

1 HB BILL NO. 98  
 2 INTRODUCED BY Fa. Long, Bartelme, Ed. Scott  
 3 Stiquilla, Sully BY REQUEST OF THE DEPARTMENT OF REVENUE Meridian Lynch  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A 25%  
 6 PENALTY FOR UNDERREPORTING THE VALUE OF BUSINESS  
 7 INVENTORIES; AMENDING SECTION 84-708.9, R.C.M. 1947."  
 8

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

10 Section 1. Section 84-708.9, R.C.M. 1947, is amended  
 11 to read as follows:

12 "84-708.9. Department audit of taxable value -- costs  
 13 of audit paid by county == penalty for underreporting. (1)  
 14 When in the judgment of the director of revenue it is  
 15 necessary, audits may be made for the purpose of determining  
 16 the taxable value of net proceeds of mines and oil and gas  
 17 wells, bank shares, business inventories, and all other  
 18 types of property subject to ad valorem taxation. The costs  
 19 incurred by the department of revenue, including per diem  
 20 and mileage expense as well as salaries and benefits, shall  
 21 be reimbursed from the amount collected as a result of the  
 22 audit. In the event the property subject to audit is  
 23 assessed within two ~~(2)~~ or more counties the department  
 24 shall allocate the cost among the collections due each of  
 25 the counties. Reimbursement shall be made solely for audit

1 expense and not for other services provided to the counties  
 2 by the department and may not exceed the amounts collected.  
 3 (2) The taxable value of any business inventory found  
 4 as the result of an audit to have been underreported by the  
 5 owner shall be increased by 25% as a penalty for  
 6 underreporting."

-End-

HB 98

Approved by Committee  
on Taxation

HOUSE BILL NO. 98

INTRODUCED BY FABREGA, BERTELSEN, ELLIS,  
SOUTH, STAIGHILLER, SCULLY, MENAHAN, LYNCH  
BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A 25%  
PENALTY FOR UNDERREPORTING THE VALUE OF BUSINESS  
INVENTORIES; AMENDING SECTION 84-708.9, R.C.M. 1947; AND  
PROVIDING A DELAYED EFFECTIVE DATE."

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

Section 1. Section 84-708.9, R.C.M. 1947, is amended  
to read as follows:

"84-708.9. Department audit of taxable value -- costs  
of audit paid by county -- penalty for underreporting. (1)  
When in the judgment of the director of revenue it is  
necessary, audits may be made for the purpose of determining  
the taxable value of net proceeds of mines and oil and gas  
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shall allocate the cost among the collections due each of  
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(2) The taxable value of any business inventory found  
as the result of an audit to have been underreported by the  
owner shall be increased by 25% as a penalty for  
underreporting UNDERREPORTED PORTION OF ANY BUSINESS  
INVENTORY, FOUND AS A RESULT OF AN AUDIT TO HAVE BEEN  
UNDERREPORTED BY THE OWNER, SHALL BE INCREASED BY 25% AS A  
PENALTY FOR UNDERREPORTING.

(3) THE 25% PENALTY MAY BE WAIVED BY THE DEPARTMENT OF  
REVENUE IF REASONABLE CAUSE FOR FAILURE TO REPORT THE TOTAL  
VALUE OF A BUSINESS INVENTORY IS PROVIDED TO THE  
DEPARTMENT."

SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE  
JANUARY 1, 1978.

-End-

SECOND READING

## HOUSE BILL NO. 98

INTRODUCED BY FABREGA, BERTELSEN, ELLIS,  
SOUTH, STAIGHILLER, SCULLY, MENAHAN, LYNCH  
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Section 1. Section 84-708.9, R.C.M. 1947, is amended  
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