

1 HB BILL NO. 215
 2 INTRODUCED BY Palmer Waller Vincent Cooney

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE
 5 ELIGIBILITY CRITERIA FOR CLASS EIGHT PROPERTY TAX
 6 CLASSIFICATION; AMENDING SECTION 84-301, R.C.M. 1947."

7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

11 "84-301. Classification of property for taxation. For
 12 the purpose of taxation the taxable property in the state
 13 shall be classified as follows:

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

1 in this classification for the purpose of taxation.

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

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

23 Class Four. (a) All land, town and city lots, with
 24 improvements, except improvements included in Class Nine,
 25 and all trailers affixed to land owned, leased, or under

1 contract or purchase by the trailer owner, manufacturing and
 2 mining machinery, fixtures and supplies, except as otherwise
 3 provided by the constitution of Montana, and except as such
 4 property may be included in Class Five, Class Seven or Class
 5 Eight.

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

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

24 (b) All unprocessed agricultural products either on
 25 the farm or in storage, irrespective of whether said

1 products are owned by the elevator, warehouse or flour mill
 2 owner or company storing the same, or any other person
 3 whomsoever, except all perishable fruits and vegetables in
 4 farm storage and owned by the producer, and excepting
 5 livestock and poultry and the unprocessed products of both.

6 (c) The dwelling house, and the lot on which it is
 7 erected, owned and occupied by any resident of the state,
 8 who has been honorably discharged from active service in any
 9 branch of the armed forces, who is rated one hundred per
 10 cent (100%) disabled due to a service-connected disability
 11 by the United States veterans administration or its
 12 successors.

13 In the event of the veteran's death, the dwelling
 14 house, and the lot on which it is erected, so long as the
 15 surviving spouse remains unmarried and the owner and
 16 occupant of the property, shall remain within this
 17 classification.

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

20 Class Seven. (a) All new industrial property. New
 21 industrial property shall mean any new industrial plant,
 22 including land, buildings, machinery and fixtures which, in
 23 the determination of the state department of revenue, is
 24 used by a new industry during the first three (3) years of
 25 operation not having been assessed prior to July 1, 1961,

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

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

14 In the event of a prepayment of taxes, the maximum
 15 amount or prepayment shall be the amount without the
 16 application of the Class 7 (a) to such property.

17 If a major new industrial facility qualifies under
 18 Class 7 (a) the reduction of its yearly payment of property
 19 taxes for reimbursement of its prepaid taxes as provided for
 20 in section 84-41-105, R.C.M. 1947, shall not begin until the
 21 Class 7 qualification expires. And provided further, that
 22 new industrial property shall not be included to mean
 23 property which is used or employed in any industrial plant
 24 which has been in operation in this state for three (3)
 25 years or longer. Any person, corporation, firm, partnership,

1 association or other group seeking to qualify its property
2 for inclusion in this class shall make application to the
3 state department of revenue in such manner and form as may
4 be required by said department.

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

12 (c) Air pollution control equipment as defined in
13 section 69-3923.

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

17 Class Eight. (a) Any improvement on real property,
18 trailers affixed to land, or mobile home belonging to any
19 person who qualifies under any one or more of the
20 hereinafter set forth categories, with appurtenant land not
21 exceeding ~~five~~ {5} acres, which together have a market value
22 of not more than ~~twenty-seven-thousand-five-hundred-dollars~~
23 ~~{27,500}~~ \$25,000, which dwelling is owned or under a
24 contract for deed, by and which is actually occupied for at
25 least ten {10} months per year as the primary residential

1 dwelling of:

2 (1) a widow or widower ~~sixty-two~~ {62} years of age or
3 ~~oldery-whether-with-or-without-minor-dependent-children,~~ who
4 qualifies under the income limitations of ~~{4}~~ or {3};

5 ~~{2}-a-widower-sixty-two~~ {62} years of ~~age-or-oldery~~
6 ~~whether-with-or-without-minor-dependent-children-who~~
7 ~~qualifies-under-the-income-limitations-of~~ ~~{4}~~ or

8 ~~{3}~~ {2} a widow or widower with minor or dependent
9 children, regardless of age, who qualifies under the income
10 limitations of ~~{4}~~ {3}; or

11 ~~{4}~~ {3} a recipient or recipients of retirement or
12 disability benefits whose total annual income from all
13 sources is not more than ~~six-thousand-dollars~~ {6,000} for a
14 single person and ~~six-thousand-eight-hundred-dollars~~
15 ~~{6,800}~~ for a married couple, ~~total-per-annum-whether-said~~
16 ~~dwelling-is-occupied-by-a-single-person-or-a-married-couple~~
17 excluding one of the following: social security, railroad
18 retirement, public employees retirement, or any other
19 retirement or pension. -Provided-further-that-one A person
20 who applies for classification of property under this class
21 must make an affidavit to the state department of revenue,
22 on a form as may be provided by the state department of
23 revenue--supplied without cost to the applicant, as to his
24 income, ~~if-applicable-as-to-his-retirement-benefits,-if~~
25 ~~applicable-or-as-to~~ social security and all retirements,

1 ~~including the one the applicant excludes although it will~~
 2 ~~not be counted in the applicant's total income, the~~
 3 ~~applicant's~~ his marital status, if applicable, and to the
 4 fact that ~~the applicant~~ he or she actually occupies or
 5 maintains ~~such land and improvements~~ as his or her primary
 6 residential dwelling, ~~such land and improvements with right~~
 7 ~~of the county welfare board to investigate the applicant, on~~
 8 ~~the completion of the form, as to answers given on the form,~~
 9 ~~and such other information as is relevant to the applicant's~~
 10 ~~eligibility. This application must be made before March 1~~
 11 ~~of the year after the applicant becomes eligible under this~~
 12 ~~classification. An assessor, upon finding an applicant~~
 13 ~~eligible, shall adjust the tax liability on the next payment~~
 14 ~~due so as to reflect the effects of Class Eight~~
 15 ~~qualification for the past year's tax. The Provided,~~
 16 ~~further, the assessed value of said the property shall may~~
 17 not be increased during the life of the recipient of
 18 retirement benefits or widow or widower covered under this
 19 class, unless the owner-resident makes a substantial
 20 improvement in the dwelling. For the purposes of the
 21 affidavit required for classification of property under this
 22 class, it shall be sufficient if the applicant signs a
 23 statement swearing to or affirming the correctness of the
 24 information supplied, whether or not the statement is signed
 25 before a person authorized to administer oaths, and mails

1 the application and statement to the department of revenue.
 2 This signed statement shall be treated as a statement under
 3 oath or equivalent affirmation for purposes of section
 4 94-7-203, R.C.M. 1947, relating to the criminal offense of
 5 false swearing.

6 (b) A capital investment in a building for an energy
 7 conservation purpose, to the extent provided under section
 8 84-7403.

9 Class Nine. The incremental increase in the value of
 10 real estate attributable to repairing, maintaining, or
 11 improving existing improvements.

12 Class Ten. The annual gross proceeds of coal mines
 13 using the strip mining method.

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

-End-

STATE OF MONTANA

REQUEST NO. 104-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 7, 19 77, there is hereby submitted a Fiscal Note for House Bill 215 Amended 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

This bill revises the eligibility criteria for class eight property tax classification.

ASSUMPTIONS

There is no data which specifically links the three factors of age, income, and home ownership and, thus, a precise estimate of the fiscal impact of this legislation is impossible. Using data gathered by the 1970 census it is possible to draw some inferences about the maximum cost of the changes contemplated in this bill. Assuming that those who are retired, widowed, or who receive disability benefits, and who simultaneously own homes are fairly uniformly distributed among the income brackets below \$10,000, it appears that the proposed legislation, as amended, might result in a 25% increase in the number of people eligible for class 8 status.

It should be noted that, even now, not all those eligible for class 8 status choose to file for it. However, it is not known what the current ratio between applicants and eligibles. It is entirely possible that, with increased awareness and the revised criteria embodied in this legislation, there might be an increase of more than 25% in the number of applicants. This does not seem to be too probable.

In 1976 the taxable value of all class 8 property in the state was nearly \$6 million. Thus a 25% increase in the number of applicants (assuming that the property of new applicants has the same average value as that of those who received class 8 status in 1976) would translate into \$1.5 million increase in the taxable value of class 8 property and an accompanying decrease of \$3 million in the taxable value of class 4 property. The result would be a potential loss in the tax base of \$1.5 million. If an average levy of 225 mills is assumed, the total loss in property revenue to state and local governments could be as much as \$340,000. (The statewide 6 mill levy would generate \$9000 less in each year). It should be stressed that these figures represent what is felt to be a reasonable estimate of the maximum impact of the proposal.

It should be further noted that it appears to be the intent to allow assessors to adjust property tax bills downward for eligible individuals who make successful application before tax payments are due. No estimate of the impact of this provision is possible. However, it does represent a departure from current practice and could result in some reduction of revenue to local governments.

PREPARED BY DEPARTMENT OF REVENUE


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-77

STATE OF MONTANA

REQUEST NO. 104-77

FISCAL NOTE

Form BD-1

In compliance with a written request received January 19, 19 77, there is hereby submitted a Fiscal Note for House Bill 215 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 revises the eligibility criteria for class 8 property tax classification.

ASSUMPTIONS

No data is available on the total income of those who receive social security, railroad retirement, public employees retirement or other pension or retirement income. This bill clearly extends the eligibility criteria but there is no way of estimating how many more individuals might be included nor how many of the newly eligible might choose to exercise the option to have their residences placed in class 8. Thus, no estimate of the impact on state and local property tax revenues is possible.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Gray for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-27-77

STATE OF MONTANA

REQUEST NO. 104-77 REVISED

FISCAL NOTE

Form BD-15

In compliance with a written request received March 7, 19 77, there is hereby submitted a Fiscal Note for House Bill 215 REVISED 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.

REVISED FISCAL NOTEDESCRIPTION

This bill revises the eligibility criteria for class 8 property tax classification.

ASSUMPTIONS

The assumptions upon which this estimate is based do not differ from those found on the earlier version of fiscal note request No. 104-77 on amended HB 215 (Dated February 7, 1977).

It is estimated, using income data from the 1970 census, that the amendments submitted by the Committee of the Whole would result in an additional 5% increase in the number of individuals eligible for class 8 status, bringing the total increase to 30%.

In 1976 the taxable value of class 8 property in the state was nearly \$6 million. Thus, a 30% increase in the number of applicants (again assuming that the property of new applicants has the same average value as that of those who received class 8 status in 1976) would translate into a \$1.8 million increase in the taxable value of class 8 property and an accompanying decrease of \$3.6 million in the taxable value of class 4 property. The result would be a potential decrease in the tax base of the state of \$1.8 million. If an average levy of 225 mills is assumed, the total loss in property tax revenue statewide would be \$405,000. (included in this sum is a \$10,800 decrease in the amount generated by the 6 mill university levy.) As before, this estimate represents the maximum impact which enactment could have in each year of the biennium.

The comment concerning adjustment of property tax bills by assessors which may be found in the last paragraph of the earlier fiscal note still applies to the bill as amended by the Committee of the Whole. Again it is impossible to estimate what the effect of this provision may be.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Dwyer
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-8-77

Approved by Committee
on Taxation

1 HOUSE BILL NO. 215
2 INTRODUCED BY PALMER, WALDRON, VINCENT, COONEY
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE
5 ELIGIBILITY CRITERIA FOR CLASS EIGHT PROPERTY TAX
6 CLASSIFICATION; AMENDING SECTION 84-301, R.C.M. 1947; AND
7 PROVIDING AN EFFECTIVE DATE."
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 placed
2 in this classification for the purpose of taxation.
3 Class Two. All agricultural and other tools, implements
4 and machinery, gas and other engines and boilers, threshing
5 machines and outfits used therewith, automobiles, motor
6 trucks and other power-driven cars, vehicles of all kinds
7 except mobile homes, boats and all watercraft, harness,
8 saddlery and robes and except as provided in Class Five (a)
9 of this section, all poles, lines, transformers, transformer
10 stations, meters, tools, improvements, machinery and other
11 property used and owned by all persons, firms, corporations,
12 and other organizations which are engaged in the business of
13 furnishing telephone communications, exclusively to rural
14 areas, or to rural areas and cities and towns provided that
15 any such city or town has a population of ~~eight-hundred~~
16 ~~four~~ persons or less; and provided further, that the
17 average circuit miles for each station on the system is more
18 than ~~one-and-one-quarter~~ ~~four~~ $1\frac{1}{4}$ miles.
19 Class Three. Livestock, poultry, and unprocessed
20 products of both; furniture and fixtures used in commercial
21 activities; the annual gross proceeds of underground coal
22 mines; and all office or hotel furniture and fixtures,
23 except improvements included in Class Nine.
24 Class Four. (a) All land, town and city lots, with
25 improvements, except improvements included in Class Nine,

SECOND READING

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

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

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

25 (b) All unprocessed agricultural products either on

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

7 (c) The dwelling house, and the lot on which it is
 8 erected, owned and occupied by any resident of the state,
 9 who has been honorably discharged from active service in any
 10 branch of the armed forces, who is rated one hundred per
 11 cent (100%) disabled due to a service-connected disability
 12 by the United States veterans administration or its
 13 successors.

14 In the event of the veteran's death, the dwelling
 15 house, and the lot on which it is erected, so long as the
 16 surviving spouse remains unmarried and the owner and
 17 occupant of the property, shall remain within this
 18 classification.

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

21 Class Seven. (a) All new industrial property. New
 22 industrial property shall mean any new industrial plant,
 23 including land, buildings, machinery and fixtures which, in
 24 the determination of the state department of revenue, is
 25 used by a new industry during the first three (3) years of

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

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

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

18 If a major new industrial facility qualifies under
 19 Class 7 (a) the reduction of its yearly payment of property
 20 taxes for reimbursement of its prepaid taxes as provided for
 21 in section 84-41-105, R.C.M. 1947, shall not begin until the
 22 Class 7 qualification expires. And provided further, that
 23 new industrial property shall not be included to mean
 24 property which is used or employed in any industrial plant
 25 which has been in operation in this state for three (3)

1 years or longer. Any person, corporation, firm, partnership,
2 association or other group seeking to qualify its property
3 for inclusion in this class shall make application to the
4 state department of revenue in such manner and form as may
5 be required by said department.

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

13 (c) Air pollution control equipment as defined in
14 section 69-3923.

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

18 Class Eight. (a) Any improvement on real property,
19 trailers affixed to land, or mobile home belonging to any
20 person who qualifies under any one or more of the
21 hereinafter set forth categories, with appurtenant land not
22 exceeding five-~~(5)~~ acres, which together have a market value
23 of not more than ~~twenty-seven-thousand-five-hundred-dollars~~
24 ~~(27,500)~~ 35,000, which dwelling is owned or under a
25 contract for deed, by and which is actually occupied for at

1 least ten-~~(10)~~ months per year as the primary residential
2 dwelling of:

3 (1) a widow or widower ~~sixty-two~~ (62) years of age or
4 elderly, ~~whether with or without minor dependent children,~~ who
5 qualifies under the income limitations of ~~(4)~~ (3);

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

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

12 ~~(4) (3) a recipient or recipients of retirement or~~
13 ~~disability benefits whose total annual income from all~~
14 ~~sources is not more than six-thousand-dollars (\$6,000) for a~~
15 ~~single person and six-thousand-eight-hundred-dollars~~
16 ~~(\$6,800) for a married couple; total per annum whether said~~
17 ~~dwelling is occupied by a single person or a married couple~~
18 ~~excluding one of the following: social security, railroad~~

19 ~~retirement, public employees retirement, or any other~~
20 ~~retirement or pension. Provided, further, that one A person~~
21 who applies for classification of property under this class

22 must make an affidavit to the state department of revenue,
23 on a form as may be provided by the state department of
24 revenue, supplied without cost to the applicant, as to his

25 income, ~~if applicable, as to his retirement benefits, if~~

1 ~~applicable, or, as to social security and all retirement~~
 2 ~~including the one the applicant excludes although it will~~
 3 ~~not be counted in the applicant's total income; the~~
 4 ~~applicant's~~ his marital status, if applicable, and to the
 5 fact that ~~the applicant~~ he--or--she actually occupies or
 6 maintains such land and improvements as his or her primary
 7 residential dwelling, ~~such land and improvements with right~~
 8 ~~of the county welfare board to investigate the applicant, on~~
 9 ~~the completion of the form, as to answers given on the form,~~
 10 and such other information as is relevant to the applicant's
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 13 classification. An assessor, upon finding an applicant
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 15 due so as to reflect the effects of Class Eight
 16 qualification for the past year's tax. The provided,
 17 ~~furthere,~~ the assessed value of said ~~the~~ property shall ~~may~~
 18 not be increased during the life of the recipient of
 19 retirement benefits or widow or widower covered under this
 20 class, unless the owner-resident makes a substantial
 21 improvement in the dwelling. For the purposes of the
 22 affidavit required for classification of property under this
 23 class, it shall be sufficient if the applicant signs a
 24 statement swearing to or affirming the correctness of the
 25 information supplied, whether or not the statement is signed

1 before a person authorized to administer oaths, and mails
 2 the application and statement to the department of revenue.
 3 This signed statement shall be treated as a statement under
 4 oath or equivalent affirmation for purposes of ~~section~~
 5 94-7-203, R.C.M. 1947, relating to the criminal offense of
 6 false swearing.

7 (b) A capital investment in a building for an energy
 8 conservation purpose, to the extent provided under ~~section~~
 9 84-7403.

10 Class Nine. The incremental increase in the value of
 11 real estate attributable to repairing, maintaining, or
 12 improving existing improvements.

13 Class Ten. The annual gross proceeds of coal mines
 14 using the strip mining method.

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

20 SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
 21 ITS PASSAGE AND APPROVAL.

-end-

1 HOUSE BILL NO. 215

2 INTRODUCED BY PALMER, WALDRON, VINCENT, COONEY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE
5 ELIGIBILITY CRITERIA FOR CLASS EIGHT PROPERTY TAX
6 CLASSIFICATION; AMENDING SECTION 84-301, R.C.M. 1947; AND
7 PROVIDING AN EFFECTIVE DATE."

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 placed
2 in this classification for the purpose of taxation.

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

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

24 Class Four. (a) All land, town and city lots, with
25 improvements, except improvements included in Class Nine,

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

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

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

25 (b) All unprocessed agricultural products either on

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

7 (c) The dwelling house, and the lot on which it is
 8 erected, owned and occupied by any resident of the state,
 9 who has been honorably discharged from active service in any
 10 branch of the armed forces, who is rated one hundred per
 11 cent (100%) disabled due to a service-connected disability
 12 by the United States veterans administration or its
 13 successors.

14 In the event of the veteran's death, the dwelling
 15 house, and the lot on which it is erected, so long as the
 16 surviving spouse remains unmarried and the owner and
 17 occupant of the property, shall remain within this
 18 classification.

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

21 Class Seven. (a) All new industrial property. New
 22 industrial property shall mean any new industrial plant,
 23 including land, buildings, machinery and fixtures which, in
 24 the determination of the state department of revenue, is
 25 used by a new industry during the first three (3) years of

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

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

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

18 If a major new industrial facility qualifies under
 19 Class 7 (a) the reduction of its yearly payment of property
 20 taxes for reimbursement of its prepaid taxes as provided for
 21 in section 84-41-105, R.C.M. 1947, shall not begin until the
 22 Class 7 qualification expires. And provided further, that
 23 new industrial property shall not be included to mean
 24 property which is used or employed in any industrial plant
 25 which has been in operation in this state for three (3)

1 years or longer. Any person, corporation, firm, partnership,
 2 association or other group seeking to qualify its property
 3 for inclusion in this class shall make application to the
 4 state department of revenue in such manner and form as may
 5 be required by said department.

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

13 (c) Air pollution control equipment as defined in
 14 section 69-3923.

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

18 Class Eight. (a) Any improvement on real property,
 19 trailers affixed to land, or mobile home belonging to any
 20 person who qualifies under any one or more of the
 21 hereinafter set forth categories, with appurtenant land not
 22 exceeding ~~five~~(5) acres, which together have a market value
 23 of not more than ~~twenty-seven-thousand-five-hundred--dollars~~
 24 ~~(\$27,500)~~ \$35,000, which dwelling is owned or under a
 25 contract for deed, by and which is actually occupied for at

1 least ~~ten~~(10) months per year as the primary residential
 2 dwelling of:

3 (1) a widow ~~or widower~~ ~~sixty-two~~(62) years of age or
 4 ~~older, whether with or without minor dependent children,~~ who
 5 qualifies under the income limitations of ~~(4)~~ or ~~(3)~~;

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

9 ~~(3) (2) a widow or widower with minor or dependent~~
 10 ~~children, regardless of age, who qualifies under the income~~
 11 ~~limitations of (4), (3); or~~

12 ~~(4) (3) a recipient or recipients of retirement or~~
 13 ~~disability benefits whose total annual income from all~~
 14 ~~sources is not more than six--thousand--dollars--(\$6,000)~~
 15 ~~\$7,000 for a single person and six--thousand--eight--hundred~~
 16 ~~dollars--(\$6,800) \$8,000 for a married couple, total per~~
 17 ~~annum whether said dwelling is occupied by a single person~~
 18 ~~or a married couple, excluding one of the following: social~~
 19 ~~security, railroad retirement, public employees retirement,~~
 20 ~~or any other retirement or pension. Provided, further, that~~

21 ~~one A person~~ who applies for classification of property
 22 under this class must make an affidavit to the state
 23 department of revenue, on a form as may be provided by the
 24 state department of revenue, supplied without cost to the
 25 applicant, as to his income, ~~if applicable, as to his~~

~~retirement benefits, if applicable, or, as to social~~
~~security and all retirements, including the one the~~
~~applicant excludes, although it will not be counted in the~~
~~applicant's total income, the applicant's~~ his marital
 status, ~~if applicable, and to the fact that the applicant he~~
 or she actually occupies or maintains such land and
improvements as his or her primary residential dwelling,
~~such land and improvements with right of the county welfare~~
~~board to investigate the applicant, on the completion of the~~
~~form as to answers given on the form and such other~~
information as is relevant to the applicant's eligibility.
This application must be made before March 1 of the year
after the applicant becomes eligible under this
classification. An assessor, upon finding an applicant
eligible, shall adjust the tax liability on the next payment
due so as to reflect the effects of Class Eight
qualification for the past year's tax. The ~~Provided,~~
~~further, the~~ assessed value of ~~said the~~ property ~~shall~~ may
 not be increased during the life of the recipient of
 retirement benefits or widow or widower covered under this
 class, unless the owner-resident makes a substantial
 improvement in the dwelling. For the purposes of the
 affidavit required for classification of property under this
 class, it shall be sufficient if the applicant signs a
 statement swearing to or affirming the correctness of the

1 information supplied, whether or not the statement is signed
 2 before a person authorized to administer oaths, and mails
 3 the application and statement to the department of revenue.
 4 This signed statement shall be treated as a statement under
 5 oath or equivalent affirmation for purposes of ~~section~~
 6 94-7-203, R.C.M. 1947, relating to the criminal offense of
 7 false swearing.

8 (b) A capital investment in a building for an energy
 9 conservation purpose, to the extent provided under ~~section~~
 10 84-7403.

11 Class Nine. The incremental increase in the value of
 12 real estate attributable to repairing, maintaining, or
 13 improving existing improvements.

14 Class Ten. The annual gross proceeds of coal mines
 15 using the strip mining method.

16 Class Eleven. Centrally assessed utility allocations
 17 after deductions of locally assessed properties and except
 18 as provided in Class Two for rural telephones and Class Five
 19 (a) for cooperatives, and all other property not included in
 20 the ~~ten~~ (10) preceding classes."

21 SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
 22 ITS PASSAGE AND APPROVAL.

-End-

April 5, 1977

STANDING COMMITTEE REPORT
Senate Committee on Taxation

That House Bill No. 215 be amended as follows:

1. Amend the title, page 1, line 6.

Following: "1947;"

Insert: "coordinating this amendment with other pending legislation;"

2. Amend page 7, section 1, line 18.

Following: "(a)"

Strike: "Any"

Insert: "So much of the market value of any"

3. Amend page 7, section 1, lines 22 and 23.

Following: "acres,"

Strike: "which together have a market value of not more than"

Insert: "as does not exceed"

4. Amend page 9, section 1, lines 14 through 22.

Following: "classification."

Strike: the remainder of line 14, lines 15 through 21 in their entirety, and "improvement in the dwelling." in line 22.

5. Amend page 10, section 1, line 20.

Following: line 20

Insert: "Section 2. In the event House Bill 70 is enacted into law and repeals section 84-301, R.C.M. 1947, then in lieu of section 1 of this act, section 84-301.16, R.C.M. 1947, as enacted by House Bill 70, shall be further amended by this act to read as follows:

"84-301.16. Class fifteen property -- description -- taxable percentage. (1) Class fifteen property includes:

(a) a capital investment in a building for an energy conservation purpose, to the extent provided under 84-7403; and

(b) so much of the market value of any improvement on real property, a trailer affixed to land, or mobile home and appurtenant (and not exceeding 5 acres, as does not exceed \$35,000, when such dwelling and land are owned or under contract for deed and are actually occupied for at least 10 months per year as the primary residential dwelling of:

(i) a widow or widower 62 years of age or older who qualifies under the income limitations of (iii) of this subsection;

(ii) a widow or widower of any age with dependent children who qualifies under the income limitations of (iii) of this subsection;
or

(iii) a recipient or recipients of retirement or disability benefits whose total income from all sources is not more than \$7,000 for a single person or \$8,000 for a married couple.

(2) (a) A person applying for classification of property under this class must make an affidavit to the department of revenue on a form provided by the department without cost as to:

April 5, 1977

Page 2

House Bill No. 215

(i) his income, if applicable;
(ii) his retirement benefits, if applicable;
(iii) his marital status, if applicable;
(iv) the fact that he maintains the land and improvements as his primary residential dwellings; and
(v) such other information as is relevant to the applicant's eligibility.

(b) This application must be made before March 1 of the year after the applicant becomes eligible under this classification.

(c) For the purpose of the affidavit required for classification of property under this class, it shall be sufficient if the applicant signs a statement swearing to or affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for the purposes of 94-7-203, relating to the criminal offense of false swearing.

(3) Class fifteen property is taxed at 6% of its market value, or in the case of property classified under (1) (b) of this section, so much of 6% as is determined under 84-305, whichever is less.

Section 3. Statement of intent. It is intended, by section 2 of this act, to conform the substantive policies which House Bill 215 enacts into the format which House Bill 70 will create. Section 2 further reflects House Bill 70, as amended, in that it deletes the prohibition against reappraising class fifteen property during the occupancy of the dwelling by a qualified taxpayer or taxpayers. Reappraisal of class fifteen property would be permitted, and the taxable percentage of that reappraised value would then fall to a figure below 6%, as set forth in the Senate amendments to House Bill 70. If reappraisal brings the value above \$35,000 the first \$35,000 would be taxed in this class and the excess taxed on other real property. The publisher of the 1977 Supplements to the Revised Codes of Montana 1947, is directed to publish section 2 of this act as the official version of section 84-301.16 in the event House Bill 70 is enacted."

Renumber: following section

1 HOUSE BILL NO. 215

2 INTRODUCED BY PALMER, WALDRON, VINCENT, COONEY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE
5 ELIGIBILITY CRITERIA FOR CLASS EIGHT PROPERTY TAX
6 CLASSIFICATION; AMENDING SECTION 84-301, R.C.M. 1947;
7 COORDINATING THIS AMENDMENT WITH OTHER PENDING LEGISLATION;
8 AND PROVIDING AN EFFECTIVE DATE."
9

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

11 Section 1. Section 84-301, R.C.M. 1947, is amended to
12 read as follows:13 "84-301. Classification of property for taxation. For
14 the purpose of taxation the taxable property in the state
15 shall be classified as follows:

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

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

4 Class Two. All agricultural and other tools, implements
5 and 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 (a)
10 of this section, all poles, lines, transformers, transformer
11 stations, meters, tools, improvements, machinery and other
12 property used and owned by all persons, firms, corporations,
13 and other organizations which are engaged in the business of
14 furnishing telephone communications, exclusively to rural
15 areas, or to rural areas and cities and towns provided that
16 any such city or town has a population of ~~eight-hundred~~
17 ~~†800†~~ persons or less; and provided further, that the
18 average circuit miles for each station on the system is more
19 than ~~one-and-one-quarter-†1 1/4†~~ miles.

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

25 Class Four. (a) All land, 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 purchase by the trailer owner, manufacturing and
4 mining machinery, fixtures and supplies, except as otherwise
5 provided by the constitution of Montana, and except as such
6 property may be included in Class Five, Class Seven or Class
7 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, machinery
15 and other property used and owned by co-operative rural
16 electrical and co-operative rural telephone associations
17 organized under the laws of Montana except those within the
18 incorporated limits of a city or town in which less than
19 ninety-five per cent (95%) of the electric consumers and/or
20 telephone users are served by a co-operative organization,
21 and as to the property enumerated in this sub-section (a)
22 within incorporated limits of a city or town in which less
23 than ninety-five per cent (95%) of the electric consumers or
24 users will be served by a co-operative organization, such
25 property shall be put in Class Two.

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

8 (c) The dwelling house, and the lot on which it is
9 erected, owned and occupied by any resident of the state,
10 who has been honorably discharged from active service in any
11 branch of the armed forces, who is rated one hundred per
12 cent (100%) disabled due to a service-connected disability
13 by the United States veterans administration or its
14 successors.

15 In the event of the veteran's death, the dwelling
16 house, and the lot on which it is erected, so long as the
17 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) All new industrial property. New
23 industrial property shall mean any new industrial plant,
24 including land, buildings, machinery and fixtures which, in
25 the determination of the state department of revenue, is

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

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

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

19 If a major new industrial facility qualifies under
 20 Class 7 (a) the reduction of its yearly payment of property
 21 taxes for reimbursement of its prepaid taxes as provided for
 22 in section 84-41-105, R.C.M. 1947, shall not begin until the
 23 Class 7 qualification expires. And provided further, that
 24 new industrial property shall not be included to mean
 25 property which is used or employed in any industrial plant

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

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

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

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

19 Class Eight. (a) Any SO MUCH OF THE MARKET VALUE OF ANY
20 improvement on real property, trailers affixed to land, or
21 mobile home belonging to any person who qualifies under any
22 one or more of the hereinafter set forth categories, with
23 appurtenant land not exceeding five--(5) acres, which
24 together--have--a--market-value-of-not-more-than AS DOES NOT
25 EXCEED twenty-seven-thousand-five-hu ed-dollars--(27,500)

1 ~~\$35,000~~, which dwelling is owned or under a contract for
2 deed, ~~by~~ and which is actually occupied for at least ~~ten~~
3 ~~(10)~~ months per year as the primary residential dwelling of:

4 (1) a widow ~~or widower sixty-two (62) years of age or~~
5 ~~older, whether with or without minor dependent children, who~~
6 ~~qualifies under the income limitations of (4) or (3);~~
7 ~~(2)--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~~

10 ~~(3); (2) a widow or widower with minor or dependent~~
11 ~~children, regardless of age, who qualifies under the income~~
12 ~~limitations of (4) or (3); or~~

13 ~~(4) (3) a recipient or recipients of retirement or~~
14 ~~disability benefits whose total annual income from all~~
15 ~~sources is not more than six-thousand-dollars--(6,000)~~

16 ~~\$7,000 for a single person and six-thousand-eight-hundred~~
17 ~~dollars--(6,800) \$8,000 for a married couple, total--per~~
18 ~~annum--whether--said--dwelling--is--occupied--by--a--single--person~~
19 ~~or--a--married--couple, excluding one of the following:--social~~
20 ~~security,--railroad--retirement,--public--employees--retirement,~~
21 ~~or--any--other--retirement--or--pension. Provided, further, that~~

22 ~~one A person who applies for classification of property~~
23 ~~under this class must make an affidavit to the state~~
24 ~~department of revenue, on a form as may be provided by the~~
25 ~~state department of revenue supplied without cost to the~~

1 applicant, as to his income, ~~if applicable as to his~~
 2 ~~retirement benefits, if applicable, or, as to social~~
 3 ~~security, and all retirements, including the one the~~
 4 ~~applicant excludes although it will not be counted in the~~
 5 ~~applicant's total income, the applicant's~~ his marital
 6 status, ~~if applicable and to the fact that the applicant he~~
 7 or she actually occupies or maintains such land and
 8 improvements as his or her primary residential dwelling,
 9 ~~such land and improvements with right of the county welfare~~
 10 ~~board to investigate the applicant, on the completion of the~~
 11 ~~form, as to answers given on the form and such other~~
 12 ~~information as is relevant to the applicant's eligibility.~~
 13 This application must be made before March 1 of the year
 14 after the applicant becomes eligible under this
 15 classification. An assessor, upon finding on applicant
 16 eligibility, shall adjust the tax liability on the next payment
 17 due so as to reflect the effects of Class Eight
 18 qualification for the past year's tax. The Provided,
 19 ~~further, the assessed value of said the property shall not~~
 20 ~~not be increased during the life of the recipient of~~
 21 ~~retirement benefits or widow or widower covered under this~~
 22 ~~class, unless the owner resident makes a substantial~~
 23 ~~improvement in the dwelling.~~ For the purposes of the
 24 affidavit required for classification of property under this
 25 class, it shall be sufficient if the applicant signs a

1 statement swearing to or affirming the correctness of the
 2 information supplied, whether or not the statement is signed
 3 before a person authorized to administer oaths, and mails
 4 the application and statement to the department of revenue.
 5 This signed statement shall be treated as a statement under
 6 oath or equivalent affirmation for purposes of ~~section~~
 7 94-7-203, R.C.M. 1947, relating to the criminal offense of
 8 false swearing.

9 (b) A capital investment in a building for an energy
 10 conservation purpose, to the extent provided under ~~section~~
 11 84-7403.

12 Class Nine. The incremental increase in the value of
 13 real estate attributable to repairing, maintaining, or
 14 improving existing improvements.

15 Class Ten. The annual gross proceeds of coal mines
 16 using the strip mining method.

17 Class Eleven. Centrally assessed utility allocations
 18 after deductions of locally assessed properties and except
 19 as provided in Class Two for rural telephones and Class Five
 20 (a) for cooperatives, and all other property not included in
 21 the ten {10} preceding classes.*

22 SECTION 2. IN THE EVENT HOUSE BILL 70 IS ENACTED INTO
 23 LAW AND REPEALS SECTION 84-301, R.C.M., 1947, THEN IN LIEU OF
 24 SECTION 1 OF THIS ACT, SECTION 84-301, 16, R.C.M., 1947, AS
 25 ENACTED BY HOUSE BILL 70, SHALL BE FURTHER AMENDED BY THIS

1 ACT TO READ AS FOLLOWS:

2 84-301.16. Class fifteen property -- description --
3 taxable percentage. (1) Class fifteen property includes:

4 (a) a capital investment in a building for an energy
5 conservation purpose, to the extent provided under 84-7403;
6 and

7 (b) so much of the market value of any improvement on
8 real property, a trailer affixed to land, or mobile home and
9 appurtenant land not exceeding 5 acres, as does not exceed
10 \$35,000, when such dwelling and land are owned or under
11 contract for deed and are actually occupied for at least 10
12 months per year as the primary residential dwelling of:

13 (i) a widow or widower 62 years of age or older who
14 qualifies under the income limitations of (iii) of this
15 subsection;

16 (ii) a widow or widower of any age with dependent
17 children who qualifies under the income limitations of (iii)
18 of this subsection; or

19 (iii) a recipient or recipients of retirement or
20 disability benefits whose total income from all sources is
21 not more than \$7,000 for a single person or \$8,000 for a
22 married couple.

23 (2) (a) A person applying for classification of
24 property under this class must make an affidavit to the
25 department of revenue on a form provided by the department

1 without cost as to:

2 (i) his income, if applicable;

3 (ii) his retirement benefits, if applicable;

4 (iii) his marital status, if applicable;

5 (iv) the fact that he maintains the land and
6 improvements as his primary residential dwellings; and

7 (v) such other information as is relevant to the
8 applicant's eligibility.

9 (b) This application must be made before March 1 of
10 the year after the applicant becomes eligible under this
11 classification.

12 (c) For the purpose of the affidavit required for
13 classification of property under this class, it shall be
14 sufficient if the applicant signs a statement swearing to or
15 affirming the correctness of the information supplied,
16 whether or not the statement is signed before a person
17 authorized to administer oaths, and mails the application
18 and statement to the department of revenue. This signed
19 statement shall be treated as a statement under oath or
20 equivalent affirmation for the purposes of 94-7-203,
21 relating to the criminal offense of false swearing.

22 (3) Class fifteen property is taxed at 6% of its
23 market value, or in the case of property classified under
24 (1)(b) of this section, so much of 6% as is determined under
25 84-305, whichever is less.

1 Section 3. Statement of intent. It is intended, by
 2 section 2 of this act, to conform the substantive policies
 3 which House Bill 215 enacts into the format which House Bill
 4 70 will create. Section 2 further reflects House Bill 70,
 5 as amended, in that it deletes the prohibition against
 6 reappraising class fifteen property during the occupancy of
 7 the dwelling by a qualified taxpayer or taxpayers.
 8 Reappraisal of class fifteen property would be permitted,
 9 and the taxable percentage of that reappraised value would
 10 then fall to a figure below 6%, as set forth in the Senate
 11 amendments to House Bill 70. If reappraisal brings the value
 12 above \$35,000 the first \$35,000 would be taxed in this class
 13 and the excess taxed on other real property. The publisher
 14 of the 1977 Supplements to the Revised Codes of Montana
 15 1947, is directed to publish section 2 of this act as the
 16 official version of section 84-301.16 in the event House
 17 Bill 70 is enacted.

18 ~~SECTION 4. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON~~
 19 ~~ITS PASSAGE AND APPROVAL.~~

-End-