

1 H BILL NO. 552
 2 INTRODUCED BY Dassinger, Feltz, Day, Bingham
 3 Spuch, Hammett, MULAR, Link, Coulter

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND TAX
 5 INCENTIVES TO NEW OR EXPANDED BUSINESS INVESTMENT IN
 6 COUNTIES OF DECLINING POPULATION; AMENDING SECTIONS 84-301
 7 AND 84-1523, R.C.M. 1947."

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

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

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

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

1 for gas, oil, coal or minerals, and the same shall be 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, or during the first 10 years of
 3 operation in a county which loses population from one
 4 national census to the next national census in any period
 5 including or after the 1960-1970 decennium. New industry
 6 shall mean any person, corporation, firm, partnership,
 7 association, or other group which establishes a new plant or
 8 plants in this state for the operation of a new industrial
 9 endeavor, as distinguished from a mere expansion,
 10 reorganization, or merger of an existing industry or
 11 industries. Provided, however, that new industrial property
 12 shall be limited to industries that manufacture, mill, mine,
 13 produce, process or fabricate materials, or do similar work
 14 in which capital and labor are employed and in which
 15 materials unserviceable in their natural state are
 16 extracted, processed or made fit for use or are
 17 substantially altered or treated so as to create commercial
 18 products or materials; industries that engage in the
 19 mechanical or chemical transformation of materials or
 20 substances into new products in the manner defined as
 21 manufacturing in the 1972 Standard Industrial Classification
 22 Manual, prepared by the United States office of management
 23 and budget; and in no event shall the term new industrial
 24 property be included to mean property used by retail or
 25 wholesale merchants, commercial services of any type,

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

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

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

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

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

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

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

22 Class Eight. (a) Any improvement on real property,
 23 trailers affixed to land or mobile home belonging to any
 24 person who qualifies under any one or more of the
 25 hereinafter set forth categories, with appurtenant land not

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

6 (1) a widow 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 (2) a widower 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 (3) a widow or widower with minor or dependent
 13 children regardless of age, who qualifies under the income
 14 limitations of (4), or

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

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

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

25 Class Nine. The incremental increase in the value of

1 real estate attributable to repairing, maintaining or
 2 improving existing improvements.

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

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

10 Section 2. Section 84-1523, R.C.M. 1947, is amended to
 11 read as follows:

12 "84-1523. Tax credit -- determination -- limitation.
 13 (1) A new or expanding manufacturing corporation may receive
 14 a license tax credit based on a percentage of wages paid
 15 its new employees within this state for a period of three
 16 {3} years as follows:

17 (a) the first three (3) years of operation of a new
 18 corporation or the first three (3) years of expansion of an
 19 expanding corporation a credit of one percent (1%) of the
 20 total new wages paid in this state as wages are defined in
 21 section 87-149 may be allowed; or

22 (b) if the operation is located in a county which
 23 loses population from one national census to the next
 24 national census in any period including or after the
 25 1960-1970 decennium, for the first 10 years of such

1 operation of a new corporation or of expanded operation of
2 an expanding corporation a credit of 1% of total new wages
3 paid in Montana, as wages are defined in 87-142, may be
4 allowed.

5 (2) In determining total wages for an expanding
6 corporation only those wages paid in support of the
7 expansion are considered in ascertaining the credit; the
8 payroll and number of jobs of the corporation in the twelve
9 (12) month period immediately preceding the expansion are
10 averaged to determine eligibility for the credit."

-End-

STATE OF MONTANA

REQUEST NO. 268-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 27, 19 77, there is hereby submitted a Fiscal Note for House Bill 552 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 extends tax incentives to new or expanded business investment in counties of declining population.

ASSUMPTIONS

There is no data on the new industries that would qualify for favorable treatment under provisions of this proposed bill. Therefore, the fiscal impact is impossible to estimate. It should be noted that 40 counties had declining population from 1960-1970. The 16 that had increasing population were: Beaverhead, Big Horn, Cascade, Fallon, Flathead, Gallatin, Jefferson, Lake, Lewis & Clark, Lincoln, Missoula, Powder River, Ravalli, Roosevelt, Sanders, and Yellowstone.

Even with favorable treatment of new industries the tax base will not decrease. The tax base will only increase less than it would have in absence of favorable treatment.

The impact on corporation license tax is also impossible to estimate. However, during the 2 years the tax credit for new industries has been in effect only 3 corporations have taken advantage of the credit, causing a loss of less than \$2000 to the state.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drayton
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-2-77

Approved by Committee
on Taxation

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2 INTRODUCED BY DASSINGER, FABREGA, DAY, MULAR,
3 BENGTSOON, LYNCH, HARRINGTON, QUILICI, COURTNEY
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6 INCENTIVES TO NEW OR EXPANDED BUSINESS INVESTMENT IN
7 COUNTIES OF DECLINING POPULATION AT THE REQUEST OF THE
8 REGISTERED VOTERS; AMENDING SECTIONS 84-301 AND 84-1523,
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21 or dig for oil, gas, coal or mineral is reserved in land or
22 received by mesne conveyance (exclusive of leasehold
23 interests), devise or succession by any person or
24 corporation, the surface title to which has passed to or
25 remains in another, the state department of revenue shall

1 determine the value of the right to enter upon said tract of
2 land for the purpose of digging, exploring, or prospecting
3 for gas, oil, coal or minerals, and the same shall be placed
4 in this classification for the purpose of taxation.
5 Class Two. All agricultural and other tools, implements
6 and machinery, gas and other engines and boilers, threshing
7 machines and outfits used therewith, automobiles, motor
8 trucks and other power-driven cars, vehicles of all kinds
9 except mobile homes, boats and all watercraft, harness,
10 saddlery and robes and except as provided in Class Five (a)
11 of this section, all poles, lines, transformers, transformer
12 stations, meters, tools, improvements, machinery and other
13 property used and owned by all persons, firms, corporations,
14 and other organizations which are engaged in the business of
15 furnishing telephone communications, exclusively to rural
16 areas, or to rural areas and cities and towns provided that
17 any such city or town has a population of eight hundred
18 (800) persons or less; and provided further, that the
19 average circuit miles for each station on the system is more
20 than one and one-quarter (1 1/4) miles.
21 Class Three. Livestock, poultry, and unprocessed
22 products of both; furniture and fixtures used in commercial
23 activities; the annual gross proceeds of underground coal
24 mines; and all office or hotel furniture and fixtures,
25 except improvements included in Class Nine.

SECOND READING

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

1 property shall be put in Class Two.

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

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

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

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

23 Class Seven. (a) All new industrial property. New
 24 industrial property shall mean any new industrial plant,
 25 including land, buildings, machinery and fixtures which, in

1 the determination of the state department of revenue, is
 2 used by a new industry during the first three-~~(3)~~ years of
 3 operation not having been assessed prior to July 1, 1961,
 4 within the state of Montana, or during the first 10 5 years
 5 of operation in a county which loses 10% OF ITS population
 6 from one national census to the next national census in any
 7 period including or after the 1960-1970 decennium DURING ANY
 8 FIVE-YEAR PERIOD, INCLUDING THE PERIOD 1970 THROUGH 1975,
 9 SHOWN IN NATIONAL CENSUSES AND ESTIMATED BY THE FEDERAL
 10 BUREAU OF CENSUS, OR AFTER 1985 AS SHOWN BY QUINQUENNIAL
 11 NATIONAL CENSUSES. New industry shall mean any person,
 12 corporation, firm, partnership, association, or other group
 13 which establishes a new plant or plants in this state for
 14 the operation of a new industrial endeavor, as distinguished
 15 from a mere expansion, reorganization, or merger of an
 16 existing industry or industries. Provided, however, that
 17 new industrial property shall be limited to industries that
 18 manufacture, mill, mine, produce, process or fabricate
 19 materials, or do similar work in which capital and labor are
 20 employed and in which materials unserviceable in their
 21 natural state are extracted, processed or made fit for use
 22 or are substantially altered or treated so as to create
 23 commercial products or materials; industries that engage in
 24 the mechanical or chemical transformation of materials or
 25 substances into new products in the manner defined as

1 manufacturing in the 1972 Standard Industrial Classification
 2 Manual, prepared by the United States office of management
 3 and budget; and in no event shall the term new industrial
 4 property be included to mean property used by retail or
 5 wholesale merchants, commercial services of any type,
 6 agriculture, trades or professions. New industrial property
 7 does not include a plant which will create an adverse impact
 8 on existing state, county, or municipal services. The
 9 department shall promulgate regulations for the
 10 determination of what constitutes an adverse impact taking
 11 into consideration the number of people to be employed and
 12 the size of the community in which the location is
 13 contemplated. Once the department has made an initial
 14 determination that the industrial facility qualifies as new
 15 industrial property, the department GOVERNING BODY OF THE
 16 CITY, TOWN, OR COUNTY IN WHICH THE FACILITY IS LOCATED shall
 17 then upon proper notice ~~hold a hearing to determine if~~
 18 SUBMIT THE QUESTION IN A REGULAR OR SPECIAL ELECTION TO THE
 19 REGISTERED ELECTORS OF THE JURISDICTION WHETHER the new
 20 industrial classification should be retained by the
 21 property. ~~the local taxing authority may appear at the~~
 22 ~~hearing and it also may waive its objection to retention of~~
 23 ~~this classification if~~ NO INDUSTRIAL FACILITY MAY BE
 24 CLASSIFIED AS NEW INDUSTRIAL PROPERTY UNLESS THIS
 25 CLASSIFICATION RECEIVES AN AFFIRMATIVE VOTE BY A MAJORITY OF

1 ~~REGISTERED ELECTORS VOTING ON THE QUESTION, PRIOR TO THE~~
 2 ~~ELECTION,~~ the industry agrees ~~MAY AGREE~~ to the prepayment of
 3 taxes sufficient to satisfy tax requirements created by the
 4 location and construction of the facility during
 5 construction period.

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

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

22 (b) Business inventories. Business inventories shall
 23 include goods intended for sale or lease in the ordinary
 24 course of business, and shall include raw materials and work
 25 in progress with respect to such goods, but shall not

1 include goods actually leased or rented on the lien date, or
 2 mobile homes held by a dealer or distributor as a part of
 3 his stock in trade.

4 (c) Air pollution control equipment as defined in
 5 section 69-3923.

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

9 Class Eight. (a) Any improvement on real property,
 10 trailers affixed to land or mobile home belonging to any
 11 person who qualifies under any one or more of the
 12 hereinafter set forth categories, with appurtenant land not
 13 exceeding five (5) acres, which together have a market value
 14 of not more than twenty-seven thousand five hundred dollars
 15 (\$27,500), which dwelling is owned or under a contract for
 16 deed, and which is actually occupied for at least ten (10)
 17 months per year as the primary residential dwelling of:

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

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

24 (3) a widow or widower with minor or dependent
 25 children regardless of age, who qualifies under the income

1 limitations of (4), or
 2 (4) a recipient or recipients of retirement or
 3 disability benefits whose income from all sources is not
 4 more than six thousand dollars (\$6,000) for a single person
 5 and six thousand eight hundred dollars (\$6,800) for a
 6 married couple total per annum whether said dwelling is
 7 occupied by a single person or a married couple. Provided,
 8 further, that one who applies for classification of property
 9 under this class must make an affidavit to the state
 10 department of revenue on a form as may be provided by the
 11 state department of revenue supplied without cost to the
 12 applicant, as to his income, if applicable, as to his
 13 retirement benefits, if applicable, or, as to his marital
 14 status, if applicable, and to the fact that he or she
 15 actually occupies or maintains as his or her primary
 16 residential dwelling, such land and improvements with right
 17 of the county welfare board to investigate the applicant, on
 18 the completion of the form, as to answers given on the form.
 19 Provided, further, the assessed value of said property shall
 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. Section 84-1523, R.C.M. 1947, is amended to
 23 read as follows:

24 "84-1523. Tax credit -- determination -- limitation.
 25 (1) A new or expanding manufacturing corporation may receive

1 a license tax credit based on a percentage of wages paid
 2 its new employees within this state for a period of three
 3 ~~four~~ years as follows:

4 (a) the first three (3) years of operation of a new
 5 corporation or the first three (3) years of expansion of an
 6 expanding corporation a credit of one percent (1%) of the
 7 total new wages paid in this state as wages are defined in
 8 section 87-149 may be allowed; or

9 ~~(b) if the operation is located in a county which~~
 10 ~~loses 10% OF ITS population from one national census to the~~
 11 ~~next national census in any period including or after the~~
 12 ~~1960-1970 decennium, for the first 10 years of such~~
 13 ~~operation of a new corporation or of expanded operation of~~
 14 ~~an expanding corporation DURING ANY FIVE-YEAR PERIOD,~~
 15 ~~INCLUDING THE PERIOD 1970 THROUGH 1975, AS SHOWN IN NATIONAL~~
 16 ~~CENSUSES AND ESTIMATED BY THE FEDERAL BUREAU OF CENSUS, OR~~
 17 ~~AFTER 1985 AS SHOWN BY QUINQUENNIAL NATIONAL CENSUSES, a~~
 18 ~~credit of 1% 2% of total new wages paid in Montana, as wages~~
 19 ~~are defined in 87-149, may be allowed DURING THE FIRST 5~~
 20 ~~YEARS OF OPERATION OF A NEW CORPORATION OR OF EXPANDED~~
 21 ~~OPERATION OF AN EXPANDING CORPORATION.~~

22 (2) In determining total wages for an expanding
 23 corporation only those wages paid in support of the
 24 expansion are considered in ascertaining the credit; the
 25 payroll and number of jobs of the corporation in the twelve

1 (12) month period immediately preceding the expansion are
 2 averaged to determine eligibility for the credit.*

-End-

HOUSE BILL NO. 552

INTRODUCED BY DASSINGER, FABREGA, DAY, MULAR,
JENGTSON, LYNCH, HARRINGTON, QUILICI, COURTNEY

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

1 property shall be put in Class Two.

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

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

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

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

23 Class Seven. (a) All new industrial property. New
 24 industrial property shall mean any new industrial plant,
 25 including land, buildings, machinery and fixtures which, in

1 the determination of the state department of revenue, is
 2 used by a new industry during the first ~~three~~ years of
 3 operation not having been assessed prior to July 1, 1961,
 4 within the state of Montana, ~~or during the first 10 2 years~~
 5 ~~of operation in a county which loses 10% OF ITS population~~
 6 ~~from one national census to the next national census in any~~
 7 ~~period including or after the 1960-1970 decennium DURING ANY~~
 8 ~~FIVE-YEAR PERIOD, INCLUDING THE PERIOD 1970 THROUGH 1975,~~
 9 ~~SHOWN IN NATIONAL CENSUSES AND ESTIMATED BY THE FEDERAL~~
 10 ~~BUREAU OF CENSUS, OR AFTER 1985 AS SHOWN BY QUINQUENNIAL~~
 11 ~~NATIONAL CENSUSES.~~ New industry shall mean any person,
 12 corporation, firm, partnership, association, or other group
 13 which establishes a new plant or plants in this state for
 14 the operation of a new industrial endeavor, as distinguished
 15 from a mere expansion, reorganization, or merger of an
 16 existing industry or industries. Provided, however, that
 17 new industrial property shall be limited to industries that
 18 manufacture, mill, mine, produce, process or fabricate
 19 materials, or do similar work in which capital and labor are
 20 employed and in which materials unserviceable in their
 21 natural state are extracted, processed or made fit for use
 22 or are substantially altered or treated so as to create
 23 commercial products or materials; industries that engage in
 24 the mechanical or chemical transformation of materials or
 25 substances into new products in the manner defined as

1 manufacturing in the 1972 Standard Industrial Classification
 2 Manual, prepared by the United States office of management
 3 and budget; and in no event shall the term new industrial
 4 property be included to mean property used by retail or
 5 wholesale merchants, commercial services of any type,
 6 agriculture, trades or professions. New industrial property
 7 does not include a plant which will create an adverse impact
 8 on existing state, county, or municipal services. The
 9 department shall promulgate regulations for the
 10 determination of what constitutes an adverse impact taking
 11 into consideration the number of people to be employed and
 12 the size of the community in which the location is
 13 contemplated. Once the department has made an initial
 14 determination that the industrial facility qualifies as new
 15 industrial property, the department GOVERNING BODY OF THE
 16 CITY, TOWN, OR COUNTY IN WHICH THE FACILITY IS LOCATED shall
 17 then upon proper notice ~~hold a hearing to determine if~~
 18 SUBMIT THE QUESTION IN A REGULAR OR SPECIAL ELECTION TO THE
 19 REGISTERED ELECTORS OF THE JURISDICTION WHETHER the new
 20 industrial classification should be retained by the
 21 property. ~~The local taxing authority may appear at the~~
 22 ~~hearing and it also may waive its objection to retention of~~
 23 ~~this classification if~~ NO INDUSTRIAL FACILITY MAY BE
 24 CLASSIFIED AS NEW INDUSTRIAL PROPERTY UNLESS THIS
 25 CLASSIFICATION RECEIVES AN AFFIRMATIVE VOTE BY A MAJORITY OF

1 ~~REGISTERED ELECTORS VOTING ON THE QUESTION. PRIOR TO THE~~
 2 ~~ELECTION,~~ the industry agrees ~~MAY AGREE~~ to the prepayment of
 3 taxes sufficient to satisfy tax requirements created by the
 4 location and construction of the facility during
 5 construction period.

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

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

22 (b) Business inventories. Business inventories shall
 23 include goods intended for sale or lease in the ordinary
 24 course of business, and shall include raw materials and work
 25 in progress with respect to such goods, but shall not

1 include goods actually leased or rented on the lien date, or
 2 mobile homes held by a dealer or distributor as a part of
 3 his stock in trade.

4 (c) Air pollution control equipment as defined in
 5 section 69-3923.

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

9 Class Eight. (a) Any improvement on real property,
 10 trailers affixed to land or mobile home belonging to any
 11 person who qualifies under any one or more of the
 12 hereinafter set forth categories, with appurtenant land not
 13 exceeding five (5) acres, which together have a market value
 14 of not more than twenty-seven thousand five hundred dollars
 15 (\$27,500), which dwelling is owned or under a contract for
 16 deed, and which is actually occupied for at least ten (10)
 17 months per year as the primary residential dwelling of:

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

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

24 (3) a widow or widower with minor or dependent
 25 children regardless of age, who qualifies under the income

1 limitations of (4), or
 2 (4) a recipient or recipients of retirement or
 3 disability benefits whose income from all sources is not
 4 more than six thousand dollars (\$6,000) for a single person
 5 and six thousand eight hundred dollars (\$6,800) for a
 6 married couple total per annum whether said dwelling is
 7 occupied by a single person or a married couple. Provided,
 8 further, that one who applies for classification of property
 9 under this class must make an affidavit to the state
 10 department of revenue on a form as may be provided by the
 11 state department of revenue supplied without cost to the
 12 applicant, as to his income, if applicable, as to his
 13 retirement benefits, if applicable, or, as to his marital
 14 status, if applicable, and to the fact that he or she
 15 actually occupies or maintains as his or her primary
 16 residential dwelling, such land and improvements with right
 17 of the county welfare board to investigate the applicant, on
 18 the completion of the form, as to answers given on the form.
 19 Provided, further, the assessed value of said property shall
 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. Section 84-1523, R.C.M. 1947, is amended to
 23 read as follows:

24 "84-1523. Tax credit -- determination -- limitation.
 25 (1) A new or expanding manufacturing corporation may receive

1 a license tax credit based on a percentage of wages paid
 2 its new employees within this state for a period of three
 3 {3} years as follows:

4 (a) the first three (3) years of operation of a new
 5 corporation or the first three (3) years of expansion of an
 6 expanding corporation a credit of one percent (1%) of the
 7 total new wages paid in this state as wages are defined in
 8 section 87-149 may be allowed; or

9 ~~(b) if the operation is located in a county which~~
 10 ~~loses 10% OF ITS population from one national census to the~~
 11 ~~next national census in any period including or after the~~
 12 ~~1960-1970 decennium, for the first 10 years of such~~
 13 ~~operation of a new corporation or of expanded operation of~~
 14 ~~an expanding corporation DURING ANY FIVE-YEAR PERIOD,~~
 15 ~~INCLUDING THE PERIOD 1970 THROUGH 1975, AS SHOWN IN NATIONAL~~
 16 ~~CENSUSES AND ESTIMATED BY THE FEDERAL BUREAU OF CENSUS, OR~~
 17 ~~AFTER 1985 AS SHOWN BY QUINQUENNIAL NATIONAL CENSUSES, a~~
 18 ~~credit of 1% 2% of total new wages paid in Montana, as wages~~
 19 ~~are defined in 87-149, may be allowed DURING THE FIRST 5~~
 20 ~~YEARS OF OPERATION OF A NEW CORPORATION OR OF EXPANDED~~
 21 ~~OPERATION OF AN EXPANDING CORPORATION.~~

22 (2) In determining total wages for an expanding
 23 corporation only those wages paid in support of the
 24 expansion are considered in ascertaining the credit; the
 25 payroll and number of jobs of the corporation in the twelve

1 (12) month period immediately preceding the expansion are
 2 averaged to determine eligibility for the credit."

-End-