

1 HB BILL NO. 141
 2 INTRODUCED BY Henry for Lynch Foster Maly
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE STATE
 6 FUNDED HOMESTEAD TAX RELIEF ACT AND TO PROVIDE FOR AN
 7 EFFECTIVE DATE."
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. The "state funded homestead relief act"
 11 (Initiative No. 72 passed November 2, 1976) is amended to
 12 read as follows:

13 "Section 1. Short Title. This act shall be known and
 14 may be referred to as the "state funded homestead tax relief
 15 act".

16 Section 2. Definitions: ~~As used in this act unless the~~
 17 ~~context requires otherwise~~ (1) "Homestead" means a dwelling
 18 ~~or mobile home as defined in section 84-6601, R.C.M., 1947,~~
 19 ~~together with and appurtenant adjacent land, not to exceed 1~~
 20 ~~acre, sufficient and necessary for the maintenance of the~~
 21 ~~property used as the principal residence place of abode of~~
 22 ~~the household of the owner when the property is owned by the~~
 23 ~~occupant or under valid contract establishing equity or~~
 24 ~~ownership by the occupant.~~

25 (2) "Dwelling" means a structure intended for human

1 ~~habitation; mobile homes, as defined in 84-6601, are~~
 2 ~~specifically included.~~

3 (3) "Household" means a person or persons who live in
 4 the same dwelling sharing its furnishings, facilities,
 5 accommodations, and expense. The term does not include bona
 6 fide lessees, tenants, or roomers and boarders on contract.

7 (2)(4) "Total taxable value" means the taxable value
 8 of a homestead.

9 (3)(5) "State's share of the taxable value"
 10 means a taxable value equivalent to five thousand dollars
 11 (\$5,000) of the appraised value of a homestead or the total
 12 taxable value of a homestead, whichever amount is lesser
 13 less.

14 (4)(6) "State supported mill levies" means all
 15 property tax levies which apply to habitable property except
 16 levies for single purpose districts, voted elementary and
 17 secondary school levies, the university 6 mill levy, voted
 18 levies for the retirement of bonded indebtedness, and levies
 19 for special improvement district reserve funds which are not
 20 county-wide or which are supported by a fee or
 21 charge rather than an ad valorem tax levy.

22 (7) "Single purpose district" means a taxing
 23 jurisdiction created by resolution of the local governing
 24 body or petition of the residents to perform one
 25 governmental function, such as, but not limited to, fire,

1 cemetery and lighting districts and weed, rodent, or
 2 mosquito control districts.

3 ~~(5)~~(8) "State State's share of the tax liability"
 4 means the state share of the taxable value for each
 5 homestead in each taxing jurisdiction times the state
 6 supported mill levies in that taxing jurisdiction.

7 ~~(6)~~--"Homestead owner's taxable value" means the total
 8 ~~taxable value of the homestead less the state share taxable~~
 9 ~~value.~~

10 Section 3. Exclusions. No land classified as
 11 agricultural land may be included in the homestead
 12 contemplated by this act. No dwelling which is leased or
 13 rented to another by its owner for more than 3 months during
 14 the year-long period preceding the due date for applications
 15 for relief under this act is eligible for relief under this
 16 act.

17 Section 34. Homestead owner's tax liability. The tax
 18 liability of a homestead owner shall be computed by
 19 deducting the state state's share of the tax liability from
 20 the tax liability on the total taxable value. Each tax
 21 statement sent to the person an eligible applicant in whose
 22 name the property is assessed shall set forth separately the
 23 total tax due, the state state's share of the tax liability
 24 and the homestead owner's tax liability and shall label the
 25 amounts accordingly as such.

1 Section 45. Duties of the department of revenue. (1)
 2 The department of revenue shall provide application forms
 3 for relief under this act available to all owners of
 4 homestead property. In order to be eligible for relief under
 5 this act, an owner must file with the agent of the
 6 department of revenue a completed application on or before
 7 March 31 of the year for which relief is sought.

8 (2) The department shall determine the eligibility of
 9 each applicant for relief.

10 (3) The department of revenue shall compute the state
 11 state's share of the tax liability for each eligible
 12 homestead according to this act and shall certify the total
 13 this amount of the state's share of the liability for each
 14 by county.

15 ~~(2)~~(4) The department of revenue may adopt rules
 16 necessary for the administration of this act.

17 Section 56. Remission of state share to counties. ~~(1)~~
 18 ~~The governor shall include in the budget submitted to the~~
 19 ~~legislature a provision for funds to be made available to~~
 20 ~~the department of revenue sufficient to remit the state~~
 21 ~~share tax liability to each county. (2) To the extent funds~~
 22 ~~are provided by the legislature, the department of revenue~~
 23 ~~shall remit the state share tax liability to the county~~
 24 ~~treasurer of each county in two equal payments, the first no~~
 25 ~~later than November 30 of each year and the second no later~~

1 ~~than the following May 31~~ The state shall remit the amount
2 ~~of the state's share of the tax liability to the county~~
3 ~~treasurer of each county in two equal payments; the first no~~
4 ~~later than November 30 of each year and the second no later~~
5 ~~than the following May 31.~~

6 Section 6I. Duties of the county treasurer. The county
7 treasurer shall credit each expenditure account with the
8 amount received from the ~~department--of--revenue~~ state
9 ~~treasurer~~ in accordance with the mill levy for that account
10 no later than December 31 for the first payment and June 30
11 for the second payment.

12 Section 7g. Effective Date. This act shall become
13 effective ~~July~~ January 1, 1977."

14 Section 2. Effective date. This act is effective on
15 its passage and approval.

-End-

STATE OF MONTANA

REQUEST NO. 59-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 12, 19 77, there is hereby submitted a Fiscal Note for House Bill 141 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

This bill amends the "Homestead Tax Relief Act" (Initiative #72 passed during 1976 General Election)

ASSUMPTIONS

Relief Expenditures:

1. 70% of all single family dwellings are owner occupied. (1970 census)
2. 84% of all mobile homes are owner occupied. (1970 census)
3. 14% of all multifamily dwelling units are owner occupied. (1970 census)
4. The average non-voted mill levy for 1976 on multifamily dwellings was 200 mills. The average non-voted mill levy for 1976 on mobile homes was 180 mills. The average non-voted mill levy for 1976 on dwellings outside the seven counties having the largest populations is 160 mills.
5. The state's share on single family dwellings in the seven counties having the largest populations would have been \$6.886 million in 1976-77 while for the other 49 counties it would have been \$3.85 million. (based on property tax data)
6. There were 58,900 multiple family units in 1976. (projection from 1970 census data)
7. There were 34,936 class 4 mobile homes and 1,353 class 8 mobile homes in 1976. Because of the wide variation in values of mobile homes it is estimated that about 60% of the maximum relief will apply on the average. (Note: class 8 has half the taxable value of class 4.)
8. Taxable value is 12% of appraised value.
9. The overall state's share will increase 5.7% above 1976-77 levels in 77-78 and 4.2% above 77-78 for 78-79,
10. There will be no effect on revenue to state and local government.

Administrative Costs: (each fiscal year)

Computer processed applications	\$ 70,000
Manually processed applications (principally mobile homes)	8,000
Personnel	
Two clerks in Helena	14,000
One computer programmer	13,000
Data processing, keypunch, mailing	70,000
Twenty-six clerks in counties for mobile homes and other non-computer generated work	175,000
	<u>\$350,000</u>

(continued on page 2)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

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page 2

FISCAL IMPACT

The state would be required to expend \$14.8 million in FY 78 and \$15.407 million in FY 79.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES


The proposed legislation does not affect total local revenue levels. It may slightly alter the pattern whereby local governments receive the revenue since it calls for two equal payments from the state whereas local governments may have received somewhat more the property tax revenue from the share being assumed by the state in November. This could, however, cause no significant problem.

TECHNICAL NOTES

Line 4 page 3: "state's" rather than "state"

Line 3 page 4: The word "available" is superfluous.

PREPARED BY: Department of Revenue


BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 1/17/77

Approved by Committee
on Taxation

HOUSE BILL NO. 141

INTRODUCED BY HUENNEKENS, LYNCH, FRATES, MELOY, VINCENT

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE STATE
FUNDED HOMESTEAD TAX RELIEF ACT AND TO PROVIDE FOR AN
EFFECTIVE DATE."

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

Section 1. The "state funded homestead relief act"
(Initiative No. 72 passed November 2, 1976) is amended to
read as follows:

"Section 1. Short Title. This act shall be known and
may be referred to as the "state funded homestead tax relief
act".

Section 2. Definitions: ~~As used in this act unless the
context requires otherwise~~ (1) "Homestead" means a dwelling
~~or mobile home as defined in section 84-6601, R.C.M., 1947,~~
~~together with and appurtenant adjacent land, not to exceed 1~~
~~acre, sufficient and necessary for the maintenance of the~~
property used as the principal residence place-of-abode of
the household of the owner when the property is owned by the
occupant or under valid contract establishing equity or
ownership by the occupant.

(2) "Dwelling" means a structure intended for human

~~habitation; mobile homes, as defined in 84-6601, are
specifically included.~~

~~(3) "Household" means a person or persons who live in
the same dwelling sharing its furnishings, facilities,
accommodations, and expense. The term does not include bona
fide lessees, tenants, or roomers and boarders on contract.~~

~~(2)(4) "Total taxable value" means the taxable value
of a homestead.~~

~~(3)(5) "State State's share of the taxable value"
means a taxable value equivalent to five-thousand-dollars
(\$5,000) of the appraised value of a homestead or the total
taxable value of a homestead, whichever amount is lesser
less.~~

~~(4)(6) "State supported mill levies" means all
property tax levies which apply to habitable property except
levies for single purpose districts, voted elementary and
secondary school levies, the university 6 mill levies for
the retirement of bonded indebtedness, and levy, voted
levies for special improvement district reserve funds which
are not county-wide county-wide or which are supported by a
fee or charge rather than an ad valorem tax levy.~~

~~(7) "Single purpose district" means a taxing
jurisdiction created by resolution of the local governing
body or petition of the residents to perform one
governmental function, such as, but not limited to, fire.~~

1 ~~cemetary and lighting districts and weed, rodent, or~~
 2 ~~mosquito control districts.~~

3 ~~(5)(3) "State State's share of the tax liability"~~
 4 ~~means the state share of the taxable value for each~~
 5 ~~homestead in each taxing jurisdiction times the state~~
 6 ~~supported mill levies in that taxing jurisdiction.~~

7 ~~(6) "Homestead owner's taxable value" means the total~~
 8 ~~taxable value of the homestead less the state share taxable~~
 9 ~~value.~~

10 ~~Section 3. Exclusions. No land classified as~~
 11 ~~agricultural land may be included in the homestead~~
 12 ~~contemplated by this act. No dwelling which is leased or~~
 13 ~~rented to another by its owner for more than 3 months during~~
 14 ~~the year-long period preceding the due date for applications~~
 15 ~~for relief under this act is eligible for relief under this~~
 16 ~~act.~~

17 Section 34. Homestead owner's tax liability. The tax
 18 liability of a homestead owner shall be computed by
 19 deducting the state state's share of the tax liability from
 20 the tax liability on the total taxable value. Each tax
 21 statement sent to the person an eligible applicant in whose
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 24 and the homestead owner's tax liability and shall label the
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9 ~~treasurer~~ in accordance with the mill levy for that account
10 no later than December 31 for the first payment and June 30
11 for the second payment.

12 ~~Section 78v--Effective Date. This act shall become~~
13 ~~effective July January 1, 1977.~~

14 Section 2. Effective date. This act is effective on
15 its passage and approval.

-End-

1 HOUSE BILL NO. 141
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 3 BY REQUEST OF THE DEPARTMENT OF REVENUE

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 4 means the state share of the taxable value for each
 5 homestead in each taxing jurisdiction times the state
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 7 ~~FRACTION OBTAINED BY DIVIDING THE FISCAL YEAR APPROPRIATION~~
 8 ~~PROVIDED BY THE LEGISLATURE LESS ADMINISTRATIVE COSTS BY THE~~
 9 ~~STATEWIDE VALUE OF THE STATE'S SHARE OF THE TAXABLE VALUE.~~

10 (6) ~~"Homestead owner's taxable value" means the total~~
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13 Section 3. ~~Exclusions. No land classified as~~
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 15 ~~contemplated by this act. No dwelling HOMESTEAD OWNER MAY~~
 16 ~~APPLY FOR RELIEF ON A HOMESTEAD which is leased or rented to~~
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 21 liability of a homestead owner shall be computed by
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 24 statement sent to the person an eligible applicant in whose
 25 name the property is assessed shall set forth separately the

1 total tax due, the state's share of the tax liability
 2 and the homestead owner's tax liability and shall label the
 3 amounts accordingly as such.

4 Section 42. Duties of the department of revenue. (1)
 5 The department of revenue shall provide application forms
 6 for relief under this act available to all owners of
 7 homestead property BY APRIL 15 OF THE YEAR FOR WHICH RELIEF
 8 IS PROVIDED. In order to be eligible for relief under this
 9 act, an owner must file with the agent of the department of
 10 revenue a completed application on or before ~~March 31~~ JUNE
 11 30 of the year for which relief is sought.

12 (2) The department shall determine the eligibility of
 13 each applicant for relief.

14 (3) The department of revenue shall compute the state
 15 state's share of the tax liability for each eligible
 16 homestead OWNER according to this act and shall certify the
 17 total this amount of the state's share of the liability for
 18 each by county.

19 (4) The department of revenue may adopt rules
 20 necessary for the administration of this act.

21 Section 56. Remission of state share to counties. (1)
 22 The governor shall include in the budget submitted to the
 23 legislature a provision for funds to be made available to
 24 the department of revenue sufficient to remit the state
 25 share tax liability to each county (2) to the extent funds

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11 treasurer shall credit each expenditure account with the
12 amount received from the ~~department of revenue~~ state
13 treasurer in accordance with the mill levy for that account
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15 for the second payment.

16 ~~Section 70. Effective Date. This act shall become~~
17 ~~effective July January 1, 1977.~~

18 SECTION 2. APPLICABLE TAX YEARS. THIS ACT APPLIES
19 ONLY TO TAX YEARS 1977 AND 1978.

20 Section 3. Effective date. This act is effective on
21 its passage and approval.

-End-

April 7, 1977

SENATE
STANDING COMMITTEE REPORT
Taxation Committee

That House Bill No. 141, third reading, be amended as follows:

1. Amend page 4, section 5, lines 7 and 8.

Following: "property"

Strike: "BY APRIL 15 OF THE YEAR FOR WHICH RELIEF IS PROVIDED"

2. Amend page 4, section 5, line 11.

Following: "sought"

Insert: ", or within 30 days of distribution of the forms by the department, whichever is later"

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 9 ~~act, an owner must file with the agent of the department of~~
 10 ~~revenue a completed application on or before March 31 JUNE~~
 11 ~~30 of the year for which relief is sought, OR WITHIN 30 DAYS~~
 12 ~~OF DISTRIBUTION OF THE FORMS BY THE DEPARTMENT, WHICHEVER IS~~
 13 ~~LATER.~~

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 15 each applicant for relief.

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23 Section 5. Remission of state share to counties. (1)
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 15 treasurer in accordance with the mill levy for that account
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18 ~~Section 78. Effective date. This act shall become~~
 19 ~~effective July January 1, 1977.~~

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 21 ONLY TO TAX YEARS 1977 AND 1978.

22 Section 3. Effective date. This act is effective on
 23 its passage and approval.

-End-