

*House* BILL NO. *706*

INTRODUCED BY *Simon DeLeon Burnett Roth*  
*Kellid Lion Manuel L. Hirsch Dasinger*

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A REDUCED PROPERTY TAX RATE FOR ADDITIONS AND RENOVATIONS TO EXISTING IMPROVEMENTS AND TO CHANGE EXISTING PROVISIONS OF THE CLASS NINE PROPERTY CLASSIFICATION; AMENDING SECTIONS 84-301 AND 84-302, 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.

Class Four. (a) All land, town and city lots, with

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

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

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

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

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

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

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

22 Class Seven. (a) All new industrial property. New  
23 industrial property shall mean any new industrial plant,  
24 including land, buildings, machinery and fixtures which, in  
25 the determination of the state department of revenue, is

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

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

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

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

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

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

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

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

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

1 deed, and which is actually occupied for at least ten (10)  
 2 months per year as the primary residential dwelling of:

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

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

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

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

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

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

22 ~~Class Nine. The incremental increase in the value of~~  
 23 ~~real estate attributable to repairing, maintaining, or~~  
 24 ~~improving existing improvements. (1) Any additions or~~  
 25 ~~renovation added to existing improvements.~~

1 (2) "Additions or renovations to existing  
 2 improvements" means any remodeling, renovation, addition, or  
 3 improvement, either interior or exterior, physically  
 4 attached to an existing improvement to real estate. No  
 5 addition or renovation made prior to July 1, 1977, qualifies  
 6 for inclusion in this class. No addition or renovation may  
 7 remain in this class more than 5 years after the day on  
 8 which construction of the addition or renovation is  
 9 commenced. Any person, corporation, firm, partnership,  
 10 association, or other group seeking to qualify its property  
 11 for inclusion in this class shall make application to the  
 12 department of revenue in the manner and on the form required  
 13 by the department.

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

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

21 Section 2. Section 84-302, R.C.M. 1947, is amended to  
 22 read as follows:

23 \*84-302. Basis for imposition of taxes. As a basis for  
 24 the imposition of taxes upon the different classes of  
 25 property specified in the preceding section, a percentage of

1 the true and full value of the property of each class shall  
2 be taken as follows:

3 Class 1. One hundred per cent (100%) of its true and  
4 full value.

5 Class 2. Twenty per cent (20%) of its true and full  
6 value.

7 Class 3. Thirty-three and one-third per cent (33 1/3%)  
8 of its true and full value.

9 Class 4. Thirty per cent (30%) of its true and full  
10 value.

11 Class 5. Seven per cent (7%) of its true and full  
12 value.

13 Class 6. As specified in section 84-308, R.C.M. 1947.

14 Class 7. Seven per cent (7%) of its true and full  
15 value.

16 Class 8. Fifteen per cent (15%) of its true and full  
17 value.

18 Class 9. ~~Six percent (6%) of the true and full value~~  
19 ~~for the first full year following completion of the repair~~  
20 ~~maintenance or improving of existing improvements; twelve~~  
21 ~~percent (12%) of the true and full value for the second full~~  
22 ~~year following completion of the repair, maintenance or~~  
23 ~~improving of existing improvements; eighteen percent (18%)~~  
24 ~~of the true and full value for the third full year following~~  
25 ~~completion of the repair, maintenance or improving of~~

1 ~~existing improvements; twenty-four percent (24%) of the true~~  
2 ~~and full value for the fourth full year following completion~~  
3 ~~of the repair, maintenance or improving of existing~~  
4 ~~improvements; and thirty percent (30%) for the fifth full~~  
5 ~~year following completion of the repair, maintenance or~~  
6 ~~improving of existing improvements and for every year~~  
7 ~~thereafter. Seven per cent (7%) of its true and full value.~~

8 Class 10. Forty-five per cent (45%) of its true and  
9 full value.

10 Class 11. Forty per cent (40%) of its true and full  
11 value."

-End-

STATE OF MONTANA

REQUEST NO. 445-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 10, 19 77, there is hereby submitted a Fiscal Note for House Bill 706 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 provides a reduced property tax rate for additions and renovations to existing improvements and to change existing provisions of the class nine property classification.

ASSUMPTIONS

The fiscal impact of this bill will be negligible. Class 9 property was less than 0.002% of the total assessed value of the state in FY 76.

TECHNICAL NOTE

Page 10 lines 6-9

A suggested rewording for this sentence is: "An addition or renovation shall remain in this class for 5 years after the day on which construction of the addition or renovation is commenced."

PREPARED BY DEPARTMENT OF REVENUE

*Richard L. Drayton*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-14-77

Approved by Committee  
on Taxation

*House* BILL NO. *706*

INTRODUCED BY

*Simon* *Reynolds* *Burnett* *Roth*  
*Callad* *Lion* *Manuel L. Hirsch* *Dassinger*

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A REDUCED PROPERTY TAX RATE FOR ADDITIONS AND RENOVATIONS TO EXISTING IMPROVEMENTS AND TO CHANGE EXISTING PROVISIONS OF THE CLASS NINE PROPERTY CLASSIFICATION; AMENDING SECTIONS 84-301 AND 84-302, R.C.M. 1947."

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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.

Class Four. (a) All land, town and city lots, with

SECOND READING

*HB 706*

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

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

13 Class Five. (a) All poles, lines, transformers,  
 14 transformer stations, meters, tools, improvements, machinery  
 15 and other property used and owned by co-operative rural  
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 18 incorporated limits of a city or town in which less than  
 19 ninety-five per cent (95%) of the electric consumers and/or  
 20 telephone users are served by a co-operative organization,  
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 24 users will be served by a co-operative organization, such  
 25 property shall be put in Class Two.

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 4 owner or company storing the same, or any other person  
 5 whomsoever, except all perishable fruits and vegetables in  
 6 farm storage and owned by the producer, and excepting  
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8 (c) The dwelling house, and the lot on which it is  
 9 erected, owned and occupied by any resident of the state,  
 10 who has been honorably discharged from active service in any  
 11 branch of the armed forces, who is rated one hundred per  
 12 cent (100%) disabled due to a service-connected disability  
 13 by the United States veterans administration or its  
 14 successors.

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

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

22 Class Seven. (a) All new industrial property. New  
 23 industrial property shall mean any new industrial plant,  
 24 including land, buildings, machinery and fixtures which, in  
 25 the determination of the state department of revenue, is

1 used by a new industry during the first three (3) years of  
 2 operation not having been assessed prior to July 1, 1961,  
 3 within the state of Montana. New industry shall mean any  
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 7 distinguished from a mere expansion, reorganization, or  
 8 merger of an existing industry or industries. Provided,  
 9 however, that new industrial property shall be limited to  
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 13 their natural state are extracted, processed or made fit for  
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 15 commercial products or materials; industries that engage in  
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 17 substances into new products in the manner defined as  
 18 manufacturing in the 1972 Standard Industrial Classification  
 19 Manual, prepared by the United States office of management  
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 21 property be included to mean property used by retail or  
 22 wholesale merchants, commercial services of any type,  
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 24 does not include a plant which will create an adverse impact  
 25 on existing state, county, or municipal services. The

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

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

19 If a major new industrial facility qualifies under  
 20 Class 7 (a) the reduction of its yearly payment of property  
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 15 section 69-3923.

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 17 form of energy generation, to the extent provided under  
 18 section 84-7403.

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 20 conservation purpose, to the extent provided under section  
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21 ~~percent (12%) of the true and full value for the second full~~  
22 ~~year following completion of the repair maintenance or~~  
23 ~~improving of existing improvements; eighteen percent (18%)~~  
24 ~~of the true and full value for the third full year following~~  
25 ~~completion of the repair maintenance or improving of~~

1 existing improvements; ~~twenty-four percent (24%) of the true~~  
2 ~~and full value for the fourth full year following completion~~  
3 ~~of the repair maintenance or improving of existing~~  
4 ~~improvements; and thirty percent (30%) for the fifth full~~  
5 ~~year following completion of the repair maintenance or~~  
6 ~~improving of existing improvements and for every year~~  
7 ~~thereafter. Seven per cent (7%) of its true and full value.~~

8 Class 10. Forty-five per cent (45%) of its true and  
9 full value.

10 Class 11. Forty per cent (40%) of its true and full  
11 value."

-End-

1 *House* BILL NO. *706*  
 2 INTRODUCED BY *Limestone Region Burnett Roth*  
 3 *Edred Lion Manuel L. Smith Cox Dasinger*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A REDUCED  
 5 PROPERTY TAX RATE FOR ADDITIONS AND RENOVATIONS TO EXISTING  
 6 IMPROVEMENTS AND TO CHANGE EXISTING PROVISIONS OF THE CLASS  
 7 NINE PROPERTY CLASSIFICATION; AMENDING SECTIONS 84-301 AND  
 8 84-302, R.C.M. 1947."

9  
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 11 Section 1. Section 84-301, R.C.M. 1947, is amended to  
 12 read as follows:

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

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

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

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

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

25 Class Four. (a) All land, town and city lots, with

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

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

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

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

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

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

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

22 Class Seven. (a) All new industrial property. New  
23 industrial property shall mean any new industrial plants,  
24 including land, buildings, machinery and fixtures which, in  
25 the determination of the state department of revenue, is

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

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

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

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

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

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

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

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

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

1 deed, and which is actually occupied for at least ten (10)  
 2 months per year as the primary residential dwelling of:

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

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

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

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

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

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

22 Class Nine. ~~The incremental increase in the value of~~  
 23 ~~real estate attributable to repairing, maintaining, or~~  
 24 ~~improving existing improvements.~~ (1) Any additions or  
 25 renovation added to existing improvements.

1 (2) "Additions or renovations to existing  
 2 improvements" means any remodeling, renovation, addition, or  
 3 improvement, either interior or exterior, physically  
 4 attached to an existing improvement to real estate. No  
 5 addition or renovation made prior to July 1, 1977, qualifies  
 6 for inclusion in this class. No addition or renovation may  
 7 remain in this class more than 5 years after the day on  
 8 which construction of the addition or renovation is  
 9 commenced. Any person, corporation, firm, partnership,  
 10 association, or other group seeking to qualify its property  
 11 for inclusion in this class shall make application to the  
 12 department of revenue in the manner and on the form required  
 13 by the department.

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

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

21 Section 2. Section 84-302, R.C.M. 1947, is amended to  
 22 read as follows:

23 "84-302. Basis for imposition of taxes. As a basis for  
 24 the imposition of taxes upon the different classes of  
 25 property specified in the preceding section, a percentage of

1 the true and full value of the property of each class shall  
2 be taken as follows:

3 Class 1. One hundred per cent (100%) of its true and  
4 full value.

5 Class 2. Twenty per cent (20%) of its true and full  
6 value.

7 Class 3. Thirty-three and one-third per cent (33 1/3%)  
8 of its true and full value.

9 Class 4. Thirty per cent (30%) of its true and full  
10 value.

11 Class 5. Seven per cent (7%) of its true and full  
12 value.

13 Class 6. As specified in section 84-308, R.C.M. 1947.

14 Class 7. Seven per cent (7%) of its true and full  
15 value.

16 Class 8. Fifteen per cent (15%) of its true and full  
17 value.

18 Class 9. ~~Six percent (6%) of the true and full value~~  
19 ~~for the first full year following completion of the repair~~  
20 ~~maintenance or improving of existing improvements; twelve~~  
21 ~~percent (12%) of the true and full value for the second full~~  
22 ~~year following completion of the repair maintenance or~~  
23 ~~improving of existing improvements; eighteen percent (18%)~~  
24 ~~of the true and full value for the third full year following~~  
25 ~~completion of the repair maintenance or improving of~~

1 ~~existing improvements; twenty-four percent (24%) of the true~~  
2 ~~and full value for the fourth full year following completion~~  
3 ~~of the repair maintenance or improving of existing~~  
4 ~~improvements; and thirty percent (30%) for the fifth full~~  
5 ~~year following completion of the repair maintenance or~~  
6 ~~improving of existing improvements and for every year~~  
7 ~~thereafter. Seven per cent (7%) of its true and full value.~~

8 Class 10. Forty-five per cent (45%) of its true and  
9 full value.

10 Class 11. Forty per cent (40%) of its true and full  
11 value."

-End-