

1 *Senate* BILL NO. *211*
2 INTRODUCED BY *Sen. Mark E. Smith*

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE
5 ASSESSMENT AND TAXATION OF SEVERED MINERAL INTERESTS;
6 AMENDING SECTION 84-429, R.C.M. 1947."

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

9 Section 1. Section 84-429, R.C.M. 1947, is amended to
10 read as follows:

11 "84-429. Land -- how assessed. (1) All other taxable
12 property must be assessed in the county, city, or district
13 in which it is situated. Land must be assessed in parcels or
14 subdivisions not exceeding six hundred and forty acres, and
15 tracts of land containing more than six hundred and forty
16 acres, which have been sectionized by the United States
17 government, must be assessed by sections or fractions of
18 sections.

19 (2) The department of revenue or its agent must set
20 aside one line in the assessment book for the description of
21 each six hundred and forty acres of land, or less, the
22 number of acres to be entered in one column, the description
23 in another column, value in another column, value of
24 improvements in another column, value of mineral interests
25 in another column, and the total in the total column. It

1 must also set aside a line in the assessment book for the
2 description of each town or city lot, the description to be
3 entered in one column, and the value of the lot and any
4 improvements thereon in another column, except that a lot
5 and improvements thereon shall be separately assessed when
6 required under section 84-401, R.C.M. 1947; provided, that
7 all of the unimproved lots of the same value, situate in one
8 block, or belonging to the same party, may be described and
9 assessed in one line in the manner above provided for each
10 lot. It is the intention hereby that each parcel and lot
11 show in its own line, and opposite the description thereof,
12 the total value of the same and any improvements thereon."

13 Section 2. There is a new R.C.M. section that reads as
14 follows:

15 Taxation of mineral interests. (1) Mineral interests in
16 land shall be assessed and subject to taxation unless such
17 interests are being produced and subject to taxation of the
18 net or gross proceeds on such production.

19 (2) Mineral interests not severed from the rights to
20 the use and enjoyment of the surface of the overlying land
21 are presumed to have no value unless a separable value can
22 be clearly established. Mineral interests severed from the
23 rights to the use and enjoyment of the surface of the
24 overlying land are presumed to have a value of not less than
25 \$1 an acre and such higher value as may be established by

LC 0352/01

1 comparable market data and firm evidence as to exact amounts
2 of each mineral located under each acre assessed, not to
3 exceed \$1,000 per acre.

-End-

STATE OF MONTANA

REQUEST NO. 167-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 24, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 211 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.

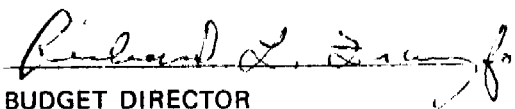
DESCRIPTION OF PROPOSED LEGISLATION

This bill provides for the assessment and taxation of severed mineral interests.

ASSUMPTIONS

The Department of Revenue has no data on the value of minerals below any particular parcel of property; therefore, the fiscal impact is impossible to estimate.

PREPARED BY DEPARTMENT OF REVENUE


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-77

Approved by Committee
on Taxation

1 SENATE BILL NO. 211
 2 INTRODUCED BY TOWE, MATHERS, E. SMITH
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 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE
 5 ASSESSMENT AND TAXATION OF SEVERED MINERAL INTERESTS;
 6 ~~DELETING RIGHTS OF ENTRY FROM CLASS ONE;~~ AMENDING SECTION
 7 SECTIONS 84-429, ~~84-4122, AND 84-301,~~ R.C.M. 1947."

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 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. Section 84-429, R.C.M. 1947, is amended to
 11 read as follows:

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 13 property must be assessed in the county, city, or district
 14 in which it is situated. Land must be assessed in parcels or
 15 subdivisions not exceeding six hundred and forty acres, and
 16 tracts of land containing more than six hundred and forty
 17 acres, which have been sectionized by the United States
 18 government, must be assessed by sections or fractions of
 19 sections.

20 (2) The department of revenue or its agent must set
 21 aside one line in the assessment book for the description of
 22 each six hundred and forty acres of land, or less, the
 23 number of acres to be entered in one column, the description
 24 in another column, value in another column, value of
 25 improvements in another column, value of mineral interests

1 ~~in another column,~~ and the total in the total column. It
 2 must also set aside a line in the assessment book for the
 3 description of each town or city lot, the description to be
 4 entered in one column, and the value of the lot and any
 5 improvements thereon in another column, except that a lot
 6 and improvements thereon shall be separately assessed when
 7 required under section 84-401, R.C.M. 1947; provided, that
 8 all of the unimproved lots of the same value, situate in one
 9 block, or belonging to the same party, may be described and
 10 assessed in one line in the manner above provided for each
 11 lot. It is the intention hereby that each parcel and lot
 12 show in its own line, and opposite the description thereof,
 13 the total value of the same and any improvements thereon."

14 Section 2. There is a new R.C.M. section that reads as
 15 follows:

16 Taxation of mineral interests. (1) Mineral interests in
 17 land shall be assessed and subject to taxation unless such
 18 interests are being produced and subject to taxation of the
 19 net or gross proceeds on such production OR UNLESS SUCH
 20 INTERESTS ARE PHYSICALLY OR LEGALLY INCAPABLE OF BEING
 21 PRODUCED.

22 (2) Mineral interests not severed from the rights to
 23 the use and enjoyment of the surface of the overlying land
 24 are presumed to have no value unless a separable value can
 25 be clearly CONCLUSIVELY established. Mineral interests

severed IN WHOLE OR IN PART from the rights to the use and enjoyment of the surface of the overlying land are presumed to have a value FOR THE TOTAL MINERAL INTEREST of not less than \$1 an acre and such higher value as may be established by comparable market data and firm CONCLUSIVE evidence as to exact amounts of each mineral located under each acre assessed, not to exceed \$1,000 per acre.

SECTION 3. SECTION 84-4122, R.C.M. 1947, IS AMENDED TO READ AS FOLLOWS:

"84-4122. Manner of conducting sale. (1) On the day fixed for sale, or on some subsequent day to which he may have postponed it, of which he must give notice, the county treasurer, between the hours of ten o'clock a. m. and three p. m., must commence the sale of the property advertised, commencing at the head of the list, and continuing in alphabetical or numerical order of lots and blocks until completed.

(2) When the property sold is a mineral interest severed from the rights to use and enjoyment of the surface of the overlying land, the surface owner has one year from the day fixed for said sale to purchase the mineral interests for the taxes due plus interest. If the property is struck off to the county as purchaser as provided in 84-4124, the surface owner shall have the first right to purchase the tax sale certificates. The rights of any other

purchaser at a sale provided for in this section are subject to the surface owner's one year purchase rights established herein."

SECTION 4. 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

1 except mobile homes, boats and all watercraft, harness,
 2 saddlery and robes and except as provided in Class Five (a)
 3 of this section, all poles, lines, transformers, transformer
 4 stations, meters, tools, improvements, machinery and other
 5 property used and owned by all persons, firms, corporations,
 6 and other organizations which are engaged in the business of
 7 furnishing telephone communications, exclusively to rural
 8 areas, or to rural areas and cities and towns provided that
 9 any such city or town has a population of ~~eight-hundred~~
 10 ~~{800}~~ persons or less; and provided further, that the
 11 average circuit miles for each station on the system is more
 12 than ~~one-and-one-quarter-}{1 1/4}~~ miles.

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

18 Class Four. (a) All land, town and city lots, with
 19 improvements, except improvements included in Class Nine,
 20 and all trailers affixed to land owned, leased, or under
 21 contract or purchase by the trailer owner, manufacturing and
 22 mining machinery, fixtures and supplies, except as otherwise
 23 provided by the constitution of Montana, and except as such
 24 property may be included in Class Five, Class Seven or Class
 25 Eight.

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

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

19 (b) All unprocessed agricultural products either on
 20 the farm or in storage, irrespective of whether said
 21 products are owned by the elevator, warehouse or flour mill
 22 owner or company storing the same, or any other person
 23 whomsoever, except all perishable fruits and vegetables in
 24 farm storage and owned by the producer, and excepting
 25 livestock and poultry and the unprocessed products of both.

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

8 In the event of the veteran's death, the dwelling
 9 house, and the lot on which it is erected, so long as the
 10 surviving spouse remains unmarried and the owner and
 11 occupant of the property, shall remain within this
 12 classification.

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

15 Class Seven. (a) All new industrial property. New
 16 industrial property shall mean any new industrial plant,
 17 including land, buildings, machinery and fixtures which, in
 18 the determination of the state department of revenue, is
 19 used by a new industry during the first ~~three-(3)~~ years of
 20 operation not having been assessed prior to July 1, 1961,
 21 within the state of Montana. New industry shall mean any
 22 person, corporation, firm, partnership, association, or
 23 other group which establishes a new plant or plants in this
 24 state for the operation of a new industrial endeavor, as
 25 distinguished from a mere expansion, reorganization, or

1 merger of an existing industry or industries. Provided,
 2 however, that new industrial property shall be limited to
 3 industries that manufacture, mill, mine, produce, process or
 4 fabricate materials, or do similar work in which capital and
 5 labor are employed and in which materials unserviceable in
 6 their natural state are extracted, processed or made fit for
 7 use or are substantially altered or treated so as to create
 8 commercial products or materials; industries that engage in
 9 the mechanical or chemical transformation of materials or
 10 substances into new products in the manner defined as
 11 manufacturing in the 1972 Standard Industrial Classification
 12 Manual, prepared by the United States office of management
 13 and budget; and in no event shall the term new industrial
 14 property be included to mean property used by retail or
 15 wholesale merchants, commercial services of any type,
 16 agriculture, trades or professions. New industrial property
 17 does not include a plant which will create an adverse impact
 18 on existing state, county, or municipal services. The
 19 department shall promulgate regulations for the
 20 determination of what constitutes an adverse impact taking
 21 into consideration the number of people to be employed and
 22 the size of the community in which the location is
 23 contemplated. Once the department has made an initial
 24 determination that the industrial facility qualifies as new
 25 industrial property, the department shall then upon proper

1 notice hold a hearing to determine if the new industrial
 2 classification should be retained by the property. The
 3 local taxing authority may appear at the hearing, and it
 4 also may waive its objection to retention of this
 5 classification if the industry agrees to the prepayment of
 6 taxes sufficient to satisfy tax requirements created by the
 7 location and construction of the facility during
 8 construction period.

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

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

25 (b) Business inventories. Business inventories shall

1 include goods intended for sale or lease in the ordinary
 2 course of business, and shall include raw materials and work
 3 in progress with respect to such goods, but shall not
 4 include goods actually leased or rented on the lien date, or
 5 mobile homes held by a dealer or distributor as a part of
 6 his stock in trade.

7 (c) Air pollution control equipment as defined in
 8 section 69-3923.

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

12 Class Eight. (a) Any improvement on real property,
 13 trailers affixed to land or mobile home belonging to any
 14 person who qualifies under any one or more of the
 15 hereinafter set forth categories, with appurtenant land not
 16 exceeding ~~five-(5)~~ acres, which together have a market value
 17 of not more than ~~twenty-seven-thousand-five-hundred-dollars~~
 18 ~~(\$27,500)~~, which dwelling is owned or under a contract for
 19 deed, and which is actually occupied for at least ~~ten-(10)~~
 20 months per year as the primary residential dwelling of:

21 (1) a widow ~~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 (2) a widower ~~sixty-two-(62)~~ years of age or older,
 25 whether with or without minor dependent children, who

1 qualifies under the income limitations of (4), or
 2 (3) a widow or widower with minor or dependent
 3 children regardless of age, who qualifies under the income
 4 limitations of (4), or
 5 (4) a recipient or recipients of retirement or
 6 disability benefits whose income from all sources is not
 7 more than ~~six-thousand-dollars-(\$6,000)~~ for a single person
 8 and ~~six-thousand-eight-hundred-dollars-(\$6,800)~~ for a
 9 married couple total per annum whether said dwelling is
 10 occupied by a single person or a married couple. Provided,
 11 further, that one who applies for classification of property
 12 under this class must make an affidavit to the state
 13 department of revenue on a form as may be provided by the
 14 state department of revenue supplied without cost to the
 15 applicant, as to his income, if applicable, as to his
 16 retirement benefits, if applicable, or, as to his marital
 17 status, if applicable, and to the fact that he or she
 18 actually occupies or maintains as his or her primary
 19 residential dwelling, such land and improvements with right
 20 of the county welfare board to investigate the applicant, on
 21 the completion of the form, as to answers given on the form.
 22 Provided, further, the assessed value of said property shall
 23 not be increased during the life of the recipient of
 24 retirement benefits or widow or widower covered under this
 25 class, unless the owner-resident makes a substantial

1 improvement in the dwelling. For the purposes of the
 2 affidavit required for classification of property under this
 3 class, it shall be sufficient if the applicant signs a
 4 statement swearing to or affirming the correctness of the
 5 information supplied, whether or not the statement is signed
 6 before a person authorized to administer oaths, and mails
 7 the application and statement to the department of revenue.
 8 This signed statement shall be treated as a statement under
 9 oath or equivalent affirmation for purposes of section
 10 94-7-203, R.C.M. 1947, relating to the criminal offense of
 11 false swearing.

12 (b) A capital investment in a building for an energy
 13 conservation purpose, to the extent provided under section
 14 84-7403.

15 Class Nine. The incremental increase in the value of
 16 real estate attributable to repairing, maintaining or
 17 improving existing improvements.

18 Class Ten. The annual gross proceeds of coal mines
 19 using the strip mining method.

20 Class Eleven. Centrally assessed utility allocations
 21 after deductions of locally assessed properties and except
 22 as provided in Class Two for rural telephones and Class Five
 23 (a) for cooperatives, and all other property not included in
 24 the ~~ten-(10)~~ preceding classes.*

-End-

Approved by Committee
on Taxation

SENATE BILL NO. 211

INTRODUCED BY TOWE, MATHERS, E. SMITH

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE
ASSESSMENT AND TAXATION OF SEVERED MINERAL INTERESTS;
~~DELETING RIGHTS OF ENTRY FROM CLASS ONE;~~ AMENDING SECTION
~~SECTIONS 84-429, 84-4122, 84-4151, AND 84-301, R.C.M. 1947."~~

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

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acres, which have been sectionized by the United States
government, must be assessed by sections or fractions of
sections.

(2) The department of revenue or its agent must set
aside one line in the assessment book for the description of
each six hundred and forty acres of land, or less, the
number of acres to be entered in one column, the description
in another column, value in another column, value of
improvements in another column, value of mineral interests

~~in another column,~~ and the total in the total column. It
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description of each town or city lot, the description to be
entered in one column, and the value of the lot and any
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and improvements thereon shall be separately assessed when
required under section 84-401, R.C.M. 1947; provided, that
all of the unimproved lots of the same value, situate in one
block, or belonging to the same party, may be described and
assessed in one line in the manner above provided for each
lot. It is the intention hereby that each parcel and lot
show in its own line, and opposite the description thereof,
the total value of the same and any improvements thereon."

Section 2. There is a new R.C.M. section that reads as
follows:

Taxation of mineral interests. (1) Mineral interests in
land shall be assessed and subject to taxation unless such
interests are being produced and subject to taxation of the
net or gross proceeds on such production OR UNLESS SUCH
INTERESTS ARE PHYSICALLY OR LEGALLY INCAPABLE OF BEING
PRODUCED.

(2) Mineral interests not severed from the rights to
the use and enjoyment of the surface of the overlying land
are presumed to have no value unless a separable value can
be clearly CONCLUSIVELY established. Mineral interests

SECOND READING
Second Printing

1 severed IN WHOLE OR IN PART from the rights to the use and
 2 enjoyment of the surface of the overlying land are presumed
 3 to have a value FOR THE TOTAL MINERAL INTEREST of not less
 4 MORE than \$1 an acre ~~and such higher value as may be~~
 5 ~~established by comparable market data and firm CONCLUSIVE~~
 6 ~~evidence as to exact amounts of each mineral located under~~
 7 ~~each acre assessed, not to exceed \$1,000 per acre.~~

8 (3) IN THE EVENT ANY COUNTY ASSESSOR DETERMINES THE
 9 COST TO THE COUNTY OR STATE OF A TITLE SEARCH OR
 10 DETERMINATION OF MINERAL OWNERSHIP WOULD BE SO GREAT THAT
 11 THE TAX RETURN WOULD NOT JUSTIFY SUCH COST, THE AFFECTED
 12 MINERAL INTERESTS NEED NOT BE ASSESSED AS SET FORTH HEREIN
 13 UNLESS OR UNTIL SUCH INFORMATION IS PROVIDED.

14 SECTION 3, SECTION 84-4122, R.C.M. 1947, IS AMENDED TO
 15 READ AS FOLLOWS:

16 "84-4122. Manner of conducting sale. (1) On the day
 17 fixed for sale, or on some subsequent day to which he may
 18 have postponed it, of which he must give notice, the county
 19 treasurer, between the hours of ten o'clock a. m. and three
 20 p. m., must commence the sale of the property advertised,
 21 commencing at the head of the list, and continuing in
 22 alphabetical or numerical order of lots and blocks until
 23 completed.

24 (2) when the property sold is a mineral interest
 25 severed from the rights to use and enjoyment of the surface

1 of the overlying land, the surface owner has one year from
 2 the day fixed for said sale to purchase the mineral
 3 interests for the taxes due plus interest. If the property
 4 is struck off to the county as purchaser as provided in
 5 84-4124, the surface owner shall have the first right to
 6 purchase the tax sale certificates. The rights of any other
 7 purchaser at a sale provided for in this section are subject
 8 to the surface owner's one year purchase rights established
 9 herein. ONCE THE SURFACE OWNER HAS OBTAINED ALL OF THE
 10 MINERAL INTERESTS IN THIS MANNER, HE IS ENTITLED TO THE
 11 PRESUMPTION OF NO VALUE SET FORTH IN SECTION 2(2) HEREIN."

12 SECTION 4, SECTION 84-4151, R.C.M. 1947, IS AMENDED TO
 13 READ AS FOLLOWS:

14 "84-4151. Notice of application for tax deed. The
 15 purchaser of property sold for delinquent taxes or his
 16 assignee must, at least ~~sixty~~ ~~(60)~~ days previous to the
 17 expiration of the time for redemption, or at least ~~sixty~~
 18 ~~(60)~~ days before he applies for a deed, serve upon the owner
 19 of the property purchased, if known, and upon the person
 20 occupying the property, if the said property is occupied,
 21 and, if the records in the office of the county clerk and
 22 recorder show an unreleased mortgage or mortgages upon the
 23 property purchased, upon the mortgagee or mortgagees named
 24 in said mortgage or mortgages, or if assigned, upon the
 25 assignee or assignees of said mortgage or mortgages, and, if

1 ~~the property is a severed mineral interest, upon the owner~~
 2 ~~of the overlying surface estate,~~ a written notice, stating
 3 that said property, or a portion thereof, has been sold for
 4 delinquent taxes, giving the date of sale, the amount of
 5 property sold, the amount for which it was sold, the amount
 6 due, and the time when the right of redemption will expire,
 7 or when the purchaser will apply for a tax deed, and the
 8 owner of the property, or the mortgagee, or the assignee of
 9 said mortgagee has the right of redemption indefinitely
 10 until such notice has been given and the deed applied for,
 11 upon the payment of fees, percentages, penalties and costs
 12 required by law. Notice of any owner, mortgagee or assignee
 13 of mortgagee shall be given by registered letter addressed
 14 to such mortgagee or assignee at the post-office address of
 15 said owner, mortgagee or assignee as disclosed by the
 16 mortgage records in the office of the county clerk and
 17 recorder. In case of unoccupied property, or a mining claim,
 18 such notice must be by registered mail deposited in the post
 19 office, addressed to any known owner residing in or outside
 20 of said county with the postage thereon prepaid, at least
 21 ~~sixty-(60)~~ days before the expiration of the time for
 22 redemption, or at least ~~sixty-(60)~~ days before the purchaser
 23 applies for such tax deed, in addition to notice to the
 24 mortgagee or assignee of mortgagee in the manner, and as
 25 hereby is provided; provided, that in all cases where the

1 postoffice address of the owner, mortgagee, or assignee is
 2 unknown, the applicant shall publish once a week for ~~two-(2)~~
 3 successive weeks in a newspaper published in the county
 4 where the property is situated, a notice substantially in
 5 the following form:

Notice of Application for Tax Deed

7 Notice is hereby given that the undersigned will on the
 8 day of 19.. apply to the county treasurer of
 9 county for a tax deed to the following described property,
 10 to wit:

(Describe property)

12 Amount due \$....

13 Date

14(Applicant.)

15 In: first publication of such notice must be made at
 16 least ~~sixty-(60)~~ days before the date of redemption or
 17 application for said deed. In all cases due proof of service
 18 or notice in whatever manner given, supported by the
 19 affidavit required by law, must be filed immediately with
 20 the clerk and recorder of the county in which the property
 21 is situated, and be kept as a permanent file in his office,
 22 and such proof of notice when so filed shall be prima facie
 23 evidence of the sufficiency of the notice."

24 SECTION 2. SECTION 34-301, R.C.M. 1947, IS AMENDED TO
 25 READ AS FOLLOWS:

1 "84-301. Classification of property for taxation. For
2 the purpose of taxation the taxable property in the state
3 shall be classified as follows:

4 Class One. The annual net proceeds of all mines and
5 mining claims, except coal mines, after deducting only the
6 expenses specified and allowed by section 84-5403; ~~also~~
7 ~~where the right to enter upon land to explore or prospect~~
8 ~~or dig for oil, gas, coal or minerals is reserved in land or~~
9 ~~received by lease conveyance (exclusive of leasehold~~
10 ~~interests), devise or succession by any person or~~
11 ~~corporation, the surface title to which has passed to or~~
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13 ~~determine the value of the right to enter upon said tract of~~
14 ~~land for the purpose of digging, exploring, or prospecting~~
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16 ~~in this classification for the purpose of taxation.~~

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18 and machinery, gas and other engines and boilers, threshing
19 machines and outfits used therewith, automobiles, motor
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22 saddlery and robes and except as provided in Class Five (a)
23 of this section, all poles, lines, transformers, transformer
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1 and other organizations which are engaged in the business of
2 furnishing telephone communications, exclusively to rural
3 areas, or to rural areas and cities and towns provided that
4 any such city or town has a population of ~~eight-hundred~~
5 ~~±800±~~ persons or less; and provided further, that the
6 average circuit miles for each station on the system is more
7 than ~~one-and-one-quarter (1 1/4)~~ miles.

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14 improvements, except improvements included in Class Nine,
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17 mining machinery, fixtures and supplies, except as otherwise
18 provided by the constitution of Montana, and except as such
19 property may be included in Class Five, Class Seven or Class
20 Eight.

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

1 Class Five. (a) All poles, lines, transformers,
 2 transformer stations, meters, tools, improvements, machinery
 3 and other property used and owned by co-operative rural
 4 electrical and co-operative rural telephone associations
 5 organized under the laws of Montana except those within the
 6 incorporated limits of a city or town in which less than
 7 ~~ninety-five-per-cent-(95%)~~ of the electric consumers and/or
 8 telephone users are served by a co-operative organization,
 9 and as to the property enumerated in this sub-section (a)
 10 within incorporated limits of a city or town in which less
 11 than ~~ninety-five-per-cent-(95%)~~ of the electric consumers or
 12 users will be served by a co-operative organization, such
 13 property shall be put in Class Two.

14 (b) All unprocessed agricultural products either on
 15 the farm or in storage, irrespective of whether said
 16 products are owned by the elevator, warehouse or flour mill
 17 owner or company storing the same, or any other person
 18 whosoever, except all perishable fruits and vegetables in
 19 farm storage and owned by the producer, and excepting
 20 livestock and poultry and the unprocessed products of both.

21 (c) The dwelling house, and the lot on which it is
 22 erected, owned and occupied by any resident of the state,
 23 who has been honorably discharged from active service in any
 24 branch of the armed forces, who is rated ~~one-hundred-per-~~
 25 ~~cent-(100%)~~ disabled due to a service-connected disability

1 by the United States veterans administration or its
 2 successors.

3 In the event of the veteran's death, the dwelling
 4 house, and the lot on which it is erected, so long as the
 5 surviving spouse remains unmarried and the owner and
 6 occupant of the property, shall remain within this
 7 classification.

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

10 Class Seven. (a) All new industrial property. New
 11 industrial property shall mean any new industrial plant,
 12 including land, buildings, machinery and fixtures which, in
 13 the determination of the state department of revenue, is
 14 used by a new industry during the first ~~three-(3)~~ years of
 15 operation not having been assessed prior to July 1, 1961,
 16 within the state of Montana. New industry shall mean any
 17 person, corporation, firm, partnership, association, or
 18 other group which establishes a new plant or plants in this
 19 state for the operation of a new industrial endeavor, as
 20 distinguished from a mere expansion, reorganization, or
 21 merger of an existing industry or industries. Provided,
 22 however, that new industrial property shall be limited to
 23 industries that manufacture, mill, mine, produce, process or
 24 fabricate materials, or do similar work in which capital and
 25 labor are employed and in which materials unserviceable in

1 their natural state are extracted, processed or made fit for
 2 use or are substantially altered or treated so as to create
 3 commercial products or materials; industries that engage in
 4 the mechanical or chemical transformation of materials or
 5 substances into new products in the manner defined as
 6 manufacturing in the 1972 Standard Industrial Classification
 7 Manual, prepared by the United States office of management
 8 and budget; and in no event shall the term new industrial
 9 property be included to mean property used by retail or
 10 wholesale merchants, commercial services of any type,
 11 agriculture, trades or professions. New industrial property
 12 does not include a plant which will create an adverse impact
 13 on existing state, county, or municipal services. The
 14 department shall promulgate regulations for the
 15 determination of what constitutes an adverse impact taking
 16 into consideration the number of people to be employed and
 17 the size of the community in which the location is
 18 contemplated. Once the department has made an initial
 19 determination that the industrial facility qualifies as new
 20 industrial property, the department shall then upon proper
 21 notice hold a hearing to determine if the new industrial
 22 classification should be retained by the property. The
 23 local taxing authority may appear at the hearing, and it
 24 also may waive its objection to retention of this
 25 classification if the industry agrees to the prepayment of

1 taxes sufficient to satisfy tax requirements created by the
 2 location and construction of the facility during
 3 construction period.

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

7 If a major new industrial facility qualifies under
 8 Class 7 (a) the reduction of its yearly payment of property
 9 taxes for reimbursement of its prepaid taxes as provided for
 10 in section 64-41-105, R.C.M. 1947, shall not begin until the
 11 Class 7 qualification expires. And provided further, that
 12 new industrial property shall not be included to mean
 13 property which is used or employed in any industrial plant
 14 which has been in operation in this state for ~~three--{3}~~
 15 years or longer. Any person, corporation, firm, partnership,
 16 association or other group seeking to qualify its property
 17 for inclusion in this class shall make application to the
 18 state department of revenue in such manner and form as may
 19 be required by said department.

20 (b) Business inventories. Business inventories shall
 21 include goods intended for sale or lease in the ordinary
 22 course of business, and shall include raw materials and work
 23 in progress with respect to such goods, but shall not
 24 include goods actually leased or rented on the lien date, or
 25 mobile homes held by a dealer or distributor as a part of

1 his stock in trade.

2 (c) Air pollution control equipment as defined in
3 section 69-3923.

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

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

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

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

22 (3) a widow or widower with minor or dependent
23 children regardless of age, who qualifies under the income
24 limitations of (4), or

25 (4) a recipient or recipients of retirement or

1 disability benefits whose income from all sources is not
2 more than ~~six thousand dollars~~(\$6,000) for a single person
3 and ~~six thousand eight hundred dollars~~(\$6,800) for a
4 married couple total per annum whether said dwelling is
5 occupied by a single person or a married couple. Provided,
6 further, that one who applies for classification of property
7 under this class must make an affidavit to the state
8 department of revenue on a form as may be provided by the
9 state department of revenue supplied without cost to the
10 applicant, as to his income, if applicable, as to his
11 retirement benefits, if applicable, or, as to his marital
12 status, if applicable, and to the fact that he or she
13 actually occupies or maintains as his or her primary
14 residential dwelling, such land and improvements with right
15 of the county welfare board to investigate the applicant, on
16 the completion of the form, as to answers given on the form.
17 Provided, further, the assessed value of said property shall
18 not be increased during the life of the recipient of
19 retirement benefits or widow or widower covered under this
20 class, unless the owner-resident makes a substantial
21 improvement in the dwelling. For the purposes of the
22 affidavit required for classification of property under this
23 class, it shall be sufficient if the applicant signs a
24 statement swearing to or affirming the correctness of the
25 information supplied, whether or not the statement is signed

1 before a person authorized to administer oaths, and mails
2 the application and statement to the department of revenue.
3 This signed statement shall be treated as a statement under
4 oath or equivalent affirmation for purposes of section
5 94-7-203, R.C.M. 1947, relating to the criminal offense of
6 false swearing.

7 (b) A capital investment in a building for an energy
8 conservation purpose, to the extent provided under section
9 84-7403.

10 Class Nine. The incremental increase in the value of
11 real estate attributable to repairing, maintaining or
12 improving existing improvements.

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

15 Class Eleven. Centrally assessed utility allocations
16 after deductions of locally assessed properties and except
17 as provided in Class Two for rural telephones and Class Five

18 (a) for cooperatives, and all other property not included in
19 the ten-~~(10)~~ preceding classes.*

-End-

SENATE BILL NO. 211

INTRODUCED BY TOWE, MATHERS, E. SMITH

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE ASSESSMENT AND TAXATION OF SEVERED MINERAL INTERESTS; ~~DELETING RIGHTS OF ENTRY FROM CLASS ONE;~~ AMENDING ~~SECTION~~ SECTIONS 84-429, 84-4122, 84-4151, AND 84-301, R.C.M. 1947."

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

Section 1. Section 84-429, R.C.M. 1947, is amended to read as follows:

"84-429. Land -- now assessed. ~~(1)~~ All other taxable property must be assessed in the county, city, or district in which it is situated. Land must be assessed in parcels or subdivisions not exceeding six hundred and forty acres, and tracts of land containing more than six hundred and forty acres, which have been sectionized by the United States government, must be assessed by sections or fractions of sections.

(2) The department of revenue or its agent must set aside one line in the assessment book for the description of each six hundred and forty acres of land, or less, the number of acres to be entered in one column, the description in another column, value in another column, value of improvements in another column, value of mineral interests

~~in another column,~~ and the total in the total column. It must also set aside a line in the assessment book for the description of each town or city lot, the description to be entered in one column, and the value of the lot and any improvements thereon in another column, except that a lot and improvements thereon shall be separately assessed when required under section 84-401, R.C.M. 1947; provided, that all of the unimproved lots of the same value, situate in one block, or belonging to the same party, may be described and assessed in one line in the manner above provided for each lot. It is the intention hereby that each parcel and lot show in its own line, and opposite the description thereof, the total value of the same and any improvements thereon."

Section 2. There is a new R.C.M. section that reads as follows:

Taxation of mineral interests. (1) Mineral interests in land shall be assessed and subject to taxation unless such interests are being produced and subject to taxation of the net or gross proceeds on such production OR UNLESS SUCH INTERESTS ARE PHYSICALLY OR LEGALLY INCAPABLE OF BEING PRODUCED.

(2) Mineral interests not severed from the rights to the use and enjoyment of the surface of the overlying land are presumed to have no value unless a separable value can be clearly CONCLUSIVELY established. Mineral interests

severed IN WHOLE OR IN PART from the rights to the use and enjoyment of the surface of the overlying land are presumed to have a value FOR THE TOTAL MINERAL INTEREST of not less MORE than \$1 an acre and ~~such higher value as may be established by comparable market data and firm CONCLUSIVE evidence as to exact amounts of each mineral located under each acre assessed, not to exceed \$1,000 per acre.~~

(3) IN THE EVENT ANY COUNTY ASSESSOR DETERMINES THE COST TO THE COUNTY OR STATE OF A TITLE SEARCH OR DETERMINATION OF MINERAL OWNERSHIP WOULD BE SO GREAT THAT THE TAX RETURN WOULD NOT JUSTIFY SUCH COST, THE AFFECTED MINERAL INTERESTS NEED NOT BE ASSESSED AS SET FORTH HEREIN UNLESS OR UNTIL SUCH INFORMATION IS PROVIDED.

SECTION 3. SECTION 84-4122, R.C.M. 1947, IS AMENDED TO READ AS FOLLOWS:

"84-4122. Manner of conducting sale. (1) On the day fixed for sale, or on some subsequent day to which he may have postponed it, of which he must give notice, the county treasurer, between the hours of ten o'clock a. m. and three p. m., must commence the sale of the property advertised, commencing at the head of the list, and continuing in alphabetical or numerical order of lots and blocks until completed.

(2) when the property sold is a mineral interest severed from the rights to use and enjoyment of the surface

of the overlying land, the surface owner has one year from the day fixed for said sale to purchase the mineral interests for the taxes due plus interest, if the property is struck off to the county as purchaser as provided in 84-4124, the surface owner shall have the first right to purchase the tax sale certificates. The rights of any other purchaser at a sale provided for in this section are subject to the surface owner's one year purchase rights established herein, UNCE THE SURFACE OWNER HAS OBTAINED ALL OF THE MINERAL INTERESTS IN THIS MANNER, HE IS ENTITLED TO THE PRESUMPTION OF NO VALUE SET FORTH IN SECTION 2121 HEREIN."

SECTION 4. SECTION 84-4151, R.C.M. 1947, IS AMENDED TO READ AS FOLLOWS:

"84-4151. Notice of application for tax deed. The purchaser of property sold for delinquent taxes or his assignee must, at least ~~sixty~~ {60} days previous to the expiration of the time for redemption, or at least ~~sixty~~ {60} days before he applies for a deed, serve upon the owner of the property purchased, if known, and upon the person occupying the property, if the said property is occupied, and, if the records in the office of the county clerk and recorder show an unreleased mortgage or mortgages upon the property purchased, upon the mortgagee or mortgagees named in said mortgage or mortgages, or if assigned, upon the assignee or assignees of said mortgage or mortgages, and, if

1 ~~the property is a severed mineral interest, upon the owner~~
 2 ~~of the overlying surface estate,~~ a written notice, stating
 3 that said property, or a portion thereof, has been sold for
 4 delinquent taxes, giving the date of sale, the amount of
 5 property sold, the amount for which it was sold, the amount
 6 due, and the time when the right of redemption will expire,
 7 or when the purchaser will apply for a tax deed, and the
 8 owner of the property, or the mortgagee, or the assignee of
 9 said mortgagee has the right of redemption indefinitely
 10 until such notice has been given and the deed applied for,
 11 upon the payment of fees, percentages, penalties and costs
 12 required by law. Notice of any owner, mortgagee or assignee
 13 of mortgagee shall be given by registered letter addressed
 14 to such mortgagee or assignee at the post-office address of
 15 said owner, mortgagee or assignee as disclosed by the
 16 mortgage records in the office of the county clerk and
 17 recorder. In case of unoccupied property, or a mining claim,
 18 such notice must be by registered mail deposited in the post
 19 office, addressed to any known owner residing in or outside
 20 of said county with the postage thereon prepaid, at least
 21 ~~sixty-(60)~~ days before the expiration of the time for
 22 redemption, or at least ~~sixty-(60)~~ days before the purchaser
 23 applies for such tax deed, in addition to notice to the
 24 mortgagee or assignee of mortgagee in the manner, and as
 25 hereby is provided; provided, that in all cases where the

1 postoffice address of the owner, mortgagee, or assignee is
 2 unknown, the applicant shall publish once a week for ~~two-(2)~~
 3 successive weeks in a newspaper published in the county
 4 where the property is situated, a notice substantially in
 5 the following form:

6 Notice of Application for Tax Deed

7 notice is hereby given that the undersigned will on the
 8 day of 19.. apply to the county treasurer of
 9 county for a tax deed to the following described property,
 10 to wit:

11 (Describe property)

12 Amount due \$....

13 Date

14(Applicant.)

15 The first publication of such notice must be made at
 16 least ~~sixty-(60)~~ days before the date of redemption or
 17 application for said deed. In all cases due proof of service
 18 of notice in whatever manner given, supported by the
 19 affidavit required by law, must be filed immediately with
 20 the clerk and recorder of the county in which the property
 21 is situated, and be kept as a permanent file in his office,
 22 and such proof of notice when so filed shall be prima facie
 23 evidence of the sufficiency of the notice."

24 SECTION 5. SECTION 84-301, R.C.M., 1947, IS AMENDED TO
 25 READ AS FOLLOWS:

1 "84-301. Classification of property for taxation. For
2 the purpose of taxation the taxable property in the state
3 shall be classified as follows:

4 Class One. The annual net proceeds of all mines and
5 mining claims, except coal mines, after deducting only the
6 expenses specified and allowed by section 84-5403; ~~also~~
7 ~~where the right to enter upon land to explore or prospect~~
8 ~~or dig for oil, gas, coal or minerals is reserved in land or~~
9 ~~received by mesne conveyance (exclusive of leasehold~~
10 ~~interests) by devise or succession by any person or~~
11 ~~corporation, the surface title to which has passed to or~~
12 ~~remains in another, the state department of revenue shall~~
13 ~~determine the value of the right to enter upon said tract of~~
14 ~~land for the purpose of digging, exploring, or prospecting~~
15 ~~for gas, oil, coal or minerals, and the same shall be placed~~
16 ~~in this classification for the purpose of taxation.~~

17 Class Two. All agricultural and other tools, implements
18 and machinery, gas and other engines and boilers, threshing
19 machines and outfits used therewith, automobiles, motor
20 trucks and other power-driven cars, vehicles of all kinds
21 except mobile homes, boats and all watercraft, harness,
22 saddlery and robes and except as provided in Class Five (a)
23 of this section, all poles, lines, transformers, transformer
24 stations, meters, tools, improvements, machinery and other
25 property used and owned by all persons, firms, corporations,

1 and other organizations which are engaged in the business of
2 furnishing telephone communications, exclusively to rural
3 areas, or to rural areas and cities and towns provided that
4 any such city or town has a population of ~~eight hundred~~
5 ~~(800)~~ persons or less; and provided further, that the
6 average circuit miles for each station on the system is more
7 than ~~one and one quarter (1 1/4)~~ miles.

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

13 Class Four. (a) All land, town and city lots, with
14 improvements, except improvements included in Class Nine,
15 and all trailers affixed to land owned, leased, or under
16 contract or purchase by the trailer owner, manufacturing and
17 mining machinery, fixtures and supplies, except as otherwise
18 provided by the constitution of Montana, and except as such
19 property may be included in Class Five, Class Seven or Class
20 Eight.

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

1 Class Five. (a) All poles, lines, transformers,
 2 transformer stations, meters, tools, improvements, machinery
 3 and other property used and owned by co-operative rural
 4 electrical and co-operative rural telephone associations
 5 organized under the laws of Montana except those within the
 6 incorporated limits of a city or town in which less than
 7 ~~ninety-five-per-cent-(95%)~~ of the electric consumers and/or
 8 telephone users are served by a co-operative organization,
 9 and as to the property enumerated in this sub-section (a)
 10 within incorporated limits of a city or town in which less
 11 than ~~ninety-five-per-cent-(95%)~~ of the electric consumers or
 12 users will be served by a co-operative organization, such
 13 property shall be put in Class Two.

14 (b) All unprocessed agricultural products either on
 15 the farm or in storage, irrespective of whether said
 16 products are owned by the elevator, warehouse or flour mill
 17 owner or company storing the same, or any other person
 18 whomsoever, except all perishable fruits and vegetables in
 19 farm storage and owned by the producer, and excepting
 20 livestock and poultry and the unprocessed products of both.

21 (c) The dwelling house, and the lot on which it is
 22 erected, owned and occupied by any resident of the state,
 23 who has been honorably discharged from active service in any
 24 branch of the armed forces, who is rated ~~one-hundred-per~~
 25 ~~cent-(100%)~~ disabled due to a service-connected disability

1 by the United States veterans administration or its
 2 successors.

3 In the event of the veteran's death, the dwelling
 4 house, and the lot on which it is erected, so long as the
 5 surviving spouse remains unmarried and the owner and
 6 occupant of the property, shall remain within this
 7 classification.

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

10 Class Seven. (a) All new industrial property. New
 11 industrial property shall mean any new industrial plant,
 12 including land, buildings, machinery and fixtures which, in
 13 the determination of the state department of revenue, is
 14 used by a new industry during the first ~~three-(3)~~ years of
 15 operation not having been assessed prior to July 1, 1961,
 16 within the state of Montana. New industry shall mean any
 17 person, corporation, firm, partnership, association, or
 18 other group which establishes a new plant or plants in this
 19 state for the operation of a new industrial endeavor, as
 20 distinguished from a mere expansion, reorganization, or
 21 merger of an existing industry or industries. Provided,
 22 however, that new industrial property shall be limited to
 23 industries that manufacture, mill, mine, produce, process or
 24 fabricate materials, or do similar work in which capital and
 25 labor are employed and in which materials unserviceable in

1 their natural state are extracted, processed or made fit for
 2 use or are substantially altered or treated so as to create
 3 commercial products or materials; industries that engage in
 4 the mechanical or chemical transformation of materials or
 5 substances into new products in the manner defined as
 6 manufacturing in the 1972 Standard Industrial Classification
 7 Manual, prepared by the United States office of management
 8 and budget; and in no event shall the term new industrial
 9 property be included to mean property used by retail or
 10 wholesale merchants, commercial services of any type,
 11 agriculture, trades or professions. New industrial property
 12 does not include a plant which will create an adverse impact
 13 on existing state, county, or municipal services. The
 14 department shall promulgate regulations for the
 15 determination of what constitutes an adverse impact taking
 16 into consideration the number of people to be employed and
 17 the size of the community in which the location is
 18 contemplated. Once the department has made an initial
 19 determination that the industrial facility qualifies as new
 20 industrial property, the department shall then upon proper
 21 notice hold a hearing to determine if the new industrial
 22 classification should be retained by the property. The
 23 local taxing authority may appear at the hearing, and it
 24 also may waive its objection to retention of this
 25 classification if the industry agrees to the prepayment of

1 taxes sufficient to satisfy tax requirements created by the
 2 location and construction of the facility during
 3 construction period.

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

7 If a major new industrial facility qualifies under
 8 Class 7 (a) the reduction of its yearly payment of property
 9 taxes for reimbursement of its prepaid taxes as provided for
 10 in section 64-41-105, R.C.M. 1947, shall not begin until the
 11 Class 7 qualification expires. And provided further, that
 12 new industrial property shall not be included to mean
 13 property which is used or employed in any industrial plant
 14 which has been in operation in this state for ~~three~~ ~~(3)~~
 15 years or longer. Any person, corporation, firm, partnership,
 16 association or other group seeking to qualify its property
 17 for inclusion in this class shall make application to the
 18 state department of revenue in such manner and form as may
 19 be required by said department.

20 (b) Business inventories. Business inventories shall
 21 include goods intended for sale or lease in the ordinary
 22 course of business, and shall include raw materials and work
 23 in progress with respect to such goods, but shall not
 24 include goods actually leased or rented on the lien date, or
 25 mobile homes held by a dealer or distributor as a part of

1 his stock in trade.

2 (c) Air pollution control equipment as defined in
3 section 69-3923.

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

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

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

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

22 (3) a widow or widower with minor or dependent
23 children regardless of age, who qualifies under the income
24 limitations of (4), or

25 (4) a recipient or recipients of retirement or

1 disability benefits whose income from all sources is not
2 more than ~~six thousand dollars~~(\$6,000) for a single person
3 and ~~six thousand eight hundred dollars~~(\$6,800) for a
4 married couple total per annum whether said dwelling is
5 occupied by a single person or a married couple. Provided,
6 further, that one who applies for classification of property
7 under this class must make an affidavit to the state
8 department of revenue on a form as may be provided by the
9 state department of revenue supplied without cost to the
10 applicant, as to his income, if applicable, as to his
11 retirement benefits, if applicable, or, as to his marital
12 status, if applicable, and to the fact that he or she
13 actually occupies or maintains as his or her primary
14 residential dwelling, such land and improvements with right
15 of the county welfare board to investigate the applicant, on
16 the completion of the form, as to answers given on the form.
17 Provided, further, the assessed value of said property shall
18 not be increased during the life of the recipient of
19 retirement benefits or widow or widower covered under this
20 class, unless the owner-resident makes a substantial
21 improvement in the dwelling. For the purposes of the
22 affidavit required for classification of property under this
23 class, it shall be sufficient if the applicant signs a
24 statement swearing to or affirming the correctness of the
25 information supplied, whether or not the statement is signed

1 before a person authorized to administer oaths, and mails
2 the application and statement to the department of revenue.
3 This signed statement shall be treated as a statement under
4 oath or equivalent affirmation for purposes of section
5 94-7-203, R.C.M. 1947, relating to the criminal offense of
6 false swearing.

7 (b) A capital investment in a building for an energy
8 conservation purpose, to the extent provided under section
9 84-7403.

10 Class Nine. The incremental increase in the value of
11 real estate attributable to repairing, maintaining or
12 improving existing improvements.

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

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

-End-