 7(a), the reduction of its yearly payment of
 25 property taxes for reimbursement of its prepaid taxes, as

1 provided for in section 84-41-105, ~~Revised 1947~~, shall not
 2 begin until the Class 7 ~~(a)~~ qualification expires. And
 3 ~~provided further that new~~ New industrial property shall not
 4 be ~~included~~ construed to mean property which is used or
 5 employed in any industrial plant which has been in operation
 6 in this state for ~~three~~ (3) years or longer. Any person,
 7 corporation, firm, partnership, association, or other group
 8 seeking to qualify its property for inclusion in this class
 9 shall make application to the state department of revenue in
 10 such manner and form as may be required by said department.

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

18 (c) Air pollution control equipment as defined in
 19 section 69-3923.

20 (d) A capital investment in a recognized nonfossil
 21 form of energy generation, to the extent provided under
 22 section 84-7403.

23 Class Eight. (a) (i) Any improvement on real property,
 24 trailers affixed to land, or mobile home belonging to any
 25 person who qualifies under any one or more of the

1 hereinafter set forth categories, with appurtenant land not
 2 exceeding ~~five~~ (5) acres, which together have a market value
 3 of not more than ~~twenty-seven-thousand-five-hundred-dollars~~
 4 (\$27,500), which dwelling is owned or under a contract for
 5 deed, and which is actually occupied for at least ~~ten~~ (10)
 6 months per a year as the primary residential dwelling of:

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

10 (2)(B) a widower ~~sixty-two~~ (62) years of age or older,
 11 whether with or without minor dependent children, who
 12 qualifies under the income limitations of ~~(4)~~ or (D);

13 (3)(C) a widow or widower with minor or dependent
 14 children regardless of age, who qualifies under the income
 15 limitations of ~~(4)~~ (D); or

16 (4)(D) a recipient or recipients of retirement or
 17 disability benefits whose income from all sources is not
 18 more than ~~six-thousand-dollars~~ (\$6,000) for a single person
 19 and ~~six-thousand-eight-hundred-dollars~~ (\$6,800) for a
 20 married couple total per annum, whether said dwelling is
 21 occupied by a single person or a married couple.

22 (ii) ~~Provided further that one~~ One who applies for
 23 classification of property under this class must make an
 24 affidavit to the state department of revenue, on a form as
 25 may be provided by the ~~state department of revenue and~~

1 supplied without cost to the applicant, as to his income, if
 2 applicable, as to his retirement benefits, if applicable,
 3 ~~or~~ and as to his marital status, if applicable, and to the
 4 fact that he ~~or she~~ actually occupies or maintains as his ~~or~~
 5 her primary residential dwelling, such land and
 6 improvements, with right of the county welfare board to
 7 investigate the applicant, on the completion of the form, as
 8 to answers given on the ~~form it~~. ~~Provided, further, the~~ ~~the~~
 9 assessed value of said property shall not be increased
 10 during the life of the recipient of retirement benefits or
 11 widow or widower covered under this class, unless the
 12 owner-resident makes a substantial improvement in the
 13 dwelling. For the purposes of the affidavit required for
 14 classification of property under this class, it ~~shall be~~ ~~is~~
 15 sufficient if the applicant signs a statement swearing to or
 16 affirming the correctness of the information supplied,
 17 whether or not the statement is signed before a person
 18 authorized to administer oaths, and mails the application
 19 and statement to the department of revenue. This signed
 20 statement shall be treated as a statement under oath or
 21 equivalent affirmation for purposes of ~~section~~ 94-7-203,
 22 ~~Revised--1947~~, relating to the criminal offense of false
 23 swearing.

24 (b) A capital investment in a building for an energy
 25 conservation purpose, to the extent provided under ~~section~~

1 84-7403.

2 Class Nine. The incremental increase in the value of
 3 real estate attributable to repairing, maintaining, or
 4 improving existing improvements.

5 Class Ten. The annual gross proceeds of coal mines
 6 using the strip mining method.

7 Class Eleven. Centrally assessed utility allocations
 8 after deductions of locally assessed properties and except
 9 as provided in Class Two for rural telephones and Class Five
 10 (a) for cooperatives, and all other property not included in
 11 the ~~ten- (10)~~ preceding classes.

12 SECTION 2. DISTRIBUTION OF FEDERAL "PAYMENTS-IN-LIEU
 13 OF TAXES." MONIES RECEIVED BY UNITS OF LOCAL GOVERNMENT
 14 UNDER THE PROVISIONS OF PUBLIC LAW 94-565, OCTOBER 20, 1976,
 15 OR ANY SUBSEQUENT AMENDMENTS, SHALL, FOR THE FISCAL YEAR IN
 16 WHICH THE FUNDS ARE RECEIVED, BE USED FIRST TO REDUCE THE
 17 LOSS IN REVENUE TO THE COUNTY EQUALIZATION FUNDS FOR
 18 ELEMENTARY AND HIGH SCHOOLS RESULTING FROM THE REDUCTION IN
 19 THE CLASSIFICATION OF LIVESTOCK FROM CLASS 3 TO CLASS 2 AS
 20 PROVIDED IN THIS ACT.

21 SECTION 3. COORDINATION WITH OTHER LEGISLATION. IF
 22 HOUSE BILL 70 IS ENACTED INTO LAW, THEN IN LIEU OF SECTION 1
 23 OF THIS ACT, HOUSE BILL 70 SHALL BE REVISED BY MOVING
 24 LIVESTOCK AND UNPROCESSED LIVESTOCK PRODUCTS FROM CLASS
 25 NINE, TAXED AT 13.3% OF MARKET VALUE, TO CLASS FOURTEEN,

HB 0085/02

1 TAXED AT 8% OF MARKET VALUE*

-End-

HOUSE BILL NO. 85

INTRODUCED BY DASSINGER, DAY, COX

A BILL FOR AN ACT ENTITLED: "AN ACT TO LOWER THE TAX ASSESSMENT ON LIVESTOCK BY CHANGING THE CLASSIFICATION OF LIVESTOCK FROM CLASS THREE TO CLASS TWO; AMENDING SECTION 84-301, R.C.M. 1947; ~~AND PROVIDING FOR REPLACEMENT REVENUES.~~"

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, except coal mines, 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 classification for the purpose of taxation.

Class Two. ~~++ Livestock, POULTRY and unprocessed livestock 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 "(a) 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, Poultry and unprocessed poultry products of both, furniture FURNITURE and fixtures used in commercial activities; the annual gross proceeds of underground coal mines; and all office or hotel~~

1 furniture and fixtures, except improvements included in
2 Class Nine.

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

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

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

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

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

12 (c) The dwelling house, and the lot on which it is
13 erected, owned and occupied by any resident of the state
14 who has been honorably discharged from active service in any
15 branch of the armed forces, and who is rated one-hundred-per
16 cent-{100%} disabled due to a service-connected disability
17 by the United States veterans administration or its
18 successors. In the event of the veteran's death, the
19 dwelling house, and the lot on which it is erected, so long
20 as the surviving spouse remains unmarried and the owner and
21 occupant of the property, shall remain within this
22 classification.

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

25 Class Seven. (a) ~~(1)~~ All new industrial property. ~~New~~

1 industrial property ~~shall mean~~ means any new industrial
 2 plant, including land, buildings, machinery, and fixtures,
 3 which, in the determination of the state department of
 4 revenue, is used by a new industry during the first three
 5 ~~(3)~~ years of operation not having been assessed prior to
 6 July 1, 1961, within the state of Montana. New industry
 7 ~~shall mean~~ means any person, corporation, firm, partnership,
 8 association, or other group which establishes a new plant or
 9 plants in this state for the operation of a new industrial
 10 endeavor, as distinguished from a mere expansion,
 11 reorganization, or merger of an existing industry or
 12 industries. ~~Provided, however, that new~~ New industrial
 13 property ~~shall be~~ is limited to industries that manufacture,
 14 mill, mine, produce, process, or fabricate materials, or do
 15 similar work in which capital and labor are employed and in
 16 which materials unserviceable in their natural state are
 17 extracted, processed, or made fit for use or are
 18 substantially altered or treated so as to create commercial
 19 products or materials; industries that engage in the
 20 mechanical or chemical transformation of materials or
 21 substances into new products in the manner defined as
 22 manufacturing in the 1972 Standard Industrial Classification
 23 Manual, prepared by the United States office of management
 24 and budget; and in no event shall the term new industrial
 25 property be included to mean property used by retail or

1 wholesale merchants, commercial services of any type,
 2 agriculture, trades, or professions. New industrial property
 3 does not include a plant which will create an adverse impact
 4 on existing state, county, or municipal services. The
 5 department shall promulgate regulations for the
 6 determination of what constitutes an adverse impact taking
 7 into consideration the number of people to be employed and
 8 the size of the community in which the location is
 9 contemplated. Once the department has made an initial
 10 determination that the industrial facility qualifies as new
 11 industrial property, the department shall then upon proper
 12 notice hold a hearing to determine if the new industrial
 13 classification should be retained by the property. The
 14 local taxing authority may appear at the hearing, and it
 15 also may waive its objection to retention of this
 16 classification if the industry agrees to the prepayment of
 17 taxes sufficient to satisfy tax requirements created by the
 18 location and construction of the facility during ~~the~~
 19 construction period.

20 (iii) In the event of a prepayment of taxes, the maximum
 21 amount ~~or of~~ prepayment shall be the amount without the
 22 application of ~~the~~ Class 7 (a) to such property.

23 (iiii) If a major new industrial facility qualifies
 24 under Class 7(a), the reduction of its yearly payment of
 25 property taxes for reimbursement of its prepaid taxes, as

1 provided for in ~~section 84-41-105, R.C.M. 1947,~~ shall not
 2 begin until the Class 7 (a) qualification expires. ~~And~~
 3 ~~provided further, that new~~ New industrial property shall not
 4 be ~~included~~ construed to mean property which is used or
 5 employed in any industrial plant which has been in operation
 6 in this state for ~~three (3)~~ years or longer. Any person,
 7 corporation, firm, partnership, association, or other group
 8 seeking to qualify its property for inclusion in this class
 9 shall make application to the state department of revenue in
 10 such manner and form as may be required by said department.

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

18 (c) Air pollution control equipment as defined in
 19 section 69-3923.

20 (d) A capital investment in a recognized nonfossil
 21 form of energy generation, to the extent provided under
 22 section 84-7403.

23 Class Eight. (a) (i) Any improvement on real property,
 24 trailers affixed to land, or mobile home belonging to any
 25 person who qualifies under any one or more of the

1 hereinafter set forth categories, with appurtenant land not
 2 exceeding ~~five (5)~~ acres, which together have a market value
 3 of not more than ~~twenty-seven thousand five hundred dollars~~
 4 ~~(\$27,500)~~, which dwelling is owned or under a contract for
 5 deed, and which is actually occupied for at least ~~ten (10)~~
 6 months per a year as the primary residential dwelling of:

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

10 ~~(2)~~ (B) a widower ~~sixty-two (62)~~ years of age or older,
 11 whether with or without minor dependent children, who
 12 qualifies under the income limitations of ~~(4)~~ (D);

13 ~~(3)~~ (C) a widow or widower with minor or dependent
 14 children regardless of age, who qualifies under the income
 15 limitations of ~~(4)~~ (D); or

16 ~~(4)~~ (D) a recipient or recipients of retirement or
 17 disability benefits whose income from all sources is not
 18 more than ~~six thousand dollars (\$6,000)~~ for a single person
 19 and ~~six thousand eight hundred dollars (\$6,800)~~ for a
 20 married couple total per annum, whether said dwelling is
 21 occupied by a single person or a married couple.

22 ~~(ii) Provided further, that one~~ one who applies for
 23 classification of property under this class must make an
 24 affidavit to the state department of revenue, on a form as
 25 may be provided by the state department of revenue, and

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

24 (b) A capital investment in a building for an energy
 25 conservation purpose, to the extent provided under section

1 84-7403.

2 Class Nine. The incremental increase in the value of
 3 real estate attributable to repairing, maintaining, or
 4 improving existing improvements.

5 Class Ten. The annual gross proceeds of coal mines
 6 using the strip mining method.

7 Class Eleven. Centrally assessed utility allocations
 8 after deductions of locally assessed properties and except
 9 as provided in Class Two for rural telephones and Class Five
 10 (a) for cooperatives, and all other property not included in
 11 the ten-~~(10)~~ preceding classes."

12 ~~SECTION 2. DISTRIBUTION OF FEDERAL PAYMENTS IN LIEU~~
 13 ~~OF TAXES, MONIES RECEIVED BY UNITS OF LOCAL GOVERNMENT~~
 14 ~~UNDER THE PROVISIONS OF PUBLIC LAW 94-565, OCTOBER 20, 1976,~~
 15 ~~OR ANY SUBSEQUENT AMENDMENTS, SHALL, FOR THE FISCAL YEAR IN~~
 16 ~~WHICH THE FUNDS ARE RECEIVED, BE USED FIRST TO REDUCE THE~~
 17 ~~LOSS IN REVENUE TO THE COUNTY EQUALIZATION FUNDS FOR~~
 18 ~~ELEMENTARY AND HIGH SCHOOLS RESULTING FROM THE REDUCTION IN~~
 19 ~~THE CLASSIFICATION OF LIVESTOCK FROM CLASS 3 TO CLASS 2 AS~~
 20 ~~PROVIDED IN THIS ACT.~~

21 ~~SECTION 3. COORDINATION WITH OTHER LEGISLATION. IF~~
 22 ~~HOUSE BILL 70 IS ENACTED INTO LAW, THEN IN LIEU OF SECTION 1~~
 23 ~~OF THIS ACT, HOUSE BILL 70 SHALL BE REVISED BY MOVING~~
 24 ~~LIVESTOCK AND UNPROCESSED LIVESTOCK PRODUCTS FROM CLASS~~
 25 ~~NINE, TAXED AT 13.7% OF MARKET VALUE, TO CLASS FOURTEEN,~~

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1 ~~TAXED AT 0% OF MARKET VALUE.~~

-End-