

1 H BILL NO. 576  
 2 INTRODUCED BY F. George Hummel  
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE STATE  
 6 FUNDED HOMESTEAD TAX RELIEF ACT AND THE METHOD OF MAKING  
 7 REFUNDS TO HOMEOWNERS; AND PROVIDING AN EFFECTIVE DATE."

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

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

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

16 Section 2. Definitions: ~~As used in this act unless the~~  
 17 ~~context requires otherwise~~ (1) "Homestead" means a dwelling  
 18 ~~or mobile home as defined in section 84-6001v-R&C&M-1947v~~  
 19 ~~together with and appurtenant~~ adjacent land, ~~not to exceed 1~~  
 20 ~~acre±~~ sufficient ~~and necessary for the maintenance of the~~  
 21 ~~property used as the principal residence place of abode of~~  
 22 ~~the household of the owner when the property is owned by the~~  
 23 ~~occupant or under valid contract establishing equity or~~  
 24 ~~ownership by the occupant.~~

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

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

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

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

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

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

23 (7) ~~"Single purpose district" means a taxing~~  
 24 ~~jurisdiction created by resolution of the local governing~~  
 25 ~~body or petition of the residents to perform one~~

1 governmental function, such as but not limited to a fire,  
 2 cemetery, or lighting district or weed, rodent, or mosquito  
 3 control district.

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

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

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

18 Section 3½. Homestead owner's tax liability. The tax  
 19 liability of a homestead owner shall be computed by  
 20 deducting the state's share of the tax liability from  
 21 the tax liability on the total taxable value. Each tax  
 22 ~~statement sent to the person in whose name the property is~~  
 23 ~~assessed shall set forth separately the total tax due, the~~  
 24 ~~state share tax liability, and the homestead owner's tax~~  
 25 ~~liability and shall label the amounts as such.~~

1 Section 5. Duties of county treasurers. The county  
 2 treasurer of each county shall include, when mailing notice  
 3 of the total taxes due on each dwelling:

4 (1) a notice of the tax relief available to all owners  
 5 of homestead property;

6 (2) an application for a refund of the state's share  
 7 of the taxable value; and

8 (3) a duplicate copy of the tax notice.

9 Section 6. Applications due. In order to be eligible  
 10 for relief under this act, an owner must file a completed  
 11 application and a duplicate copy of his tax notice with the  
 12 department of revenue on or before March 31 of the year for  
 13 which relief is sought.

14 Section 47. Duties of the department of revenue. (1)  
 15 The department of revenue shall:

16 (1) process the applications for refunds and determine  
 17 the eligibility of each applicant for relief;

18 (2) compute the state's share of the tax  
 19 liability for each eligible homestead according to this act  
 20 and shall certify the total tax amount of the state's share  
 21 of the liability for each by county;

22 (3) issue a state warrant to each eligible applicant  
 23 in an amount equal to the difference between the actual  
 24 taxes paid and the homestead owner's tax liability on that  
 25 homestead.

1       ~~{2}~~{4} The department of--revenue may adopt rules  
2 necessary for the administration of this act.

3       Section 58. Remission of state share to counties. {1}  
4 ~~The--governor--shall--include--in--the--budget--submitted--to--the~~  
5 ~~legislature--a--provision--for--funds--to--be--made--available--to~~  
6 ~~the--department--of--revenue--sufficient--to--remit--the--state~~  
7 ~~share--tax--liability--to--each--county--{2}--To--the--extent--funds~~  
8 ~~are--provided--by--the--legislature--the--department--of--revenue~~  
9 ~~shall--remit--the--state--share--tax--liability--to--the--county~~  
10 ~~treasurer--of--each--county--in--two--equal--payments--the--first--no~~  
11 ~~later--than--November--30--of--each--year--and--the--second--no--later~~  
12 ~~than--the--following--May--31--The state shall remit the amount~~  
13 ~~of the state's share of the tax liability to the county~~  
14 ~~treasurer of each county in two equal payments: the first no~~  
15 ~~later than November 30 of each year and the second no later~~  
16 ~~than the following May 31.~~

17       Section 6~~2~~--B~~u~~t~~i~~e~~s~~--of--the--county--treasurers--The--county  
18 treasurer--shall--credit--each--expenditure--account--with--the  
19 amount--received--from--the--department--of--revenue--in--accordance  
20 with--the--mill--levy--for--that--account--no--later--than--December  
21 31--for--the--first--payment--and--June--30--for--the--second--payment.

22       Section 79. Effective date. This act shall become  
23 effective ~~July~~ January 1, 1977."

24       Section 2. Effective date. This act is effective on  
25 its passage and approval.

-END-

## STATE OF MONTANA

REQUEST NO. 332-77

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 2, 19 77, there is hereby submitted a Fiscal Note for House Bill 576 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

## DESCRIPTION OF PROPOSED LEGISLATION:

This bill amends the state funded homestead tax relief act and the method of making refunds to homeowners; and provides an effective date.

## ASSUMPTIONS:

1. For basic assumptions relative to relief and state administrative expenditures, see the fiscal note for House Bill 141 (Request No. 59-77).
2. The amendment embodied in this version are essentially the same as those found in House Bill 141 with exception of the provision for delivery of relief. It is assumed for purposes of this note that all applications for relief for FY78 will be processed in the April-June period of 1978 and that relief for FY79 will be processed in the April-June period of 1979; thus, only one refund check per year would be provided applicable taxpayers.
3. There will be approximately 200,000 state warrants issued each year. It now costs 26 cents to process a state warrant, including postage.

## FISCAL IMPACT:

	<u>FY78</u>	<u>FY79</u>
Expenditure for relief	\$14.450M	\$15.157M
Administrative costs	.350M	.350M
Warrant processing	.052M	.052M
Total	<u>\$14.852M</u>	<u>\$15.559M</u>

## EFFECT ON LOCAL REVENUE:

There would be no effect on local revenue. Total tax bills on owner occupied dwellings would be paid as they have been in prior years. Relief under this amended form of the homestead tax relief act would be sent directly from the state to each eligible applicant.

## TECHNICAL NOTE:

Section 8 (lines 3 thru 16, page 5) should be stricken.

*Richard L. Gray*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-77