

1 House BILL NO. 655  
 2 INTRODUCED BY Seifert by Request

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT INCLUDING CONVENTION  
 5 CENTERS WITHIN CLASS SEVEN NEW INDUSTRIAL PROPERTY; AMENDING  
 6 SECTION 84-301, R.C.M. 1947."

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

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

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

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

1 in this classification for the purpose of taxation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 Class Eight. (a) Any improvement on real property,  
 21 trailers affixed to land or mobile home belonging to any  
 22 person who qualifies under any one or more of the  
 23 hereinafter set forth categories, with appurtenant land not  
 24 exceeding five (5) acres, which together have a market value  
 25 of not more than twenty-seven thousand five hundred dollars

1 (\$27,500), which dwelling is owned or under a contract for  
 2 deed, and which is actually occupied for at least ten (10)  
 3 months per year as the primary residential dwelling of:

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

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

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

13 (4) a recipient or recipients of retirement or  
 14 disability benefits whose income from all sources is not  
 15 more than six thousand dollars (\$6,000) for a single person  
 16 and six thousand eight hundred dollars (\$6,800) for a  
 17 married couple total per annum whether said dwelling is  
 18 occupied by a single person or a married couple. Provided,  
 19 further, that one who applies for classification of property  
 20 under this class must make an affidavit to the state  
 21 department of revenue on a form as may be provided by the  
 22 state department of revenue supplied without cost to the  
 23 applicant, as to his income, if applicable, as to his  
 24 retirement benefits, if applicable, or, as to his marital  
 25 status, if applicable, and to the fact that he or she

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

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

23 Class Nine. The incremental increase in the value of  
 24 real estate attributable to repairing, maintaining or  
 25 improving existing improvements.

1 Class Ten. The annual gross proceeds of coal mines  
 2 using the strip mining method.

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

-End-

## STATE OF MONTANA

REQUEST NO. 353-77

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 3, 19 77, there is hereby submitted a Fiscal Note for House Bill 655 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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

DESCRIPTION

This bill is an act including convention centers within class seven new industrial property.

ASSUMPTIONS

There are no privately owned convention facilities, under the definition of convention facilities in this bill, currently in Montana. Even if a convention facility were to be constructed the impact would be minimal on state revenues. The impact would be slight and mostly on local revenues, for a maximum of 3 years.

PREPARED BY DEPARTMENT OF REVENUE

*Richard L. Franz for*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: *February 4, 1977*