

HOUSE BILL 137

IN THE HOUSE

January 12, 1979

Introduced and referred to
Committee on Taxation.

March 24, 1979

Committee recommend bill,
as amended.

March 26, 1979

Printed and placed on
members' desks.

Second reading, do not pass.

1 *House* BILL NO. *137*
 2 INTRODUCED BY *Harrington Tulin Daily*
 3 *McBride* *Menahan*
 4 *Fuenkel* *Vincent* *Blynn* *Partin*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE TAXABLE
 6 PERCENTAGE ON MOTOR VEHICLES TO 10%; AMENDING SECTIONS
 7 15-6-110 AND 15-8-111, MCA; AND PROVIDING A DELAYED
 8 EFFECTIVE DATE."

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

10 Section 1. Section 15-6-110, MCA, is amended to read:
 11 "15-6-110. Class nine property -- description --
 12 taxable percentage. (1) Class nine property includes:
 13 ~~(a) automobiles, motor trucks, and other power-driven~~
 14 ~~cars and vehicles of all kinds except mobile homes,~~
 15 ~~motorcycles, aircraft, camper trailers, and truck campers;~~
 16 ~~and~~
 17 (b) furniture and fixtures used in commercial, office,
 18 and hotel activities, except improvements included in class
 19 thirteen.
 20 (2) Class nine property is taxed at 13.3% of its
 21 market value."

22 NEW SECTION. Section 2. Class twenty-one property --
 23 description -- taxable percentage. (1) Class twenty-one
 24 property includes automobiles, motortrucks, and other
 25 power-driven cars and vehicles of all kinds except mobile

1 homes, motorcycles, aircraft, camper trailers, and truck
2 campers.

3 (2) Class twenty-one property is taxed at 10% of its
4 market value.

5 Section 3. Section 15-8-111, MCA, is amended to read:
 6 "15-8-111. Assessment -- market value standard --
 7 exceptions. (1) All taxable property must be assessed at
 8 100% of its market value except as provided in subsection
 9 (5) of this section and in 15-7-111 through 15-7-114.

10 (2) Market value is the value at which property would
 11 change hands between a willing buyer and a willing seller,
 12 neither being under any compulsion to buy or to sell and
 13 both having reasonable knowledge of relevant facts.

14 (3) The department of revenue or its agents may not
 15 adopt a lower or different standard of value from market
 16 value in making the official assessment and appraisal of the
 17 value of property in class one ~~and~~ classes seven through
 18 ~~eighteen, and class twenty-one.~~ For purposes of taxation,
 19 assessed value is the same as appraised value.

20 (4) The taxable value for all property in class one
 21 ~~and~~ classes seven through ~~eighteen, and class twenty-one~~ is
 22 the percentage of market value established for each class of
 23 property in 15-6-102 ~~and~~ 15-6-108 through 15-6-119, ~~and~~
 24 [section 2 of this act].

25 (5) The assessed value of properties in 15-6-103

1 through 15-6-107 and 15-6-120 is as follows:

2 (a) Property in 15-6-106, under class five, is
3 assessed at 100% of book value by the method established in
4 15-6-106 and the sections cited therein.

5 (b) Properties in 15-6-103, under class two, are
6 assessed at 100% of the annual net proceeds after deducting
7 the expenses specified and allowed by 15-23-503.

8 (c) Properties in 15-6-104, 15-6-105, and 15-6-120,
9 under classes three, four, and nineteen are assessed at 100%
10 of the annual gross proceeds.

11 (d) Properties in 15-6-107, under class six, are
12 assessed at 100% of the productive capacity of the lands
13 when valued for agricultural purposes. All lands that meet
14 the qualifications of 15-7-202 are valued as agricultural
15 lands for tax purposes.

16 (6) Land and the improvements thereon are separately
17 assessed when any of the following conditions occur:

18 (a) ownership of the improvements is different from
19 ownership of the land;

20 (b) the taxpayer makes a written request; or

21 (c) the land is outside an incorporated city or town.

22 (7) The taxable value of all property in classes two
23 through six is the percentage of assessed value established
24 in 15-6-103 through 15-6-107 for each class of property."

25 Section 4. Effective date. This act is effective

1 January 1, 1980.

-End-

Approved by Committee
on Taxation

1 HOUSE BILL NO. 137
2 INTRODUCED BY HARRINGTON, QUILICI, DAILY, COONEY,
3 McBRIDE, MENAHAN, KANDUCH, HUENNEKENS, VINCENT,
4 GILLIGAN, PAVLOVICH, D'CONNELL

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE TAXABLE
7 PERCENTAGE ON MOTOR VEHICLES TO ~~10% 11%~~; AMENDING SECTIONS
8 15-6-110 AND 15-8-111, MCA; AND PROVIDING A DELAYED
9 EFFECTIVE DATE."

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15 both having reasonable knowledge of relevant facts.

16 (3) The department of revenue or its agents may not
17 adopt a lower or different standard of value from market
18 value in making the official assessment and appraisal of the
19 value of property in class one ~~and~~ classes seven through
20 eighteen ~~and class twenty-one~~. For purposes of taxation,
21 assessed value is the same as appraised value.

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23 ~~and~~ classes seven through eighteen ~~and class twenty-one~~ is
24 the percentage of market value established for each class of
25 property in 15-6-102 ~~and~~ 15-6-108 through 15-6-119 ~~and~~

1 ~~[Section 2 of this act].~~

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3 through 15-6-107 and 15-6-120 is as follows:

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-End-

STATE OF MONTANA

REQUEST NO. 33-79

FISCAL NOTE

Form BD-15

In compliance with a written request received Jan 18, 19 79, there is hereby submitted a Fiscal Note for HB 137 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 reduces the taxable percentage on motor vehicles to 10% and provides a delayed effective date.

ASSUMPTIONS

- 1) The taxable value of motor vehicles will increase 5%/year.
- 2) The bill will reduce the taxable value of motor vehicles 24.8%.
- 3) In counties that did not separate motor vehicles it was assumed that 80% of the value of motor vehicles, motor cycles, etc. was attributed to motor vehicles.
- 4) The state levy is equal to 6 mills.
- 5) The local levy is equal to 200 mills.
- 6) There will be no impact in FY80 due to effective date.
- 7) Administrative costs will remain unchanged.

<u>FISCAL IMPACT</u>	<u>FY80</u>	<u>FY81</u>		<u>Estimated Decrease</u>
		<u>Under Current Law</u>	<u>Under Proposed Law</u>	
6 mill university levy	<u>No Effect</u>	<u>\$725,587</u>	<u>\$545,641</u>	<u>(\$179,946)</u>

AFFECT ON LOCAL GOVERNMENT

Local governments would lose approximately \$6 million in FY81 if this proposal were to be enacted. The attached sheet shows the loss in taxable value for each county had the bill been in effect in 1978.

LONG-RANGE EFFECTS

Local governments will have the taxable value of motor vehicles reduced 24.8% each year this bill is in effect.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drang
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/24/79

Loss in Taxable Value in 1978
had HB 137 been in effect

Counties

Beaverhead	\$ 235,125
Big Horn	276,091
Blaine	180,956
Broadwater	143,273*
Carbon	281,635
Carter	107,894
Cascade	2,047,410
Chouteau	293,433
Custer	524,176
Daniels	116,268
Dawson	403,992
Deer Lodge	292,096
Fallon	164,983
Fergus	425,781
Flathead	1,723,732
Gallatin	1,369,212
Garfield	85,570
Glacier	242,747
Golden Valley	47,556
Granite	78,276
Hill	463,815*
Jefferson	178,876
Judith Basin	148,111
Lake	431,806
Lewis & Clark	1,795,980
Liberty	13,568*
Lincoln	755,853*
Madison	192,670
McCone	118,087
Meagher	70,558
Mineral	82,409
Missoula	2,917,277
Musselshell	158,390*
Park	338,680*
Petroleum	37,597
Phillips	181,596*
Pondera	234,003
Powder River	159,102
Powell	226,105*
Prairie	70,660
Ravalli	908,767
Richland	519,502
Roosevelt	346,859
Rosebud	252,667
Sanders	209,079*
Sheridan	293,768
Silver Bow	1,165,933*
Stillwater	189,365
Sweet Grass	96,378
Teton	249,603
Toole	203,750
Treasure	48,500
Valley	407,422
Wheatland	84,249
Wibaux	80,031
Yellowstone	2,761,757
TOTAL	<u>\$25,432,979</u>

*Estimated (See assumption
3, Fiscal Note 33-79)