

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
 7 Class Eight.

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

13 ~~(c) Raw materials of nonrenewable natural resources,
 14 and work in progress with respect to such goods, except the
 15 proceeds of mines included in Class One, Class Three, or
 16 Class Ten.~~

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

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

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

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

19 In the event of the veteran's death, the dwelling
 20 house, and the lot on which it is erected, so long as the
 21 surviving spouse remains unmarried and the owner and
 22 occupant of the property, shall remain within this
 23 classification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (4) a recipient or recipients of retirement or
 17 disability benefits whose income from all sources is not
 18 more than six thousand dollars (\$6,000) for a single person
 19 and six thousand eight hundred dollars (\$6,800) for a
 20 married couple total per annum whether said dwelling is
 21 occupied by a single person or a married couple. Provided,
 22 further, that one 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 his marital
 3 status, if applicable, and to the fact that he or she
 4 actually occupies or maintains as his or her primary
 5 residential dwelling, such land and improvements with right
 6 of the county welfare board to investigate the applicant, on
 7 the completion of the form, as to answers given on the form.
 8 Provided, further, the assessed value of said property shall
 9 not be increased during the life of the recipient of
 10 retirement benefits or widow or widower covered under this
 11 class, unless the owner-resident makes a substantial
 12 improvement in the dwelling. For the purposes of the
 13 affidavit required for classification of property under this
 14 class, it shall be sufficient if the applicant signs a
 15 statement swearing to or affirming the correctness of the
 16 information supplied, whether or not the statement is signed
 17 before a person authorized to administer oaths, and mails
 18 the application and statement to the department of revenue.
 19 This signed statement shall be treated as a statement under
 20 oath or equivalent affirmation for purposes of section
 21 94-7-203, R.C.M. 1947, relating to the criminal offense of
 22 false swearing.

23 (b) A capital investment in a building for an energy
 24 conservation purpose, to the extent provided under section
 25 84-7403.

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

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

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

11 Section 2. Findings and purpose. The legislature finds
 12 that historical differences between the reporting of
 13 inventories of nonrenewable raw materials and renewable raw
 14 materials were overlooked in the enactment of chapter 299,
 15 Laws of 1975, and that local governments whose tax bases
 16 include inventories of nonrenewable natural resources have
 17 been prejudiced by the enactment of that statute. The
 18 purpose of this act is to restore the distribution of tax
 19 burdens which existed prior to 1975.

-End-

STATE OF MONTANA

REQUEST NO. 220-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 26, 19 77, there is hereby submitted a Fiscal Note for House Bill 412 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 reclassifies raw materials or nonrenewable natural resources and work in progress on such materials from class seven to class four for taxation purposes.

ASSUMPTIONS

1. FY 78 will be unaffected because of date of implementation.
2. The effect of this bill will be to increase taxable value of non-renewable inventories from 7% of assessed value to 30% of assessed value.
3. The state levy will be 6 mills.
4. Assessed value of non-renewable resource inventories will remain approximately equal to the assessed value of non-renewable resources in 1976.
5. Administrative costs would remain unchanged.

FISCAL IMPACT

The bill will have no fiscal impact in FY 78 because of the date of implementation. In FY 79 the state revenues from property taxes on nonrenewable resource inventories will increase by approximately \$43,000.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE

Local revenues from property tax will increase by \$1.4M in each year this act is in effect.

LONG-RANGE EFFECT

The long range effect will be to increase state revenues by approximately \$45,000 each fiscal year the bill is in effect.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Dawney for
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 1-20-77

Approved by Committee
on Taxation

HOUSE BILL NO. 412

INTRODUCED BY MELOY, MENAHAN, UHDE, BARDANOUVE, HUENNEKENS

A BILL FOR AN ACT ENTITLED: "AN ACT TO RECLASSIFY RAW MATERIALS, ~~OF--NONRENEWABLE--NATURAL--RESOURCES--AND~~ WORK IN PROGRESS ~~ON SUCH MATERIALS, AND FINISHED PRODUCTS IN STORAGE OF NONRENEWABLE NATURAL RESOURCES~~ FROM CLASS SEVEN TO CLASS FOUR FOR TAXATION PURPOSES; AMENDING SECTION 84-301, R.C.M. 1947."

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

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

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

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

determine the value of the right to enter upon said tract of land for the purpose of digging, exploring, or prospecting for gas, oil, coal or minerals, and the same shall be placed in this classification for the purpose of taxation.

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

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

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

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

14 ~~(c) Raw materials, of nonrenewable natural resources~~
 15 ~~and work in progress with respect to such goods, AND~~
 16 ~~FINISHED PRODUCTS IN STORAGE OF NONRENEWABLE NATURAL~~
 17 ~~RESOURCES, except the proceeds of mines included in Class~~
 18 ~~One, Class Three, or Class Ten.~~

19 Class Five. (a) All poles, lines, transformers,
 20 transformer stations, meters, tools, improvements, machinery
 21 and other property used and owned by co-operative rural
 22 electrical and co-operative rural telephone associations
 23 organized under the laws of Montana except those within the
 24 incorporated limits of a city or town in which less than
 25 ninety-five per cent (95%) of the electric consumers and/or

1 telephone users are served by a co-operative organization,
 2 and as to the property enumerated in this subsection (a)
 3 within incorporated limits of a city or town in which less
 4 than ninety-five per cent (95%) of the electric consumers or
 5 users will be served by a co-operative organization, such
 6 property shall be put in Class Two.

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

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

21 In the event of the veteran's death, the dwelling
 22 house, and the lot on which it is erected, so long as the
 23 surviving spouse remains unmarried and the owner and
 24 occupant of the property, shall remain within this
 25 classification.

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

3 Class Seven. (a) All new industrial property. New
4 industrial property shall mean any new industrial plant,
5 including land, buildings, machinery and fixtures which, in
6 the determination of the state department of revenue, is
7 used by a new industry during the first three (3) years of
8 operation not having been assessed prior to July 1, 1961,
9 within the state of Montana. New industry shall mean any
10 person, corporation, firm, partnership, association, or
11 other group which establishes a new plant or plants in this
12 state for the operation of a new industrial endeavor, as
13 distinguished from a mere expansion, reorganization, or
14 merger of an existing industry or industries. Provided,
15 however, that new industrial property shall be limited to
16 industries that manufacture, mill, mine, produce, process or
17 fabricate materials, or do similar work in which capital and
18 labor are employed and in which materials unserviceable in
19 their natural state are extracted, processed or made fit for
20 use or are substantially altered or treated so as to create
21 commercial products or materials; industries that engage in
22 the mechanical or chemical transformation of materials or
23 substances into new products in the manner defined as
24 manufacturing in the 1972 Standard Industrial Classification
25 Manual, prepared by the United States office of management

1 and budget; and in no event shall the term new industrial
2 property be included to mean property used by retail or
3 wholesale merchants, commercial services of any type,
4 agriculture, trades or professions. New industrial property
5 does not include a plant which will create an adverse impact
6 on existing state, county, or municipal services. The
7 department shall promulgate regulations for the
8 determination of what constitutes an adverse impact taking
9 into consideration the number of people to be employed and
10 the size of the community in which the location is
11 contemplated. Once the department has made an initial
12 determination that the industrial facility qualifies as new
13 industrial property, the department shall then upon proper
14 notice hold a hearing to determine if the new industrial
15 classification should be retained by the property. The
16 local taxing authority may appear at the hearing, and it
17 also may waive its objection to retention of this
18 classification if the industry agrees to the prepayment of
19 taxes sufficient to satisfy tax requirements created by the
20 location and construction of the facility during
21 construction period.

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

25 If a major new industrial facility qualifies under

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

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

20 (c) Air pollution control equipment as defined in
 21 section 69-3923.

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

25 Class Eight. (a) Any improvement on real property,

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

9 (1) a widow sixty-two (62) years of age or older,
 10 whether with or without minor dependent children, who
 11 qualifies under the income limitations of (4), or

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

15 (3) a widow or widower with minor or dependent
 16 children regardless of age, who qualifies under the income
 17 limitations of (4), or

18 (4) a recipient or recipients of retirement or
 19 disability benefits whose income from all sources is not
 20 more than six thousand dollars (\$6,000) for a single person
 21 and six thousand eight hundred dollars (\$6,800) for a
 22 married couple total per annum whether said dwelling is
 23 occupied by a single person or a married couple. Provided,
 24 further, that one who applies for classification of property
 25 under this class must make an affidavit to the state

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

25 (b) A capital investment in a building for an energy

1 conservation purpose, to the extent provided under section
 2 84-7403.

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

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

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

13 Section 2. Findings and purpose. The legislature finds
 14 that historical differences between the reporting of
 15 inventories of nonrenewable raw materials and renewable raw
 16 materials were overlooked in the enactment of chapter 299,
 17 Laws of 1975, and that local governments whose tax bases
 18 include inventories of nonrenewable natural resources have
 19 been prejudiced by the enactment of that statute. The
 20 purpose of this act is to restore the distribution of tax
 21 burdens which existed prior to 1975.

-End-

HOUSE BILL NO. 412

INTRODUCED BY MELOY, MENAHAN, UHDE, BARDANOUVE, HUENNEKENS

A BILL FOR AN ACT ENTITLED: "AN ACT TO RECLASSIFY RAW MATERIALS, ~~OF--NONRENEWABLE--NATURAL--RESOURCES--AND~~ WORK IN PROGRESS ~~ON--SUCH--MATERIALS, AND FINISHED PRODUCTS IN STORAGE~~ OF NONRENEWABLE NATURAL RESOURCES FROM CLASS SEVEN TO CLASS FOUR FOR TAXATION PURPOSES; AMENDING SECTION 84-301, R.C.M. 1947; AND PROVIDING AN EFFECTIVE DATE."

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

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

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

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

determine the value of the right to enter upon said tract of land for the purpose of digging, exploring, or prospecting for gas, oil, coal or minerals, and the same shall be placed in this classification for the purpose of taxation.

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

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

1 Class Four. (a) All land, town and city lots, with
 2 improvements, except improvements included in Class Nine,
 3 and all trailers affixed to land owned, leased, or under
 4 contract or purchase by the trailer owner, manufacturing and
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 8 Class Eight.

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

14 ~~(c) Raw materials, of nonrenewable natural resources,~~
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 17 ~~RESOURCES, except the proceeds of mines included in Class~~
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 20 transformer stations, meters, tools, improvements, machinery
 21 and other property used and owned by co-operative rural
 22 electrical and co-operative rural telephone associations
 23 organized under the laws of Montana except those within the
 24 incorporated limits of a city or town in which less than
 25 ninety-five per cent (95%) of the electric consumers and/or

1 telephone users are served by a co-operative organization,
 2 and as to the property enumerated in this subsection (a)
 3 within incorporated limits of a city or town in which less
 4 than ninety-five per cent (95%) of the electric consumers or
 5 users will be served by a co-operative organization, such
 6 property shall be put in Class Two.

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

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

21 In the event of the veteran's death, the dwelling
 22 house, and the lot on which it is erected, so long as the
 23 surviving spouse remains unmarried and the owner and
 24 occupant of the property, shall remain within this
 25 classification.

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

3 Class Seven. (a) All new industrial property. New
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13 distinguished from a mere expansion, reorganization, or
14 merger of an existing industry or industries. Provided,
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17 fabricate materials, or do similar work in which capital and
18 labor are employed and in which materials unserviceable in
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25 Manual, prepared by the United States office of management

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

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

25 If a major new industrial facility qualifies under

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

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

20 (c) Air pollution control equipment as defined in
 21 section 69-3923.

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

25 Class Eight. (a) Any improvement on real property,

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

9 (1) a widow sixty-two (62) years of age or older,
 10 whether with or without minor dependent children, who
 11 qualifies under the income limitations of (4), or

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

15 (3) a widow or widower with minor or dependent
 16 children regardless of age, who qualifies under the income
 17 limitations of (4), or

18 (4) a recipient or recipients of retirement or
 19 disability benefits whose income from all sources is not
 20 more than six thousand dollars (\$6,000) for a single person
 21 and six thousand eight hundred dollars (\$6,800) for a
 22 married couple total per annum whether said dwelling is
 23 occupied by a single person or a married couple. Provided,
 24 further, that one who applies for classification of property
 25 under this class must make an affidavit to the state

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

25 (b) A capital investment in a building for an energy

1 conservation purpose, to the extent provided under section
 2 84-7403.

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

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

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

13 Section 2. Findings and purpose. The legislature finds
 14 that historical differences between the reporting of
 15 inventories of nonrenewable raw materials and renewable raw
 16 materials were overlooked in the enactment of chapter 299,
 17 Laws of 1975, and that local governments whose tax bases
 18 include inventories of nonrenewable natural resources have
 19 been prejudiced by the enactment of that statute. The
 20 purpose of this act is to restore the distribution of tax
 21 burdens which existed prior to 1975.

22 SECTION 3. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
 23 ITS PASSAGE AND APPROVAL.

-End-