

CHAPTER NO. 693

HOUSE BILL NO. 213

INTRODUCED BY WILLIAMS, GOODOVER, YARDLEY, HUENNEKENS,
FAGG, SIVERTSEN, GERKE, VINCENT, WATT, TOWE,
TURNAGE, MATHERS, GALT, SCULLY, BENGTSON, DASSINGER,
FASBENDER, STORY, FABREGA, KOLSTAD, LOWE, GRAHAM,
HAZELBAKER, ROSKIE, O'HARA, DUSSAULT

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE HOUSE

January 17, 1979	Introduced and referred to Committee on Taxation.
March 24, 1979	Committee recommend bill do pass as amended. Report adopted.
March 26, 1979	Printed and placed on members' desks.
March 27, 1979	Second reading, do pass. Considered correctly engrossed. Third reading, passed. Transmitted to second house.

IN THE SENATE

March 27, 1979	Introduced and referred to Committee on Taxation.
April 5, 1979	Committee recommend bill be concurred in. Report adopted.
April 7, 1979	Motion pass consideration.
April 9, 1979	Second reading, concurred in.
April 11, 1979	Third reading, concurred in.

IN THE HOUSE

April 12, 1979	Returned from second house. Concurred in. Sent to enrolling.
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Reported correctly enrolled

Goodman
HOUSE BILL NO. *213*

Baughman
Dawinger

INTRODUCED BY *Williams* *Watt* *Turner* *Hansen* *Falls*

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE

PROPERTY TAX CLASSIFICATION SYSTEM; AMENDING SECTIONS

15-1-101, 15-6-101, 15-7-202, 15-8-111, 15-23-501, *Rockie*
15-23-505, 15-24-102, 15-24-301, 15-24-505, 15-24-506, *O'Hara*
15-24-1102, 15-24-1103, 15-24-1308, 15-24-1311, AND *Shaw*
20-9-407; AND REPEALING SECTIONS 15-6-102 THROUGH 15-6-121
AND 15-7-121."

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

NEW SECTION. Section 1. Class one property --
description -- taxable percentage. (1) Class one property
includes:

- (a) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals; and
- (b) the annual net proceeds of all mines and mining claims except coal and metal mines.

(2) Class one property is taxed as follows:

- (a) Property described in subsection (1)(a) is taxed

at 100% of its market value, as determined by the department of revenue.

(b) Property described in subsection (1)(b) is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 15-23-503.

NEW SECTION. Section 2. Class two property -- description -- taxable percentage. (1) Class two property includes:

- (a) the annual gross proceeds of metal mines;
- (b) the annual gross proceeds of underground coal mines; and
- (c) the annual gross proceeds of coal mines using the strip-mining method.

(2) Class two property is taxed as follows:

- (a) Property described in subsection (1)(a) is taxed at 3% of its annual gross proceeds, as defined in 15-23-801.
- (b) Property described in subsection (1)(b) is taxed at 33 1/3% of its annual gross proceeds.
- (c) Property described in subsection (1)(c) is taxed at 45% of its annual gross proceeds.

NEW SECTION. Section 3. Class three property -- description -- taxable percentage. (1) Class three property includes agricultural land as defined in 15-7-202.

(2) Class three property is taxed at 30% of its

productive capacity.

1 **NEW SECTION.** Section 4. Class four property --
2 description -- taxable percentage. (1) Class four property
3 includes:

4 (a) all land except that specifically included in
5 another class;

6 (b) all improvements except those specifically
7 included in another class;

8 (c) all trailers and mobile homes used as permanent
9 dwellings except:

10 (i) those held by a distributor or dealer of trailers
11 or mobile homes as his stock in trade; and

12 (ii) those specifically included in another class;

13 (d) the first \$35,000 or less of the market value of
14 any improvement on real property or a trailer or mobile home
15 used as a permanent dwelling and appurtenant land not
16 exceeding 5 acres owned or under contract for deed and
17 actually occupied for at least 10 months a year as the
18 primary residential dwelling of:

19 (i) a widow or widower 62 years of age or older who
20 qualifies under the income limitations of (iii) of this
21 subsection;

22 (ii) a widow or widower of any age with dependent
23 children who qualifies under the income limitations of (iii)
24 of this subsection; or

25 (iii) a recipient or recipients of retirement or

1 disability benefits whose total income from all sources is
2 not more than \$7,000 for a single person or \$8,000 for a
3 married couple.

4 (2) Class four property is taxed as follows:

5 (a) Property described in subsections (1)(a) through
6 (1)(c) is taxed at 8.55% of its market value.

7 (b) Property described in subsection (1)(d) is taxed
8 at one-half the taxable percentage established in subsection
9 (2)(a), or 4.275%.

10 **NEW SECTION.** Section 5. Class five property --
11 description -- taxable percentage. (1) Class five property
12 includes:

13 (a) business inventories as defined in this section;

14 (b) all unprocessed agricultural products on the farm
15 or in storage except:

16 (i) all perishable fruits and vegetables in farm
17 storage and owned by the producer; and

18 (ii) livestock and poultry and the unprocessed
19 products of both;

20 (c) all property used and owned by cooperative rural
21 electrical and cooperative rural telephone associations
22 organized under the laws of Montana, except property owned
23 by cooperative organizations described in subsection (1)(c)
24 of [section 6];

25 (d) air and water pollution control equipment as

1 defined in this section;

2 (e) truck campers, motor homes, and camping and travel
3 trailers, including fifth-wheel trailers, owned by and
4 actually used primarily by a person 60 years of age or older
5 who:

6 (i) is retired from full employment; and
7 (ii) whose total income from all sources is not more
8 than \$7,000 for a single person or \$8,000 for a married
9 couple;

10 (f) new industrial property as defined in this
11 section.

12 (2) "Business inventories" includes goods intended for
13 sale or lease in the ordinary course of business and raw
14 materials and work in progress with respect to such goods.
15 Business inventories do not include goods leased or rented
16 or mobile homes held by a dealer or distributor as part of
17 his stock in trade. The market value of business
18 inventories, for property tax purposes, is the cost to the
19 person subject to the inventory tax.

20 (3) "Air and water pollution equipment" means
21 facilities, machinery, or equipment used to abate or control
22 water or atmospheric pollution or contamination by removing,
23 altering, disposing, or storing pollutants, contaminants,
24 wastes, or heat. The department of health and environmental
25 sciences shall promulgate rules identifying equipment

1 meeting this definition.

2 (4) "New industrial property" means any new industrial
3 plant, including land, buildings, machinery, and fixtures,
4 used by new industries during the first 3 years of their
5 operation. The property may not have been assessed within
6 the state of Montana prior to July 1, 1961.

7 (5) (a) "New industry" means any person, corporation,
8 firm, partnership, association, or other group that
9 establishes a new plant in Montana for the operation of a
10 new industrial endeavor, as distinguished from a mere
11 expansion, reorganization, or merger of an existing
12 industry.

13 (b) New industry includes only those industries that:
14 (i) manufacture, mill, mine, produce, process, or
15 fabricate materials;

16 (ii) do similar work, employing capital and labor, in
17 which materials unserviceable in their natural state are
18 extracted, processed, or made fit for use or are
19 substantially altered or treated so as to create commercial
20 products or materials; or

21 (iii) engage in the mechanical or chemical
22 transformation of materials or substances into new products
23 in the manner defined as manufacturing in the 1972 Standard
24 Industrial Classification Manual prepared by the United
25 States office of management and budget.

1 (6) New industrial property does not include:

2 (a) property used by retail or wholesale merchants,

3 commercial services of any type, agriculture, trades, or

4 professions;

5 (b) a plant that will create adverse impact on

6 existing state, county, or municipal services; or

7 (c) property used or employed in any industrial plant

8 that has been in operation in this state for 3 years or

9 longer.

10 (7) Class five property is taxed at 3% of its market

11 value.

12 NEW SECTION. Section 6. Class six property --

13 description -- taxable percentage. (1) Class six property

14 includes:

15 (a) livestock, poultry, and unprocessed products of

16 both;

17 (b) all property used and owned by persons, firms,

18 corporations, or other organizations that are engaged in the

19 business of furnishing telephone communications exclusively

20 to rural areas or to rural areas and cities and towns of 800

21 persons or less;

22 (c) all property owned by cooperative rural electrical

23 and cooperative rural telephone associations that serve less

24 than 95% of the electricity consumers or telephone users

25 within the incorporated limits of a city or town;

1 (d) electric transformers and meters; electric light

2 and power substation machinery; natural gas measuring and

3 regulating station equipment, meters, and compressor station

4 machinery owned by centrally assessed public utilities; and

5 tools used in the repair and maintenance of this property;

6 and

7 (e) tools, implements, and machinery used to repair

8 and maintain machinery not used for manufacturing and mining

9 purposes.

10 (2) To qualify for this classification, the average

11 circuit miles for each station on the telephone

12 communication system described in subsection (1)(b) must be

13 more than 1 1/4 miles.

14 (3) Class six property is taxed at 8% of its market

15 value.

16 NEW SECTION. Section 7. Class seven property --

17 description -- taxable percentage. (1) Class seven property

18 includes:

19 (a) all agricultural implements and equipment;

20 (b) all mining machinery, fixtures, equipment, tools,

21 and supplies except:

22 (i) those included in class five; and

23 (ii) coal and ore haulers;

24 (c) all manufacturing machinery, fixtures, equipment,

25 tools, and supplies except those included in class five;

1 (d) motorcycles;

2 (e) watercraft;

3 (f) light utility and boat trailers;

4 (g) aircraft;

5 (h) snowmobiles and all-terrain vehicles;

6 (i) harness, saddlery, and other tack equipment; and

7 (j) all other machinery except that specifically

8 included in another class.

9 (2) Class seven property is taxed at 11% of its market

10 value.

11 NEW SECTION. Section 8. Class eight property --

12 description -- taxable percentage. (1) Class eight property

13 includes:

14 (a) automobiles, buses, and trucks weighing 1 1/2 tons

15 or less;

16 (b) stock, camping, and travel trailers;

17 (c) truck campers and toppers weighing more than 300

18 pounds, except those included in class five;

19 (d) motor homes except those included in class five;

20 (e) furniture, fixtures, and equipment, except that

21 specifically included in another class, used in commercial

22 establishments as defined in this section; and

23 (f) citizens' band radios and mobile telephones.

24 (2) "Commercial establishment" includes any hotel;

25 motel; office; petroleum marketing station; or service,

1 wholesale, retail, or food-handling business.

2 (3) Class eight property is taxed at 13% of its market

3 value.

4 NEW SECTION. Section 9. Class nine property --

5 description -- taxable percentage. (1) Class nine property

6 includes moneyed capital and shares of banks.

7 (2) Class nine property is assessed and taxed as

8 provided in chapter 24, part 5.

9 NEW SECTION. Section 10. Class ten property --

10 description -- taxable percentage. (1) Class ten property

11 includes:

12 (a) radio and television broadcasting and transmitting

13 equipment;

14 (b) cable television systems;

15 (c) centrally assessed utility allocations after

16 deductions of locally assessed properties, except as

17 provided in:

18 (i) class five for cooperative rural electrical and

19 cooperative rural telephone associations; and

20 (ii) class six for rural telephone and electrical

21 organizations;

22 (d) coal and ore haulers;

23 (e) trucks weighing more than 1 1/2 tons, including

24 those prorated under 15-24-102;

25 (f) trailers, except those included in classes five,

1 seven, or eight, including those prorated under 15-24-102;

2 (g) x-ray and specialized medical and dental
3 equipment;

4 (h) theater projectors and sound equipment; and

5 (i) all other property not included in the preceding
6 nine classes.

7 (2) Class ten property is taxed at 16% of its market
8 value.

9 **NEW SECTION.** Section 11. Certain disabled veterans'
10 residences exempt. (1) A residence, including the lot on
11 which it is built, owned and occupied by a disabled veteran
12 is exempt from property taxation under the following
13 conditions. The owner must:

14 (a) have been honorably discharged from active service
15 in any branch of the armed services;

16 (b) be rated 100% disabled due to a service-connected
17 disability by the United States veterans administration or
18 its successor; and

19 (c) have an annual income from all sources of not more
20 than \$7,000 for a single person and \$8,000 for a married
21 couple.

22 (2) If a veteran whose property has been eligible for
23 this exemption dies, the property shall continue to be
24 exempt so long as the surviving spouse:

25 (a) remains unmarried;

1 (b) is the owner and occupant of the house; and

2 (c) has a total annual income from all sources of not
3 more than \$7,000.

4 **NEW SECTION.** Section 12. Application for class five
5 and certain class four classifications. (1) A person
6 applying for classification of property described in
7 subsection (1)(e) of [section 5] or subsection (1)(d) of
8 [section 4] shall make an affidavit to the department of
9 revenue, on a form provided by the department without cost,
10 stating:

11 (a) his income;

12 (b) his retirement benefits;

13 (c) his marital status;

14 (d) the fact that he maintains the land and
15 improvements as his primary residential dwelling, where
16 applicable; and

17 (e) such other information as is relevant to the
18 applicant's eligibility.

19 (2) This application must be made before March 1 of
20 the year after the applicant becomes eligible.

21 (3) The affidavit is sufficient if the applicant signs
22 a statement affirming the correctness of the information
23 supplied, whether or not the statement is signed before a
24 person authorized to administer oaths, and mails the
25 application and statement to the department of revenue. This

1 signed statement shall be treated as a statement under oath
2 or equivalent affirmation for the purposes of 45-7-202,
3 relating to the criminal offense of false swearing.

4 NEW SECTION. Section 13. Application for
5 classification as new industrial property. (1) Any person,
6 firm, or other group seeking to qualify its property for
7 classification as new industrial property under class five
8 shall make application to the department of revenue on a
9 form provided by the department.

10 (2) The department of revenue shall promulgate rules
11 for the determination of what constitutes an adverse impact,
12 taking into consideration the number of people to be
13 employed and the size of the community in which the location
14 of the industrial property is contemplated.

15 (3) If the department makes an initial determination
16 that the industrial property qualifies as new industrial
17 property under class five, it shall publish notice of and
18 hold a public hearing to determine whether the property
19 should retain this classification.

20 (4) Local taxing authority officials may waive their
21 objections to the property's classification in class five if
22 the owner of the new industrial property agrees to prepay
23 property taxes on the property during the construction
24 period. The maximum amount of prepayment shall be the
25 amount of tax the owner would have paid on the property if

1 it had not been classified under class five.

2 (5) If a new industrial facility qualifies under class
3 five, its property tax payment may not be reduced for
4 reimbursement of its prepaid taxes as provided in 15-16-201
5 until the class five qualification expires.

6 Section 14. Section 15-1-101, MCA, is amended to read:
7 "15-1-101. Definitions. (1) When terms mentioned in
8 this section are used in connection with taxation, they are
9 defined in the following manner:

10 (a) The term "assessed value" means the value of
11 property as defined in 15-8-111.

12 (b) The term "credit" means solvent debts, secured or
13 unsecured, owing to a person.

14 (c) The term "improvements" includes all buildings,
15 structures, fixtures, fences, and improvements situated
16 upon, erected upon, or affixed to land. When the department
17 of revenue or its agent determines that the permanency of
18 location of a mobile home or housetrailer has been
19 established, the mobile home or housetrailer is presumed to
20 be an improvement to real property. If the mobile home or
21 housetrailer is an improvement located on land not owned by
22 the owner of such improvement, the improvement is assessed
23 as a leasehold improvement to real property and delinquent
24 taxes can be a lien only on the leasehold improvement.

25 (d) The term "mobile home" means forms of housing

1 known as "trailers", "housetrailers", or "trailer coaches",
 2 exceeding 8 feet in width or 32 feet in length, designed to
 3 be moved from one place to another by an independent power
 4 connected to them.

5 (e) The term "personal property" includes everything
 6 that is the subject of ownership but that is not included
 7 within the meaning of the terms "real estate" and
 8 "improvements".

9 (f) The term "property" includes moneys, credits,
 10 bonds, stocks, franchises, and all other matters and things,
 11 real, personal, and mixed, capable of private ownership.
 12 This definition must not be construed to authorize the
 13 taxation of the stocks of any company or corporation when
 14 the property of such company or corporation represented by
 15 the stocks is within the state and has been taxed.

16 (g) The term "real estate" includes:

17 (i) the possession of, claim to, ownership of, or
 18 right to the possession of land;

19 (ii) all mines, minerals, and quarries in and under the
 20 land subject to the provisions of 15-23-501 and 15-23-801;
 21 all timber belonging to individuals or corporations growing
 22 or being on the lands of the United States; and all rights
 23 and privileges appertaining thereto.

24 (h) The term "taxable value" means the percentage of
 25 market or assessed value as provided for in ~~chapter 67~~ part

1 ~~† [sections 1 through 10 of this act].~~

2 (2) The phrase "municipal corporation" or
 3 "municipality" or "taxing unit" shall be deemed to include a
 4 county, city, incorporated town, township, school district,
 5 irrigation district, drainage district, or any person,
 6 persons, or organized body authorized by law to establish
 7 tax levies for the purpose of raising public revenue.

8 (3) The term "state board" or "board" when used
 9 without other qualification shall mean the state tax appeal
 10 board.

11 Section 15. Section 15-6-101, MCA, is amended to read:
 12 "15-6-101. Property subject to taxation --
 13 classification. (1) All property in this state is subject to
 14 taxation, except as provided otherwise.

15 (2) For the purpose of taxation, the taxable property
 16 in the state shall be classified in accordance with ~~15-6-102~~
 17 ~~through 15-6-121~~ [sections 1 through 10 of this act]."

18 Section 16. Section 15-7-202, MCA, is amended to read:
 19 "15-7-202. Eligibility of land for valuation as
 20 agricultural. (1) Land which is actively devoted to
 21 agricultural use shall be eligible for valuation,
 22 assessment, and taxation as herein provided each year it
 23 meets either of the following qualifications:

24 (a) the area of such land is not less than 5
 25 contiguous acres when measured in accordance with provisions

1 of 15-7-206, and it has been actively devoted to agriculture
2 during the last growing season, and it continues to be
3 actively devoted to agricultural use, which means:

4 (i) it is used to produce field crops including but
5 not limited to grains, feed crops, fruits, vegetables; or

6 (ii) it is used for grazing; or

7 ~~(iii) it is used for growing timber; or~~

8 ~~(iv) it is in a cropland retirement program; or~~

9 (b) it agriculturally produces for sale or home
10 consumption the equivalent of 15% or more of the owners'
11 annual gross income regardless of the number of contiguous
12 acres in the ownership.

13 (2) Land shall not be classified or valued as
14 agricultural if it is subdivided with stated restrictions
15 prohibiting its use for agricultural purposes.

16 (3) The grazing on land by a horse or other animals
17 kept as a hobby and not as a part of a bona fide
18 agricultural enterprise shall not be considered a bona fide
19 agricultural operation."

20 Section 17. Section 15-8-111, MCA, is amended to read:

21 "15-8-111. Assessment -- market value standard --
22 exceptions. (1) All taxable property must be assessed at
23 100% of its market value except as provided in subsection
24 (5) of this section and in 15-7-111 through 15-7-114.

25 (2) Market value is the value at which property would

1 change hands between a willing buyer and a willing seller,
2 neither being under any compulsion to buy or to sell and
3 both having reasonable knowledge of relevant facts.

4 (3) The department of revenue or its agents may not
5 adopt a lower or different standard of value from market
6 value in making the official assessment and appraisal of the
7 value of property in ~~class one and classes seven through~~
8 ~~eighteen subsection (1)(a) of [section 1], [sections 4~~
9 ~~through 8], and [section 10].~~ For purposes of taxation,
10 assessed value is the same as appraised value.

11 (4) The taxable value for all property in ~~class one~~
12 ~~subsection (1)(a) of [section 1], and classes seven four~~
13 ~~through eighteen eight, and class ten~~ is the percentage of
14 market value established for each class of property in
15 ~~15-6-102 and 15-6-108 subsection (2)(a) of [section 1],~~
16 ~~[section 4] through 15-6-119 [section 8], and [section 10].~~

17 (5) The assessed value of properties in ~~15-6-103~~
18 ~~through 15-6-107 and 15-6-120 subsection (1)(b) of [section~~
19 ~~1], [section 2], [section 3], and [section 9]~~ is as follows:

20 ~~(a) Property in 15-6-106, under class five, is~~
21 ~~assessed at 100% of book value by the method established in~~
22 ~~15-6-106 and the sections cited therein.~~

23 ~~(b)(1) Properties in 15-6-103 subsection (1)(b) of~~
24 ~~[section 1], under class two, are assessed at 100% of~~
25 the annual net proceeds after deducting the expenses

1 specified and allowed by 15-23-503.

2 (e)(b) Properties in ~~15-6-104, 15-6-105, and 15-6-120,~~
3 [section 2] under ~~classes three, four, and nineteen class~~
4 ~~and~~ are assessed at 100% of the annual gross proceeds.

5 (d)(c) Properties in ~~15-6-107~~ [section 3], under class
6 ~~and three,~~ are assessed at 100% of the productive capacity
7 of the lands when valued for agricultural purposes. All
8 lands that meet the qualifications of 15-7-202 are valued as
9 agricultural lands for tax purposes.

10 (d) Property in [section 9], under class nine, is
11 assessed as provided in part 5, chapter 24, Title 15.

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

14 (a) ownership of the improvements is different from
15 ownership of the land;

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

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

18 (7) The taxable value of all property in subsection
19 (1)(b) of [section 1] and classes two, through ~~and three,~~
20 ~~and nine~~ is the percentage of assessed value established in
21 ~~15-6-103 through 15-6-107~~ subsection (2)(b) of [section 1]
22 and [sections 2, 3, and 9] for each class of property.

23 Section 18. Section 15-23-501, MCA, is amended to
24 read:

25 "15-23-501. Taxation of mines. All mines and mining

1 claims, both placer and rock in place, containing or bearing
2 gold, silver, copper, lead, coal, or other valuable mineral
3 deposits, after purchase thereof from the United States,
4 shall be taxed ~~at the price paid the United States therefor~~
5 ~~unless the surface ground or some part thereof of such mine~~
6 ~~or claim is used for other than mining purposes and has a~~
7 ~~separate and independent value for such other purposes, in~~
8 ~~which case said surface ground or any part thereof so used~~
9 ~~for other than mining purposes shall be taxed at its full~~
10 ~~value for such other purposes as all other land is taxed.~~
11 All machinery used in mining and all property and surface
12 improvements upon or appurtenant to mines and mining claims
13 which have a value separate and independent of such mines or
14 mining claims and the annual net proceeds of all mines and
15 mining claims shall be taxed as other personal property."

16 Section 19. Section 15-23-505, MCA, is amended to
17 read:

18 "15-23-505. Assessment of royalties. Upon receipt of
19 the list or schedule setting forth the names and addresses
20 of any and all persons owning or claiming royalty and the
21 amount paid or yielded as royalty to the royalty owners or
22 claimants during the year for which the return is made, the
23 department of revenue shall proceed to assess and tax the
24 royalties on the same basis as net proceeds of mines are
25 taxed as provided by ~~15-6-103~~ [section 1 of this act]."

1 Section 20. Section 15-24-102, MCA, is amended to
2 read:

3 "15-24-102. Valuation of interstate fleets --
4 determination of aggregate tax due. The department of
5 revenue shall assess any interstate motor vehicle fleet
6 making application for proportional registration as follows:

7 (1) The purchase price depreciated by a schedule as
8 prescribed by the department shall determine the depreciated
9 value.

10 (2) The depreciated value multiplied by the percent of
11 miles traveled in Montana as prescribed by 61-3-721 shall be
12 the assessed value.

13 (3) The sum of the assessed value of all vehicles
14 included in the fleet multiplied by ~~±2%~~ 16% shall be the
15 taxable value for the entire fleet.

16 (4) To determine the amount of tax due, the taxable
17 value of the entire fleet shall be multiplied by the
18 statewide average county mill levy plus state levies as
19 hereinafter provided."

20 Section 21. Section 15-24-301, MCA, is amended to
21 read:

22 "15-24-301. Personal property brought into the state
23 -- assessment -- exceptions -- custom combine equipment. (1)
24 Property in the following cases is subject to taxation and
25 assessment for all taxes levied that year in the county in

1 which it is located:

2 (a) any personal property (including livestock)
3 brought, driven, or coming into this state at any time
4 during the year that is used in the state for hire,
5 compensation, or profit;

6 (b) property whose owner or user is engaged in gainful
7 occupation or business enterprise in the state; or

8 (c) property which comes to rest and becomes a part of
9 the general property of the state.

10 (2) The taxes on this property are levied in the same
11 manner and to the same extent, except as otherwise provided,
12 as though the property had been in the county on the regular
13 assessment date, provided that the property has not been
14 regularly assessed for the year in some other county of the
15 state.

16 (3) Nothing in this section shall be construed to levy
17 a tax against a merchant or dealer within this state on
18 goods, wares, or merchandise brought into the county to
19 replenish the stock of the merchant or dealer in addition to
20 the tax levied against the inventory of said merchant or
21 dealer on the regular assessment date.

22 (4) This section shall not apply to motor vehicles
23 brought, driven, or coming into this state by any
24 nonresident, migratory, bona fide agricultural workers
25 temporarily employed in agricultural work in Montana if the

1 motor vehicles are used exclusively for transportation of
2 agricultural workers.

3 (5) Agricultural harvesting machinery classified under
4 ~~classes-eight-and-twelve class seven~~, licensed in other
5 states, and operated on the lands of persons other than the
6 owner of the machinery under contracts for hire shall be
7 subject to a fee in lieu of taxation of \$35 per machine for
8 a 60-day period. The machines shall be subject to taxation
9 under ~~classes-eight-and-twelve class seven~~ only if they are
10 sold in Montana."

11 Section 22. Section 15-24-505, MCA, is amended to
12 read:

13 *15-24-505. Taxation of state banks and shares of
14 stock in. (1) Every state bank or banking corporation
15 located and doing business in this state and every private
16 banker doing business in this state shall be taxed upon the
17 value of all real estate and personal property owned by the
18 bank, banking corporation, or private banker, upon the
19 moneyed capital employed in the business, and such moneyed
20 capital to be ascertained as provided by ~~15-6-106 [section 9~~
21 ~~of this act]~~. The cashier or secretary of every bank or
22 banking corporation and every private banker shall furnish
23 to the department of revenue or its agent in the county in
24 which its or his bank is located, within 5 days after demand
25 therefor, a statement verified by his oath showing all the

1 resources and liabilities of the bank as disclosed by its
2 books at the close of business on December 31 of the
3 preceding year. If the cashier, secretary, or private banker
4 fails to make the statement, the department or its agent
5 shall forthwith obtain the information from any other
6 available source and for this purpose shall have access to
7 the books of the bank, banking corporation, or private
8 banker. The department or its agent shall thereupon make an
9 assessment of the real estate and personal property owned by
10 the bank, banking corporation, or private banker and of the
11 moneyed capital employed in the business of the bank,
12 banking corporation, or private banker. The assessment shall
13 be as fair and equitable as can be made from the best
14 information available. For the purpose of the assessment,
15 the figures disclosed by any prior report made by the bank,
16 banking corporation, or private banker to any state or
17 federal officer pursuant to any state or federal law may be
18 adopted. Any person required by this section to make the
19 statement hereinabove provided who fails to furnish it shall
20 be guilty of a misdemeanor and punished accordingly.

21 (2) All shares of stock in any bank or banking
22 corporation shall be assessed at their full cash value,
23 except to the extent that that value is represented in
24 property which is assessable and taxable to the bank or
25 banking corporation in this state, and shall be taxable to

1 the owners of the shares in the county, school district,
2 city, town, or place where the bank or banking corporation
3 is located, whether the owners of the shares are residents
4 of such county, school district, city, town, or place.

5 (3) The cashier or secretary of any bank or banking
6 corporation shall furnish to the department or its agent,
7 upon demand, the name of each stockholder, with his
8 residence and the number of shares belonging to him at the
9 close of business on December 31 of the preceding year. If
10 the cashier or secretary, for more than 5 days after the
11 demand, fails to furnish such information, he is guilty of a
12 misdemeanor and the department or its agent may obtain
13 information from any other available source or from the
14 books of the bank or banking corporation. For convenience,
15 the assessment of the shares shall be entered on the
16 personal property assessment list under the name of the bank
17 or banking corporation concerned, but in the assessment list
18 the names of the owners of such shares and the number of
19 shares owned by each shall be set forth. The assessment,
20 when so entered, has all the force and effect as if made in
21 the names of the owners of the shares individually. The bank
22 or banking corporation in which the shares are owned is
23 liable for the payment of taxes assessed against the shares,
24 and the taxes are payable by and collected from the bank or
25 banking corporation in the same manner and under the same

1 penalties as other taxes. The bank or banking corporation
2 may recover from the owners of shares any taxes paid on the
3 shares and has a lien therefor upon the shares and upon any
4 dividends accrued or to accrue thereon."

5 Section 23. Section 15-24-506, MCA, is amended to
6 read:

7 "15-24-506. Banks in two or more counties --
8 apportionment of tax. Any state or national bank, banking
9 corporation, or private bank, the stock, moneyed capital, or
10 moneys and credits of which are subject to taxation under
11 the provisions of this part and ~~chapter 6 of this title~~
12 [section 9 of this act] and which has banking offices in
13 more than one county, shall furnish to the department of
14 revenue or its agent in each such county the information
15 required of it by this part, together with a statement of
16 the book value of real estate owned and located in the
17 respective counties and a statement of the deposit liability
18 shown by the books of account of said bank at each of its
19 banking offices at the close of business on December 31 of
20 the preceding year. The aggregate tax on the stock, moneyed
21 capital, and moneys and credits of such bank, computed as
22 provided by law, shall be assessed by and be paid to the
23 respective counties in the proportion which the amount of
24 the deposit liability shown on the books of the office or
25 offices of such bank located in such counties, respectively,

HB 213

1 shall bear to the total deposit liability of such bank."

2 Section 24. Section 15-24-1102, MCA, is amended to
3 read:

4 "15-24-1102. Federal property held under contract of
5 sale. When the property is held under a contract of sale or
6 other agreement whereby upon payment the legal title is or
7 may be acquired by the person, the real property shall be
8 assessed and taxed as defined in ~~chapter 6, part 1,~~
9 [sections 1 through 10] and 15-8-111 without deduction on
10 account of the whole or any part of the purchase price or
11 other sum due on the property remaining unpaid. The lien for
12 the tax may not attach to, impair, or be enforced against
13 any interest of the United States in the real property."

14 Section 25. Section 15-24-1103, MCA, is amended to
15 read:

16 "15-24-1103. Federal property held under lease. When
17 the property is held under lease, other interest, or estate
18 therein less than the fee, except under contract of sale,
19 the property shall be assessed and taxed as for the value,
20 as defined in ~~chapter 6, part 1,~~ [sections 1 through 10 of
21 this act] of such leasehold, interest, or estate in the
22 property and the lien for the tax shall attach to and be
23 enforced against only the leasehold, interest, or estate in
24 the property. When the United States authorizes the taxation
25 of the property for the full assessed value of the fee

1 thereof, the property shall be assessed for full assessed
2 value as defined in 15-8-111."

3 Section 26. Section 15-24-1308, MCA, is amended to
4 read:

5 "15-24-1308. Land classified as industrial --
6 assessment provisions. (1) The governing body shall identify
7 those lands within its jurisdiction whose highest and best
8 purpose is determined to be industrial. Owners of existing
9 industrial buildings and grounds under construction or
10 undergoing expansion that increases the taxable value of the
11 property 10% shall receive tax benefits or penalties based
12 on their compliance with the land use categories established
13 by the governing body. Improvements classified as "new
14 industrial property" under ~~15-6-119~~ [section 5 of this act]
15 may not qualify for benefits under this section. Industrial
16 land and buildings shall be classified as Class A, B, C, or
17 D for purposes of new construction or expansion of existing
18 facilities.

19 (2) Tax benefits and penalties for new construction or
20 expansion shall apply to the land and the improvements
21 thereon in accordance with these classifications, determined
22 by the governing body, based on compliance with the
23 following environmental criteria. Construction of or
24 expansion of industrial buildings and grounds:

25 (a) would not place unreasonable burden on existing

1 public services, such as highways, schools, and police and
2 fire protection;

3 (b) would have sufficient water available for
4 foreseeable needs;

5 (c) would meet existing air and water pollution
6 requirements or that through reclamation the natural
7 environment could be returned substantially to its original
8 condition;

9 (d) would have adequate sewage and solid waste
10 disposal facilities.

11 (3) Classes A, B, C, and D shall be determined and
12 taxed as follows:

13 Class A--complies with criteria (2)(a) through (2)(d).

14 Class B--complies with criteria (2)(c) through (2)(d).

15 Class C--complies with criteria (2)(b) and (2)(d).

16 Class D--other than Class A, B, or C.

17 LAND CLASSIFICATION	18 INDUSTRIAL CLASSIFICATION			
	CLASS A	CLASS B	CLASS C	CLASS D
19 Residential	+ 50%	+100%	+150%	+200%
20 Commercial	- 25%	- 15%	-0-	+ 50%
21 Industrial	- 50%	- 30%	- 10%	+ 25%

22 The percentages above reflect the amount in addition
23 (+) to the taxable value or less than (-) the taxable value.
24 These percentages of taxable value shall be continuously
25 applied to the land and the buildings for 10 consecutive

1 years following their construction. The construction period
2 may not be taxed for new industrial construction or
3 expansion of an existing industry except as provided in
4 15-24-1307(3) and (5). Beginning with the 11th year
5 following construction, the percentage of taxable value
6 shall be adjusted in equal increments until taxable value is
7 attained in the 20th year. Thereafter, the property shall be
8 taxed at 100% of taxable value."

9 Section 27. Section 15-24-1311, MCA, is amended to
10 read:

11 15-24-1311. Remodeling of homes, buildings, or
12 structures -- assessment provisions. (1) Remodeling of
13 existing buildings or structures shall receive tax benefits
14 ~~in lieu of those provided under 15-6-114~~ during the
15 construction period and for the following 5 years in
16 accordance with the following schedule. These percentages
17 shall be applied to any increase in taxable value caused by
18 the remodeling:

19 Construction period	0%
20 First year following construction	20%
21 Second year following construction	40%
22 Third year following construction	60%
23 Fourth year following construction	80%
24 Fifth year following construction	100%
25 Following years	100%

1 (2) If an existing home, building, or structure is not
 2 remodeled as defined in this chapter within the 10 years
 3 following passage of this act, a 5% increase shall be added
 4 to its taxable value each year that the owner fails to
 5 remodel to a maximum of 50%. After a home, building, or
 6 structure has been remodeled, the provisions of this section
 7 shall be considered to be started again with the beginning
 8 of a new 10-year period.

9 (3) The governing body shall waive the provisions of
 10 this section unless it can be demonstrated that lack of
 11 regular maintenance over a period of time has failed to
 12 maintain the value of the property and that depreciation has
 13 taken place to lower the value of the property more than
 14 2 1/2%."

15 Section 28. Section 20-9-407, MCA, is amended to read:

16 "20-9-407. Industrial facility agreement for bond
 17 issue in excess of maximum. (1) In a school district within
 18 which a new major industrial facility which seeks to qualify
 19 for taxation as class ~~eighteen five~~ property under ~~15-6-119~~
 20 ~~[section 5 of this act]~~ is being constructed or is about to
 21 be constructed, the school district may require, as a
 22 precondition of the new major industrial facility qualifying
 23 as class ~~eighteen five~~ property, that the owners of the
 24 proposed industrial facility enter into an agreement with
 25 the school district concerning the issuing of bonds in

1 excess of the 29% limitation prescribed in this section.
 2 Under such an agreement, the school district may, with the
 3 approval of the voters, issue bonds which exceed the
 4 limitation prescribed in this section by a maximum of 29% of
 5 the estimated taxable value of the property of the new major
 6 industrial facility subject to taxation when completed. The
 7 estimated taxable value of the property of the new major
 8 industrial facility subject to taxation shall be computed by
 9 the department of revenue when requested to do so by a
 10 resolution of the board of trustees of the school district.
 11 A copy of the department's statement of estimated taxable
 12 value shall be printed on each ballot used to vote on a bond
 13 issue proposed under this section.

14 (2) Pursuant to the agreement between the new major
 15 industrial facility and the school district and as a
 16 precondition to qualifying as class ~~eighteen five~~ property,
 17 the new major industrial facility and its owners shall pay,
 18 in addition to the taxes imposed by the school district on
 19 property owners generally, so much of the principal and
 20 interest on the bonds provided for under this section as
 21 represents payment on an indebtedness in excess of the
 22 limitation prescribed in this section. After the completion
 23 of the new major industrial facility and when the
 24 indebtedness of the school district no longer exceeds the
 25 limitation prescribed in this section, the new major

1 industrial facility shall be entitled, after all the current
2 indebtedness of the school district has been paid, to a tax
3 credit over a period of no more than 20 years. The credit
4 shall as a total amount be equal to the amount which the
5 facility paid the principal and interest of the school
6 district's bonds in excess of its general liability as a
7 taxpayer within the district.

8 (3) A major industrial facility is a facility subject
9 to the taxing power of the school district, whose
10 construction or operation will increase the population of
11 the district, imposing a significant burden upon the
12 resources of the district and requiring construction of new
13 school facilities. A significant burden is an increase in
14 ANB of at least 20% in a single year."

15 Section 29. Repealer. Sections 15-6-102 through
16 15-6-121 and 15-7-121, MCA, are repealed.

-End-

HL 210

STATE OF MONTANA

REQUEST NO. 52-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, 19 79, there is hereby submitted a Fiscal Note for House Bill 213 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This bill is an act to generally revise the property tax classification system.

ASSUMPTIONS

- 1) The total taxable value of the state is:

<u>FY79 (actual)</u>	<u>FY80(estimated)</u>	<u>FY81(estimated)</u>
\$1,568,246,354	\$1,647,000,000	\$1,729,000,000
- 2) The state levy for support of the university system will be 6 mills.
- 3) There will be no other levies for state purposes during the biennium.
- 4) The composition of the tax base will remain constant throughout the biennium so that the change observed in FY79 under the proposal (actual computation) would also occur in FY80 and FY81. (See results on attached sheet.)
- 5) Altering the classification system will entail no additional administrative costs.
- 6) Since act will not be effective until July 1, 1979, it will have no effect on the taxable values for FY80.

FISCAL IMPACT

	<u>FY80</u>	<u>FY81</u>
University Levy (6 mills)		
under current law	\$ 9,882,000	\$10,374,000
under proposed law	9,882,000	\$10,206,978
Estimated Decrease	\$ 0	(\$ 167,022)

FUND INFORMATION

University Levy		
under current law	\$ 9,882,000	\$10,374,000
under proposed law	9,882,000	10,206,978
Estimated Decrease	\$ 0	(\$ 167,022)

EFFECT ON LOCAL GOVERNMENTS

The effects will vary from county to county and municipality to municipality depending on the size and composition of the tax base. A survey of the property values in eighteen cities revealed a decrease in taxable value averaging 1.74% using actual 1979 values. (Results on attached sheet.)

Richard L. Irons for
 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 1/25/79

<u>County</u>	<u>Percentage Change</u>	<u>County</u>	<u>Percentage Change</u>
Beaverhead	-1.54%	McCone	-1.09%
Big Horn	-1.43%	Meagher	-1.72%
Blaine	- .66%	Mineral	-3.0 %
Broadwater	-4.24%	Missoula	-2.61%
Carbon	-1.45%	Musselshell	- .66%
Carter	-1.33%	Park	- .99%
Cascade	-2.97%	Petroleum	- .74%
Chouteau	-1.02%	Phillips	-1.19%
Custer	-1.13%	Pondera	-1.45%
Daniels	-1.71%	Powder River	- .16%
Dawson	-1.36%	Powell	-3.37%
Deerlodge	-3.36%	Prairie	-1.2 %
Fallon	- .56%	Ravalli	-1.74%
Fergus	-1.38%	Richland	-1.63%
Flathead	-2.04%	Roosevelt	-1.34%
Gallatin	-2.0 %	Rosebud	- .7 %
Garfield	- .74%	Sanders	-2.44%
Glacier	- .77%	Sheridan	- .9 %
Golden Valley	- .77%	Silver Bow	-2.18%
Granite	-2.76%	Stillwater	- .83%
Hill	-1.05%	Sweet Grass	- .77%
Jefferson	-3.4 %	Teton	-1.17%
Judith Basin	- .67%	Toole	- .88%
Lake	-1.42%	Treasure	-1.33%
Lewis & Clark	-1.69%	Valley	-1.31%
Liberty	- .5 %	Wheatland	-1.0 %
Lincoln	-4.58%	Wibaux	-1.24%
Madison	-1.65%	Yellowstone	-2.14%
		STATE TOTAL	-1.69%
		STATE TOTAL including change after state allocation of Co-op	-1.61%

<u>Cities</u>	<u>Percentage Change</u>	<u>Cities</u>	<u>Percentage Change</u>
Choteau	-1.95%	Harlowton	-1.66%
Fairfield	-2.55%	Polson	-2.05%
Hardin	-1.45%	Ronan	-2.9 %
Havre	-1.49%	Baker	-1.91%
Lewistown	-1.74%	Hamilton	-2.05%
Glasgow	-1.6 %	Helena	-1.08%
Billings	-2.02%	Libby	-2.04%
Townsend	-1.61%	Dillon	-1.48%
Jordan	-1.86%	Glendive	-1.48%
		CITIES TOTAL	-1.74%

STATE OF MONTANA

REQUEST NO. 52-79

FISCAL NOTE

Form BD-15

In compliance with a written request received April 2, 19 79, there is hereby submitted a Fiscal Note for Amended House Bill 213 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 proposed bill would revise the property tax classification system.

ASSUMPTIONS

- 1) The total taxable value of the state is:

<u>FY 79 (actual)</u>	<u>FY80 (Estimated)</u>	<u>FY81 (Estimated)</u>
\$1,568,246,354	\$1,647,000,000	\$1,729,000,000
- 2) The state levy for the support of the university system will be 6 mills.
- 3) The average statewide levy for local governments will be 200 mills.
- 4) There will be no other levies for state purposes during the biennium.
- 5) The composition of the tax base will remain constant throughout the biennium so that the change observed in FY 79 under the proposal (actual computation) would also occur in FY 80 & FY 81.
- 6) Altering the classification system will entail no additional administrative costs.
- 7) Since the act will not be effective until July 1, 1979, it will have no effect on the taxable values for FY 80.

FISCAL IMPACT

	<u>FY80</u>	<u>FY81</u>
University Levy (6 mills)		
under current law	\$ 9,882,000 M	\$10,374,000 M
under proposed law	<u>9,882,000 M</u>	<u>10,260,000 M</u>
Estimated Decrease	(\$ <u>0 M</u>)	(\$ <u>114,000 M</u>)

FUND INFORMATION

University Levy		
under current law	\$ 9,882,000 M	\$10,374,000 M
under proposed law	<u>9,882,000 M</u>	<u>10,260,000 M</u>
Estimated Decrease	(\$ <u>0 M</u>)	(\$ <u>114,000 M</u>)

EFFECT ON LOCAL GOVERNMENT

The proposed legislation would have no impact in FY 80, but it would decrease revenues to local governments by approximately \$3,800,000 in FY 81.

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 7/3/79

Richard L. Tracy
for

Approved by Committee
on Taxation

1 HOUSE BILL NO. 213
 2 INTRODUCED BY WILLIAMS, GOODOVER, YARDLEY, HUENNEKENS,
 3 FAGG, SIVERTSEN, GERKE, VINCENT, WATT, TOWE,
 4 TURNAGE, MATHERS, GALT, SCULLY, BENGTSON, DASSINGER,
 5 FASBENDER, STORY, FABREGA, KOLSTAD, LOWE, GRAHAM,
 6 HAZELBAKER, ROSKIE, O'HARA, DUSSAULT
 7 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE
 8
 9 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 10 PROPERTY TAX CLASSIFICATION SYSTEM; AMENDING SECTIONS
 11 15-1-101, 15-6-101, 15-7-202, 15-8-111, 15-23-501,
 12 15-23-505, 15-24-102, 15-24-301, ~~15-24-505, ---15-24-506,~~
 13 15-24-1102, 15-24-1103, 15-24-1308, 15-24-1311, AND
 14 20-9-407; AND REPEALING SECTIONS 15-6-102 THROUGH 15-6-121
 15 AND 15-7-121."

16
 17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 18 NEW SECTION. Section 1. Class one property --
 19 description -- taxable percentage. (1) Class one property
 20 includes:
 21 (a) the right of entry that is a property right
 22 reserved in land or received by mesne conveyance (exclusive
 23 of leasehold interests), devise, or succession to enter land
 24 whose surface title is held by another to explore, prospect,
 25 or dig for oil, gas, coal, or minerals; and

1 (b) the annual net proceeds of all mines and mining
 2 claims except coal and metal mines.
 3 (2) Class one property is taxed as follows:
 4 (a) Property described in subsection (1)(a) is taxed
 5 at 100% of its market value, as determined by the department
 6 of revenue.
 7 (b) Property described in subsection (1)(b) is taxed
 8 at 100% of its annual net proceeds after deducting the
 9 expenses specified and allowed by 15-23-503.
 10 NEW SECTION. Section 2. Class two property --
 11 description -- taxable percentage. (1) Class two property
 12 includes:
 13 (a) the annual gross proceeds of metal mines;
 14 (b) the annual gross proceeds of underground coal
 15 mines; and
 16 (c) the annual gross proceeds of coal mines using the
 17 strip-mining method.
 18 (2) Class two property is taxed as follows:
 19 (a) Property described in subsection (1)(a) is taxed
 20 at 3% of its annual gross proceeds, as defined in 15-23-801.
 21 (b) Property described in subsection (1)(b) is taxed
 22 at 33 1/3% of its annual gross proceeds.
 23 (c) Property described in subsection (1)(c) is taxed
 24 at 45% of its annual gross proceeds.
 25 NEW SECTION. Section 3. Class three property --

1 description -- taxable percentage. (1) Class three property
2 includes agricultural land as defined in 15-7-202.

3 (2) Class three property is taxed at 30% of its
4 productive capacity.

5 **NEW_SECTION.** Section 4. Class four property --
6 description -- taxable percentage. (1) Class four property
7 includes:

8 (a) all land except that specifically included in
9 another class;

10 (b) all improvements except those specifically
11 included in another class;

12 (c) all trailers and mobile homes used as permanent
13 dwellings except:

14 (i) those held by a distributor or dealer of trailers
15 or mobile homes as his stock in trade; and

16 (ii) those specifically included in another class;

17 (d) the first \$35,000 or less of the market value of
18 any improvement on real property or a trailer or mobile home
19 used as a permanent dwelling and appurtenant land not
20 exceeding 5 acres owned or under contract for deed and
21 actually occupied for at least 10 months a year as the
22 primary residential dwelling of:

23 (i) a widow or widower 62 years of age or older who
24 qualifies under the income limitations of (iii) of this
25 subsection;

1 (ii) a widow or widower of any age with dependent
2 children who qualifies under the income limitations of (iii)
3 of this subsection; or

4 (iii) a recipient or recipients of retirement or
5 disability benefits whose total income from all sources is
6 not more than \$7,000 for a single person or \$8,000 for a
7 married couple.

8 (2) Class four property is taxed as follows:

9 (a) Property described in subsections (1)(a) through
10 (1)(c) is taxed at 8.55% of its market value.

11 (b) Property described in subsection (1)(d) is taxed
12 at one-half the taxable percentage established in subsection
13 (2)(a), or 4.275%.

14 **NEW_SECTION.** Section 5. Class five property --
15 description -- taxable percentage. (1) Class five property
16 includes:

17 ~~(a) business inventories as defined in this section~~
18 ~~(b) all unprocessed agricultural products on the farm~~
19 ~~or in storage except:~~

20 ~~(i) all perishable fruits and vegetables in farm~~
21 ~~storage and owned by the producer and~~

22 ~~(ii) livestock and poultry and the unprocessed~~
23 ~~products of both~~

24 (c) ~~(1) all property used and owned by cooperative~~
25 ~~rural electrical and cooperative rural telephone~~

1 associations organized under the laws of Montana, except
 2 property owned by cooperative organizations described in
 3 subsection (1)(c) of [section 6 I];

4 ~~(d)(B)~~ air and water pollution control equipment as
 5 defined in this section;

6 ~~(e)(C)~~ truck campers, motor homes, and camping and
 7 travel trailers, including fifth-wheel trailers, owned by
 8 and actually used primarily by a person 60 years of age or
 9 older who:

- 10 (i) is retired from full employment; and
- 11 (ii) whose total income from all sources is not more
 12 than \$7,000 for a single person or \$8,000 for a married
 13 couple;

14 ~~(f)(D)~~ new industrial property as defined in this
 15 section.

16 ~~(2) "Business-inventories"-includes-goods-intended-for~~
 17 ~~sale--or--lease--in--the-ordinary-course-of-business-and-raw~~
 18 ~~materials-and-work-in-progress-with-respect-to--such--goods.~~
 19 ~~Business--inventories--do-not-include-goods-leased-or-rented~~
 20 ~~or-mobile-homes-held-by-a-dealer-or-distributor-as-part-of~~
 21 ~~his---stock---in---trade---The--market--value--of--business~~
 22 ~~inventories--for-property-tax-purposes--is-the-cost--to--the~~
 23 ~~person-subject-to-the-inventory-tax.~~

24 ~~(3)--"Air and water pollution equipment" means~~
 25 ~~facilities, machinery, or equipment used to abate REDUCE or~~

1 control water or atmospheric pollution or contamination by
 2 removing, ~~REDUCING,~~ altering, disposing, or storing
 3 pollutants, contaminants, wastes, or heat. The department of
 4 health and environmental sciences shall promote ~~rates~~
 5 ~~identifying-equipment-meeting-this-definition~~ ~~DETERMINE~~ ~~IF~~
 6 ~~SUCH UTILIZATION IS BEING MADE.~~

7 ~~(4)(3)~~ "New industrial property" means any new
 8 industrial plant, including land, buildings, machinery, and
 9 fixtures, used by new industries during the first 3 years of
 10 their operation. The property may not have been assessed
 11 within the state of Montana prior to July 1, 1961.

12 ~~(5)(4)~~ (a) "New industry" means any person,
 13 corporation, firm, partnership, association, or other group
 14 that establishes a new plant in Montana for the operation of
 15 a new industrial endeavor, as distinguished from a mere
 16 expansion, reorganization, or merger of an existing
 17 industry.

18 (b) New industry includes only those industries that:
 19 (i) manufacture, mill, mine, produce, process, or
 20 fabricate materials;

21 (ii) do similar work, employing capital and labor, in
 22 which materials unserviceable in their natural state are
 23 extracted, processed, or made fit for use or are
 24 substantially altered or treated so as to create commercial
 25 products or materials; or

1 (iii) engage in the mechanical or chemical
 2 transformation of materials or substances into new products
 3 in the manner defined as manufacturing in the 1972 Standard
 4 Industrial Classification Manual prepared by the United
 5 States office of management and budget.

6 ~~(6)(5)~~ New industrial property does not include:

7 (a) property used by retail or wholesale merchants,
 8 commercial services of any type, agriculture, trades, or
 9 professions;

10 (b) a plant that will create adverse impact on
 11 existing state, county, or municipal services; or

12 (c) property used or employed in any industrial plant
 13 that has been in operation in this state for 3 years or
 14 longer.

15 ~~(7)(6)~~ Class five property is taxed at 3% of its
 16 market value.

17 SECTION 6. THERE IS A NEW MCA SECTION THAT READS:

18 Class six property -- description -- taxable
 19 percentage. (1) Class six property includes:

20 (a) business inventories as defined in this section;

21 (b) all unprocessed agricultural products on the farm
 22 or in storage except:

23 (i) all perishable fruits and vegetables in farm
 24 storage and owned by the producer; and

25 (ii) livestock and poultry and the unprocessed products

1 of both.

2 (2) "Business inventories" includes goods intended for
 3 sale or lease in the ordinary course of business and raw
 4 materials and work in progress with respect to such goods.
 5 Business inventories do not include goods leased or rented
 6 or mobile homes held by a dealer or distributor as part of
 7 his stock in trade. The market value of business
 8 inventories, for property tax purposes, is the cost to the
 9 person subject to the inventory tax.

10 (3) Class six property is taxed at 4% of its market
 11 value.

12 NEW SECTION. Section 7. Class six SEVEN property --
 13 description -- taxable percentage. (1) Class six SEVEN
 14 property includes:

15 (a) livestock, poultry, and unprocessed products of
 16 both;

17 (b) all property used and owned by persons, firms,
 18 corporations, or other organizations that are engaged in the
 19 business of furnishing telephone communications exclusively
 20 to rural areas or to rural areas and cities and towns of 800
 21 persons or less;

22 (c) all property owned by cooperative rural electrical
 23 and cooperative rural telephone associations that serve less
 24 than 95% of the electricity consumers or telephone users
 25 within the incorporated limits of a city or town;

1 (d) electric transformers and meters; electric light
2 and power substation machinery; natural gas measuring and
3 regulating station equipment, meters, and compressor station
4 machinery owned by centrally assessed public utilities; and
5 tools used in the repair and maintenance of this property;
6 and

7 (e) tools, implements, and machinery used to repair
8 and maintain machinery not used for manufacturing and mining
9 purposes.

10 (2) To qualify for this classification, the average
11 circuit miles for each station on the telephone
12 communication system described in subsection (1)(b) must be
13 more than 1 1/4 miles.

14 (3) Class ~~six~~ SEVEN property is taxed at 8% of its
15 market value.

16 NEW SECTION. Section 8. Class seven EIGHT property --
17 description -- taxable percentage. (1) Class seven EIGHT
18 property includes:

- 19 (a) all agricultural implements and equipment;
20 (b) all mining machinery, fixtures, equipment, tools,
21 and supplies except:
22 (i) those included in class five; and
23 (ii) coal and ore haulers;
24 (c) all manufacturing machinery, fixtures, equipment,
25 tools, and supplies except those included in class five;

- 1 (d) motorcycles;
2 (e) watercraft;
3 (f) light utility and boat trailers;
4 (g) aircraft;
5 (h) snowmobiles and all-terrain vehicles;
6 (i) harness, saddlery, and other tack equipment; and
7 (j) all other machinery except that specifically
8 included in another class.

9 (2) Class seven EIGHT property is taxed at 11% of its
10 market value.

11 NEW SECTION. Section 9. Class eight NINE property --
12 description -- taxable percentage. (1) Class eight NINE
13 property includes:

- 14 (a) automobiles, buses, and trucks weighing 1 1/2 tons
15 or less;
16 (b) stock, camping, and travel trailers;
17 (c) truck campers and toppers weighing more than 300
18 pounds, except those included in class five;
19 (d) motor homes except those included in class five;
20 (e) furniture, fixtures, and equipment, except that
21 specifically included in another class, used in commercial
22 establishments as defined in this section; and
23 ~~(F) X-RAY AND MEDICAL AND DENTAL EQUIPMENT; AND~~
24 ~~{F}IG~~ citizens' band radios and mobile telephones.
25 (2) "Commercial establishment" includes any hotel;

1 motel; office; petroleum marketing station; or service,
2 wholesale, retail, or food-handling business.

3 (3) Class eight ~~NINE~~ property is taxed at 13% of its
4 market value.

5 ~~NEW SECTION. Section 10. Class nine property~~
6 ~~description. Taxable percentage. (1) Class nine property~~
7 ~~includes moneyed capital and shares of banks.~~

8 ~~(2) Class nine property is assessed and taxed as~~
9 ~~provided in chapter 24, part 5.~~

10 ~~NEW SECTION. Section 10. Class ten property --~~
11 ~~description. Taxable percentage. (1) Class ten property~~
12 ~~includes:~~

13 (a) radio and television broadcasting and transmitting
14 equipment;

15 (b) cable television systems;

16 (c) centrally assessed utility allocations after
17 deductions of locally assessed properties, except as
18 provided in:

19 (i) class five for cooperative rural electrical and
20 cooperative rural telephone associations; and

21 (ii) class ~~six~~ SEVEN for rural telephone and electrical
22 organizations;

23 (d) coal and ore haulers;

24 (e) trucks weighing more than 1 1/2 tons, including
25 those prorated under 15-24-102;

1 (f) trailers, except those included in classes five,
2 seven ~~or eight~~ EIGHT, OR NINE, including those prorated
3 under 15-24-102;

4 ~~(g) x-ray and specialized medical and dental~~
5 ~~equipment;~~

6 ~~(h) (G) theater projectors and sound equipment; and~~

7 ~~(i) (H) all other property not included in the~~
8 ~~preceding nine classes.~~

9 (2) Class ten property is taxed at 16% of its market
10 value.

11 ~~NEW SECTION. Section 11. Certain disabled veterans'~~
12 ~~residences exempt. (1) A residence, including the lot on~~
13 ~~which it is built, owned and occupied by a disabled veteran~~
14 ~~is exempt from property taxation under the following~~
15 ~~conditions. The owner must:~~

16 (a) have been honorably discharged from active service
17 in any branch of the armed services;

18 (b) be rated 100% disabled due to a service-connected
19 disability by the United States veterans administration or
20 its successor; and

21 (c) have an annual income from all sources of not more
22 than \$7,000 for a single person and \$8,000 for a married
23 couple.

24 (2) If a veteran whose property has been eligible for
25 this exemption dies, the property shall continue to be

1 exempt so long as the surviving spouse:

- 2 (a) remains unmarried;
- 3 (b) is the owner and occupant of the house; and
- 4 (c) has a total annual income from all sources of not
- 5 more than \$7,000.

6 ~~NEW SECTION.~~ Section 12. Application for class five
 7 and certain class four classifications. (1) A person
 8 applying for classification of property described in
 9 subsection ~~(1)(e)~~ ~~(1)(c)~~ of [section 5] or subsection (1)(d)
 10 of [section 4] shall make an affidavit to the department of
 11 revenue, on a form provided by the department without cost,
 12 stating:

- 13 (a) his income;
- 14 (b) his retirement benefits;
- 15 (c) his marital status;
- 16 (d) the fact that he maintains the land and
- 17 improvements as his primary residential dwelling, where
- 18 applicable; and
- 19 (e) such other information as is relevant to the
- 20 applicant's eligibility.

21 (2) This application must be made before March 1 of
 22 the year after the applicant becomes eligible.

23 (3) The affidavit is sufficient if the applicant signs
 24 a statement affirming the correctness of the information
 25 supplied, whether or not the statement is signed before a

1 person authorized to administer oaths, and mails the
 2 application and statement to the department of revenue. This
 3 signed statement shall be treated as a statement under oath
 4 or equivalent affirmation for the purposes of 45-7-202,
 5 relating to the criminal offense of false swearing.

6 ~~NEW SECTION.~~ Section 13. Application for
 7 classification as new industrial property. (1) Any person,
 8 firm, or other group seeking to qualify its property for
 9 classification as new industrial property under class five
 10 shall make application to the department of revenue on a
 11 form provided by the department.

12 (2) The department of revenue shall promulgate rules
 13 for the determination of what constitutes an adverse impact,
 14 taking into consideration the number of people to be
 15 employed and the size of the community in which the location
 16 of the industrial property is contemplated.

17 (3) If the department makes an initial determination
 18 that the industrial property qualifies as new industrial
 19 property under class five, it shall publish notice of and
 20 hold a public hearing to determine whether the property
 21 should retain this classification.

22 (4) Local taxing authority officials may waive their
 23 objections to the property's classification in class five if
 24 the owner of the new industrial property agrees to prepay
 25 property taxes on the property during the construction

1 period. The maximum amount of prepayment shall be the
2 amount of tax the owner would have paid on the property if
3 it had not been classified under class five.

4 (5) If a new industrial facility qualifies under class
5 five, its property tax payment may not be reduced for
6 reimbursement of its prepaid taxes as provided in 15-16-201
7 until the class five qualification expires.

8 Section 14. Section 15-1-101, MCA, is amended to read:
9 "15-1-101. Definitions. (1) When terms mentioned in
10 this section are used in connection with taxation, they are
11 defined in the following manner:

12 (a) The term "assessed value" means the value of
13 property as defined in 15-8-111.

14 (b) The term "credit" means solvent debts, secured or
15 unsecured, owing to a person.

16 (c) The term "improvements" includes all buildings,
17 structures, fixtures, fences, and improvements situated
18 upon, erected upon, or affixed to land. When the department
19 of revenue or its agent determines that the permanency of
20 location of a mobile home or housetrailer has been
21 established, the mobile home or housetrailer is presumed to
22 be an improvement to real property. If the mobile home or
23 housetrailer is an improvement located on land not owned by
24 the owner of such improvement, the improvement is assessed
25 as a leasehold improvement to real property and delinquent

1 taxes can be a lien only on the leasehold improvement.

2 (d) The term "mobile home" means forms of housing
3 known as "trailers", "housetrailers", or "trailer coaches",
4 exceeding 8 feet in width or 32 feet in length, designed to
5 be moved from one place to another by an independent power
6 connected to them.

7 (e) The term "personal property" includes everything
8 that is the subject of ownership but that is not included
9 within the meaning of the terms "real estate" and
10 "improvements".

11 (f) The term "property" includes moneys, credits,
12 bonds, stocks, franchises, and all other matters and things,
13 real, personal, and mixed, capable of private ownership.
14 This definition must not be construed to authorize the
15 taxation of the stocks of any company or corporation when
16 the property of such company or corporation represented by
17 the stocks is within the state and has been taxed.

18 (g) The term "real estate" includes:

19 (i) the possession of, claim to, ownership of, or
20 right to the possession of land;

21 (ii) all mines, minerals, and quarries in and under the
22 land subject to the provisions of 15-23-501 and 15-23-801;
23 all timber belonging to individuals or corporations growing
24 or being on the lands of the United States; and all rights
25 and privileges appertaining thereto.

1 (h) The term "taxable value" means the percentage of
2 market or assessed value as provided for in chapter 6, part
3 ~~1~~ [sections 1 through 10 of this act].

4 (2) The phrase "municipal corporation" or
5 "municipality" or "taxing unit" shall be deemed to include a
6 county, city, incorporated town, township, school district,
7 irrigation district, drainage district, or any person,
8 persons, or organized body authorized by law to establish
9 tax levies for the purpose of raising public revenue.

10 (3) The term "state board" or "board" when used
11 without other qualification shall mean the state tax appeal
12 board.

13 Section 15. Section 15-6-101, MCA, is amended to read:

14 "15-6-101. Property subject to taxation --
15 classification. (1) All property in this state is subject to
16 taxation, except as provided otherwise.

17 (2) For the purpose of taxation, the taxable property
18 in the state shall be classified in accordance with ~~15-6-102~~
19 ~~through 15-6-121~~ [sections 1 through 10 of this act]."

20 Section 16. Section 15-7-202, MCA, is amended to read:

21 "15-7-202. Eligibility of land for valuation as
22 agricultural. (1) Land which is actively devoted to
23 agricultural use shall be eligible for valuation,
24 assessment, and taxation as herein provided each year it
25 meets either of the following qualifications:

1 (a) the area of such land is not less than 5
2 contiguous acres when measured in accordance with provisions
3 of 15-7-206, and it has been actively devoted to agriculture
4 during the last growing season, and it continues to be
5 actively devoted to agricultural use, which means:

- 6 (i) it is used to produce field crops including but
7 not limited to grains, feed crops, fruits, vegetables; or
- 8 (ii) it is used for grazing; or
- 9 ~~(iii) it is used for growing timber; or~~
- 10 ~~+++ (iv) it is in a cropland retirement program; or~~

11 (b) it agriculturally produces for sale or home
12 consumption the equivalent of 15% or more of the owners'
13 annual gross income regardless of the number of contiguous
14 acres in the ownership.

15 (2) Land shall not be classified or valued as
16 agricultural if it is subdivided with stated restrictions
17 prohibiting its use for agricultural purposes.

18 (3) The grazing on land by a horse or other animals
19 kept as a hobby and not as a part of a bona fide
20 agricultural enterprise shall not be considered a bona fide
21 agricultural operation."

22 Section 17. Section 15-8-111, MCA, is amended to read:

23 "15-8-111. Assessment -- market value standard --
24 exceptions. (1) All taxable property must be assessed at
25 100% of its market value except as provided in subsection

1 (5) of this section and in 15-7-111 through 15-7-114.

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

6 (3) The department of revenue or its agents may not
7 adopt a lower or different standard of value from market
8 value in making the official assessment and appraisal of the
9 value of property in ~~class one and classes seven through~~
10 ~~eighteen subsection 11(a) of [section 1]~~ AND ~~[sections 4~~
11 ~~through 8] and [section 10]~~. For purposes of taxation,
12 assessed value is the same as appraised value.

13 (4) The taxable value for all property in ~~class one~~
14 ~~subsection 11(a) of [section 1]~~ and AND classes seven four
15 through eighteen ~~eight and class ten~~ is the percentage of
16 market value established for each class of property in
17 ~~15-6-102 and 15-6-100 subsection 21(a) of [section 1]~~ AND
18 ~~[section 4] through 15-6-119 [section 8] and [section 10]~~.

19 (5) The assessed value of properties in ~~15-6-103~~
20 ~~through 15-6-107 and 15-6-120 subsection 11(b) of [section~~
21 ~~1], [section 2], AND [section 3] and [section 9]~~ is as
22 follows:

23 ~~(a) Property in 15-6-106 under class five is~~
24 ~~assessed at 100% of book value by the method established in~~
25 ~~15-6-106 and the sections cited therein~~

1 ~~(b)(a) Properties in 15-6-103 subsection 11(b) of~~
2 ~~[section 1], under class two one, are assessed at 100% of~~
3 ~~the annual net proceeds after deducting the expenses~~
4 ~~specified and allowed by 15-23-503.~~

5 ~~(c)(b) Properties in 15-6-104, 15-6-105, and 15-6-120~~
6 ~~[section 2] under classes three, four, and nineteen class~~
7 ~~two are assessed at 100% of the annual gross proceeds.~~

8 ~~(d)(c) Properties in 15-6-107 [section 3], under class~~
9 ~~six three, are assessed at 100% of the productive capacity~~
10 ~~of the lands when valued for agricultural purposes. All~~
11 ~~lands that meet the qualifications of 15-7-202 are valued as~~
12 ~~agricultural lands for tax purposes.~~

13 ~~(e) Property in [section 9] under class nine is~~
14 ~~assessed as provided in part 5, chapter 24, title 15.~~

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

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

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

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

21 (7) The taxable value of all property in subsection
22 ~~11(b) of [section 1] and classes two AND through six~~
23 ~~three and nine~~ is the percentage of assessed value
24 established in ~~15-6-103 through 15-6-107 subsection 21(b)~~
25 ~~of [section 1] and [sections 2, AND 3, and 9]~~ for each class

1 of property.

2 Section 18. Section 15-23-501, MCA, is amended to
3 read:

4 "15-23-501. Taxation of mines. All mines and mining
5 claims, both placer and rock in place, containing or bearing
6 gold, silver, copper, lead, coal, or other valuable mineral
7 deposits, after purchase thereof from the United States,
8 shall be taxed ~~at the price paid the United States therefor~~
9 ~~unless the surface ground or some part thereof of such mine~~
10 ~~or claim is used for other than mining purposes and has a~~
11 ~~separate and independent value for such other purposes, in~~
12 ~~which case said surface ground or any part thereof so used~~
13 ~~for other than mining purposes shall be taxed at its full~~
14 ~~value for such other purposes as all other land is taxed.~~

15 All machinery used in mining and all property and surface
16 improvements upon or appurtenant to mines and mining claims
17 which have a value separate and independent of such mines or
18 mining claims and the annual net proceeds of all mines and
19 mining claims shall be taxed as other personal property."

20 Section 19. Section 15-23-505, MCA, is amended to
21 read:

22 "15-23-505. Assessment of royalties. Upon receipt of
23 the list or schedule setting forth the names and addresses
24 of any and all persons owning or claiming royalty and the
25 amount paid or yielded as royalty to the royalty owners or

1 claimants during the year for which the return is made, the
2 department of revenue shall proceed to assess and tax the
3 royalties on the same basis as net proceeds of mines are
4 taxed as provided by ~~15-6-103~~ [section 1 of this act]."

5 Section 20. Section 15-24-102, MCA, is amended to
6 read:

7 "15-24-102. Valuation of interstate fleets --
8 determination of aggregate tax due. The department of
9 revenue shall assess any interstate motor vehicle fleet
10 making application for proportional registration as follows:

11 (1) The purchase price depreciated by a schedule as
12 prescribed by the department shall determine the depreciated
13 value.

14 (2) The depreciated value multiplied by the percent of
15 miles traveled in Montana as prescribed by 61-3-721 shall be
16 the assessed value.

17 (3) The sum of the assessed value of all vehicles
18 included in the fleet multiplied by ~~12%~~ 16% shall be the
19 taxable value for the entire fleet.

20 (4) To determine the amount of tax due, the taxable
21 value of the entire fleet shall be multiplied by the
22 statewide average county mill levy plus state levies as
23 hereinafter provided."

24 Section 21. Section 15-24-301, MCA, is amended to
25 read:

1 ~~15-24-301.~~ Personal property brought into the state
 2 -- assessment -- exceptions -- custom combine equipment. (1)
 3 Property in the following cases is subject to taxation and
 4 assessment for all taxes levied that year in the county in
 5 which it is located:

6 (a) any personal property (including livestock)
 7 brought, driven, or coming into this state at any time
 8 during the year that is used in the state for hire,
 9 compensation, or profit;

10 (b) property whose owner or user is engaged in gainful
 11 occupation or business enterprise in the state; or

12 (c) property which comes to rest and becomes a part of
 13 the general property of the state.

14 (2) The taxes on this property are levied in the same
 15 manner and to the same extent, except as otherwise provided,
 16 as though the property had been in the county on the regular
 17 assessment date, provided that the property has not been
 18 regularly assessed for the year in some other county of the
 19 state.

20 (3) Nothing in this section shall be construed to levy
 21 a tax against a merchant or dealer within this state on
 22 goods, wares, or merchandise brought into the county to
 23 replenish the stock of the merchant or dealer in addition to
 24 the tax levied against the inventory of said merchant or
 25 dealer on the regular assessment date.

1 (4) This section shall not apply to motor vehicles
 2 brought, driven, or coming into this state by any
 3 nonresident, migratory, bona fide agricultural workers
 4 temporarily employed in agricultural work in Montana if the
 5 motor vehicles are used exclusively for transportation of
 6 agricultural workers.

7 (5) Agricultural harvesting machinery classified under
 8 ~~classes-eight-and-twelve class seven EIGHTI~~, licensed in
 9 other states, and operated on the lands of persons other
 10 than the owner of the machinery under contracts for hire
 11 shall be subject to a fee in lieu of taxation of \$35 per
 12 machine for a 60-day period. The machines shall be subject
 13 to taxation under ~~classes-eight-and-twelve class seven EIGHTI~~
 14 only if they are sold in Montana."

15 ~~Section 22, Section 15-24-505, MCA, is amended to~~
 16 ~~read:~~

17 ~~15-24-505. Taxation of state banks and shares of~~
 18 ~~stock in--(1) Every state bank or banking corporation~~
 19 ~~located and doing business in this state and every private~~
 20 ~~banker doing business in this state shall be taxed upon the~~
 21 ~~value of all real estate and personal property owned by the~~
 22 ~~bank, banking corporation, or private banker, upon the~~
 23 ~~moneyed capital employed in the business, and such moneyed~~
 24 ~~capital to be ascertained as provided by 15-6-106 [section 9~~
 25 ~~of this act]. The cashier or secretary of every bank or~~

1 banking corporation and every private banker shall furnish
 2 to the department of revenue or its agent in the county in
 3 which its or his bank is located within 5 days after demand
 4 therefor a statement verified by his oath showing all the
 5 resources and liabilities of the bank as disclosed by its
 6 books at the close of business on December 31 of the
 7 preceding year if the cashier secretary or private banker
 8 fails to make the statement the department or its agent
 9 shall forthwith obtain the information from any other
 10 available source and for this purpose shall have access to
 11 the books of the bank banking corporation or private
 12 banker. The department or its agent shall thereupon make an
 13 assessment of the real estate and personal property owned by
 14 the bank banking corporation or private banker and of the
 15 moneyed capital employed in the business of the bank
 16 banking corporation or private banker. The assessment shall
 17 be as fair and equitable as can be made from the best
 18 information available. For the purpose of the assessment
 19 the figures disclosed by any prior report made by the bank
 20 banking corporation or private banker to any state or
 21 federal officer pursuant to any state or federal law may be
 22 adopted. Any person required by this section to make the
 23 statement hereinabove provided who fails to furnish it shall
 24 be guilty of a misdemeanor and punished accordingly.

{2} All shares of stock in any bank or banking

1 corporation shall be assessed at their full cash value
 2 except to the extent that that value is represented in
 3 property which is assessable and taxable to the bank or
 4 banking corporation in this state and shall be taxable to
 5 the owners of the shares in the county school district
 6 city town or place where the bank or banking corporation
 7 is located whether the owners of the shares are residents
 8 of such county school district city town or place.
 9 {3} The cashier or secretary of any bank or banking
 10 corporation shall furnish to the department or its agent
 11 upon demand the name of each stockholder with his
 12 residence and the number of shares belonging to him at the
 13 close of business on December 31 of the preceding year if
 14 the cashier or secretary for more than 5 days after the
 15 demand fails to furnish such information he is guilty of a
 16 misdemeanor and the department or its agent may obtain
 17 information from any other available source or from the
 18 books of the bank or banking corporation for convenience
 19 the assessment of the shares shall be entered on the
 20 personal property assessment list under the name of the bank
 21 or banking corporation concerned but in the assessment list
 22 the names of the owners of such shares and the number of
 23 shares owned by each shall be set forth. The assessment
 24 when so entered has all the force and effect as if made in
 25 the names of the owners of the shares individually. The bank

1 or banking corporation in which the shares are owned is
 2 liable for the payment of taxes assessed against the shares
 3 and the taxes are payable by and collected from the bank or
 4 banking corporation in the same manner and under the same
 5 penalties as other taxes. The bank or banking corporation
 6 may recover from the owners of shares any taxes paid on the
 7 shares and has a lien therefor upon the shares and upon any
 8 dividends accrued or to accrue thereon."

9 Section 23. Section 15-24-506, MCA, is amended to
 10 read:

11 "15-24-506. Banks in two or more counties
 12 apportionment of tax. Any state or national bank, banking
 13 corporation or private bank, the stock, moneyed capital, or
 14 moneys and credits of which are subject to taxation under
 15 the provisions of this part and chapter 6 of this title
 16 [section 9 of this act] and which has banking offices in
 17 more than one county shall furnish to the department of
 18 revenue or its agent in each such county the information
 19 required of it by this part, together with a statement of
 20 the book value of real estate owned and located in the
 21 respective counties and a statement of the deposit liability
 22 shown by the books of account of said bank at each of its
 23 banking offices at the close of business on December 31 of
 24 the preceding year. The aggregate tax on the stock, moneyed
 25 capital, and moneys and credits of such banks computed as

1 provided by law shall be assessed by and be paid to the
 2 respective counties in the proportion which the amount of
 3 the deposit liability shown on the books of the office or
 4 offices of such bank located in such counties, respectively,
 5 shall bear to the total deposit liability of such banks."

6 Section 22. Section 15-24-1102, MCA, is amended to
 7 read:

8 "15-24-1102. Federal property held under contract of
 9 sale. When the property is held under a contract of sale or
 10 other agreement whereby upon payment the legal title is or
 11 may be acquired by the person, the real property shall be
 12 assessed and taxed as defined in chapter 6, part IV
 13 [sections 1 through 10] and 15-8-111 without deduction on
 14 account of the whole or any part of the purchase price or
 15 other sum due on the property remaining unpaid. The lien for
 16 the tax may not attach to, impair, or be enforced against
 17 any interest of the United States in the real property."

18 Section 23. Section 15-24-1103, MCA, is amended to
 19 read:

20 "15-24-1103. Federal property held under lease. When
 21 the property is held under lease, other interest, or estate
 22 therein less than the fee, except under contract of sale,
 23 the property shall be assessed and taxed as for the value,
 24 as defined in chapter 6, part IV [sections 1 through 10 of
 25 this act] of such leasehold, interest, or estate in the

1 property and the lien for the tax shall attach to and be
 2 enforced against only the leasehold, interest, or estate in
 3 the property. When the United States authorizes the taxation
 4 of the property for the full assessed value of the fee
 5 thereof, the property shall be assessed for full assessed
 6 value as defined in 15-8-111."

7 Section 24. Section 15-24-1308, MCA, is amended to
 8 read:

9 "15-24-1308. Land classified as industrial --
 10 assessment provisions. (1) The governing body shall identify
 11 those lands within its jurisdiction whose highest and best
 12 purpose is determined to be industrial. Owners of existing
 13 industrial buildings and grounds under construction or
 14 undergoing expansion that increases the taxable value of the
 15 property 10% shall receive tax benefits or penalties based
 16 on their compliance with the land use categories established
 17 by the governing body. Improvements classified as "new
 18 industrial property" under ~~15-6-119~~ [section 5 of this act]
 19 may not qualify for benefits under this section. Industrial
 20 land and buildings shall be classified as Class A, B, C, or
 21 D for purposes of new construction or expansion of existing
 22 facilities.

23 (2) Tax benefits and penalties for new construction or
 24 expansion shall apply to the land and the improvements
 25 thereon in accordance with these classifications, determined

1 by the governing body, based on compliance with the
 2 following environmental criteria. Construction of or
 3 expansion of industrial buildings and grounds:

4 (a) would not place unreasonable burden on existing
 5 public services, such as highways, schools, and police and
 6 fire protection;

7 (b) would have sufficient water available for
 8 foreseeable needs;

9 (c) would meet existing air and water pollution
 10 requirements or that through reclamation the natural
 11 environment could be returned substantially to its original
 12 condition;

13 (d) would have adequate sewage and solid waste
 14 disposal facilities.

15 (3) Classes A, B, C, and D shall be determined and
 16 taxed as follows:

- 17 Class A--complies with criteria (2)(a) through (2)(d).
- 18 Class B--complies with criteria (2)(c) through (2)(d).
- 19 Class C--complies with criteria (2)(b) and (2)(d).
- 20 Class D--other than Class A, B, or C.

21 LAND CLASSIFICATION	22 INDUSTRIAL CLASSIFICATION			
	23 CLASS A	24 CLASS B	25 CLASS C	CLASS D
23 Residential	+ 50%	+100%	+150%	+200%
24 Commercial	- 25%	- 15%	-0-	+ 50%
25 Industrial	- 50%	- 30%	- 10%	+ 25%

1 The percentages above reflect the amount in addition
 2 (+) to the taxable value or less than (-) the taxable value.
 3 These percentages of taxable value shall be continuously
 4 applied to the land and the buildings for 10 consecutive
 5 years following their construction. The construction period
 6 may not be taxed for new industrial construction or
 7 expansion of an existing industry except as provided in
 8 15-24-1307(3) and (5). Beginning with the 11th year
 9 following construction, the percentage of taxable value
 10 shall be adjusted in equal increments until taxable value is
 11 attained in the 20th year. Thereafter, the property shall be
 12 taxed at 100% of taxable value."

13 Section 25. Section 15-24-1311, MCA, is amended to
 14 read:

15 15-24-1311. Remodeling of homes, buildings, or
 16 structures -- assessment provisions. (1) Remodeling of
 17 existing buildings or structures shall receive tax benefits
 18 ~~in--lieu--of--those--provided--under--15-6-114~~ during the
 19 construction period and for the following 5 years in
 20 accordance with the following schedule. These percentages
 21 shall be applied to any increase in taxable value caused by
 22 the remodeling:

23	Construction period	0%
24	First year following construction	20%
25	Second year following construction	40%

1	Third year following construction	60%
2	Fourth year following construction	80%
3	Fifth year following construction	100%
4	Following years	100%

5 (2) If an existing home, building, or structure is not
 6 remodeled as defined in this chapter within the 10 years
 7 following passage of this act, a 5% increase shall be added
 8 to its taxable value each year that the owner fails to
 9 remodel to a maximum of 50%. After a home, building, or
 10 structure has been remodeled, the provisions of this section
 11 shall be considered to be started again with the beginning
 12 of a new 10-year period.

13 (3) The governing body shall waive the provisions of
 14 this section unless it can be demonstrated that lack of
 15 regular maintenance over a period of time has failed to
 16 maintain the value of the property and that depreciation has
 17 taken place to lower the value of the property more than
 18 2 1/2%."

19 Section 26. Section 20-9-407, MCA, is amended to read:

20 "20-9-407. Industrial facility agreement for bond
 21 issue in excess of maximum. (1) In a school district within
 22 which a new major industrial facility which seeks to qualify
 23 for taxation as class ~~eighteen~~ five property under ~~15-6-119~~
 24 ~~[section 5 of this act]~~ is being constructed or is about to
 25 be constructed, the school district may require, as a

1 precondition of the new major industrial facility qualifying
 2 as class eighteen five property, that the owners of the
 3 proposed industrial facility enter into an agreement with
 4 the school district concerning the issuing of bonds in
 5 excess of the 29% limitation prescribed in this section.
 6 Under such an agreement, the school district may, with the
 7 approval of the voters, issue bonds which exceed the
 8 limitation prescribed in this section by a maximum of 29% of
 9 the estimated taxable value of the property of the new major
 10 industrial facility subject to taxation when completed. The
 11 estimated taxable value of the property of the new major
 12 industrial facility subject to taxation shall be computed by
 13 the department of revenue when requested to do so by a
 14 resolution of the board of trustees of the school district.
 15 A copy of the department's statement of estimated taxable
 16 value shall be printed on each ballot used to vote on a bond
 17 issue proposed under this section.

18 (2) Pursuant to the agreement between the new major
 19 industrial facility and the school district and as a
 20 precondition to qualifying as class eighteen five property,
 21 the new major industrial facility and its owners shall pay,
 22 in addition to the taxes imposed by the school district on
 23 property owners generally, so much of the principal and
 24 interest on the bonds provided for under this section as
 25 represents payment on an indebtedness in excess of the

1 limitation prescribed in this section. After the completion
 2 of the new major industrial facility and when the
 3 indebtedness of the school district no longer exceeds the
 4 limitation prescribed in this section, the new major
 5 industrial facility shall be entitled, after all the current
 6 indebtedness of the school district has been paid, to a tax
 7 credit over a period of no more than 20 years. The credit
 8 shall as a total amount be equal to the amount which the
 9 facility paid the principal and interest of the school
 10 district's bonds in excess of its general liability as a
 11 taxpayer within the district.

12 (3) A major industrial facility is a facility subject
 13 to the taxing power of the school district, whose
 14 construction or operation will increase the population of
 15 the district, imposing a significant burden upon the
 16 resources of the district and requiring construction of new
 17 school facilities. A significant burden is an increase in
 18 ANB of at least 20% in a single year."

19 Section 27. Repealer. Sections 15-6-102 through
 20 15-6-121 and 15-7-121, MCA, are repealed.

-End-

1 HOUSE BILL NO. 213

2 INTRODUCED BY WILLIAMS, GOODOVER, YARDLEY, HUENNEKENS,

3 FAGG, SIVERTSEN, GERKE, VINCENT, WATT, TOWE,

4 TURNAGE, MATHERS, GALT, SCULLY, BENGTON, DASSINGER,

5 FASBENDER, STORY, FABREGA, KOLSTAD, LOWE, GRAHAM,

6 HAZELBAKER, ROSKIE, O'HARA, DUSSAULT

7 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

8
 9 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 10 PROPERTY TAX CLASSIFICATION SYSTEM; AMENDING SECTIONS
 11 15-1-101, 15-6-101, 15-7-202, 15-8-111, 15-23-501,
 12 15-23-505, 15-24-102, 15-24-301, ~~15-24-505, --15-24-506,~~
 13 15-24-1102, 15-24-1103, 15-24-1308, 15-24-1311, AND
 14 20-9-407; AND REPEALING SECTIONS 15-6-102 THROUGH 15-6-121
 15 AND 15-7-121."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:18 NEW SECTION. Section 1. Class one property --
19 description -- taxable percentage. (1) Class one property
20 includes:21 (a) the right of entry that is a property right
22 reserved in land or received by mesne conveyance (exclusive
23 of leasehold interests), devise, or succession to enter land
24 whose surface title is held by another to explore, prospect,
25 or dig for oil, gas, coal, or minerals; and1 (b) the annual net proceeds of all mines and mining
2 claims except coal and metal mines.

3 (2) Class one property is taxed as follows:

4 (a) Property described in subsection (1)(a) is taxed
5 at 100% of its market value, as determined by the department
6 of revenue.7 (b) Property described in subsection (1)(b) is taxed
8 at 100% of its annual net proceeds after deducting the
9 expenses specified and allowed by 15-23-503.10 NEW SECTION. Section 2. Class two property --
11 description -- taxable percentage. (1) Class two property
12 includes:

13 (a) the annual gross proceeds of metal mines;

14 (b) the annual gross proceeds of underground coal
15 mines; and16 (c) the annual gross proceeds of coal mines using the
17 strip-mining method.

18 (2) Class two property is taxed as follows:

19 (a) Property described in subsection (1)(a) is taxed
20 at 3% of its annual gross proceeds, as defined in 15-23-801.21 (b) Property described in subsection (1)(b) is taxed
22 at 33 1/3% of its annual gross proceeds.23 (c) Property described in subsection (1)(c) is taxed
24 at 45% of its annual gross proceeds.25 NEW SECTION. Section 3. Class three property --

1 description -- taxable percentage. (1) Class three property
2 includes agricultural land as defined in 15-7-202.

3 (2) Class three property is taxed at 30% of its
4 productive capacity.

5 **NEW SECTION.** Section 4. Class four property --
6 description -- taxable percentage. (1) Class four property
7 includes:

8 (a) all land except that specifically included in
9 another class;

10 (b) all improvements except those specifically
11 included in another class;

12 (c) all trailers and mobile homes used as permanent
13 dwellings except:

14 (i) those held by a distributor or dealer of trailers
15 or mobile homes as his stock in trade; and

16 (ii) those specifically included in another class;

17 (d) the first \$35,000 or less of the market value of
18 any improvement on real property or a trailer or mobile home
19 used as a permanent dwelling and appurtenant land not
20 exceeding 5 acres owned or under contract for deed and
21 actually occupied for at least 10 months a year as the
22 primary residential dwelling of:

23 (i) a widow or widower 62 years of age or older who
24 qualifies under the income limitations of (iii) of this
25 subsection;

1 (ii) a widow or widower of any age with dependent
2 children who qualifies under the income limitations of (iii)
3 of this subsection; or

4 (iii) a recipient or recipients of retirement or
5 disability benefits whose total income from all sources is
6 not more than \$7,000 for a single person or \$8,000 for a
7 married couple.

8 (2) Class four property is taxed as follows:

9 (a) Property described in subsections (1)(a) through
10 (1)(c) is taxed at 8.55% of its market value.

11 (b) Property described in subsection (1)(d) is taxed
12 at one-half the taxable percentage established in subsection
13 (2)(a), or 4.275%.

14 **NEW SECTION.** Section 5. Class five property --
15 description -- taxable percentage. (1) Class five property
16 includes:

17 ~~{a}--business-inventories-as-defined-in-this-section†~~
18 ~~{b}--all--unprocessed-agricultural-products-on-the-farm~~
19 ~~or-in-storage-except†~~

20 ~~{i}--all--perishable--fruits--and--vegetables--in--farm~~
21 ~~storage-and-owned-by-the-producer†-and~~

22 ~~{ii}--livestock---and---poultry---and---the---unprocessed~~
23 ~~products-of-both†~~

24 ~~{c}{A} all property used and owned by cooperative~~
25 ~~rural electrical and cooperative rural telephone~~

1 associations organized under the laws of Montana, except
2 property owned by cooperative organizations described in
3 subsection (1)(c) of [section 6 I];

4 ~~{d}{B}~~ air and water pollution control equipment as
5 defined in this section;

6 ~~{e}{C}~~ truck campers, motor homes, and camping and
7 travel trailers, including fifth-wheel trailers, owned by
8 and actually used primarily by a person 60 years of age or
9 older who:

10 (i) is retired from full employment; and

11 (ii) whose total income from all sources is not more
12 than \$7,000 for a single person or \$8,000 for a married
13 couple;

14 ~~{f}{D}~~ new industrial property as defined in this
15 section.

16 (2) ~~"Business-inventories"-includes-goods-intended-for~~
17 ~~sale--or--lease--in--the-ordinary-course-of-business-and-raw~~
18 ~~materials-and-work-in-progress-with-respect-to--such--goods~~
19 ~~Business--inventories--do-not-include-goods-leased-or-rented~~
20 ~~or-mobile-homes-held-by-a-dealer-or-distributor-as--part--of~~
21 ~~his---stock---in---trade---The---market---value---of---business~~
22 ~~inventories,-for-property-tax-purposes,-is-the-cost--to--the~~
23 ~~person-subject-to-the-inventory-tax~~

24 ~~{3}~~--"Air and water pollution equipment" means
25 facilities, machinery, or equipment used to abate REDUCE or

1 control water or atmospheric pollution or contamination by
2 removing, ~~REDUCING~~, altering, disposing, or storing
3 pollutants, contaminants, wastes, or heat. The department of
4 health and environmental sciences shall ~~promulgate-rules~~
5 ~~identifying-equipment-meeting-this-definition~~ DETERMINE IF
6 SUCH UTILIZATION IS BEING MADE.

7 ~~{4}{1}~~ "New industrial property" means any new
8 industrial plant, including land, buildings, machinery, and
9 fixtures, used by new industries during the first 3 years of
10 their operation. The property may not have been assessed
11 within the state of Montana prior to July 1, 1961.

12 ~~{5}{4}~~ (a) "New industry" means any person,
13 corporation, firm, partnership, association, or other group
14 that establishes a new plant in Montana for the operation of
15 a new industrial endeavor, as distinguished from a mere
16 expansion, reorganization, or merger of an existing
17 industry.

18 (b) New industry includes only those industries that:
19 (i) manufacture, mill, mine, produce, process, or
20 fabricate materials;

21 (ii) do similar work, employing capital and labor, in
22 which materials unserviceable in their natural state are
23 extracted, processed, or made fit for use or are
24 substantially altered or treated so as to create commercial
25 products or materials; or

1 (iii) engage in the mechanical or chemical
2 transformation of materials or substances into new products
3 in the manner defined as manufacturing in the 1972 Standard
4 Industrial Classification Manual prepared by the United
5 States office of management and budget.

6 ~~†6†~~5] New industrial property does not include:

7 (a) property used by retail or wholesale merchants,
8 commercial services of any type, agriculture, trades, or
9 professions;

10 (b) a plant that will create adverse impact on
11 existing state, county, or municipal services; or

12 (c) property used or employed in any industrial plant
13 that has been in operation in this state for 3 years or
14 longer.

15 ~~†7†~~6] Class five property is taxed at 3% of its
16 market value.

17 SECTION 6. THERE IS A NEW MCA SECTION THAT READS:

18 Class six property -- description -- taxable
19 percentage. (1) Class six property includes:

20 (a) business inventories as defined in this section;

21 (b) all unprocessed agricultural products on the farm
22 or in storage except:

23 (i) all perishable fruits and vegetables in farm
24 storage and owned by the producer; and

25 (ii) livestock and poultry and the unprocessed products

1 of both.

2 (2) "Business inventories" includes goods intended for
3 sale or lease in the ordinary course of business and raw
4 materials and work in progress with respect to such goods.
5 Business inventories do not include goods leased or rented
6 or mobile homes held by a dealer or distributor as part of
7 his stock in trade. The market value of business
8 inventories, for property tax purposes, is the cost to the
9 person subject to the inventory tax.

10 (3) Class six property is taxed at 4% of its market
11 value.

12 NEW SECTION. Section 7. Class six SEVEN property --
13 description -- taxable percentage. (1) Class six SEVEN
14 property includes:

15 (a) livestock, poultry, and unprocessed products of
16 both;

17 (b) all property used and owned by persons, firms,
18 corporations, or other organizations that are engaged in the
19 business of furnishing telephone communications exclusively
20 to rural areas or to rural areas and cities and towns of 800
21 persons or less;

22 (c) all property owned by cooperative rural electrical
23 and cooperative rural telephone associations that serve less
24 than 95% of the electricity consumers or telephone users
25 within the incorporated limits of a city or town;

1 (d) electric transformers and meters; electric light
 2 and power substation machinery; natural gas measuring and
 3 regulating station equipment, meters, and compressor station
 4 machinery owned by centrally assessed public utilities; and
 5 tools used in the repair and maintenance of this property;
 6 and

7 (e) tools, implements, and machinery used to repair
 8 and maintain machinery not used for manufacturing and mining
 9 purposes.

10 (2) To qualify for this classification, the average
 11 circuit miles for each station on the telephone
 12 communication system described in subsection (1)(b) must be
 13 more than 1 1/4 miles.

14 (3) Class six ~~SEVEN~~ property is taxed at 8% of its
 15 market value.

16 ~~NEW SECTION.~~ Section 8. Class seven ~~EIGHT~~ property --
 17 description -- taxable percentage. (1) Class seven ~~EIGHT~~
 18 property includes:

- 19 (a) all agricultural implements and equipment;
- 20 (b) all mining machinery, fixtures, equipment, tools,
 21 and supplies except:
- 22 (i) those included in class five; and
- 23 (ii) coal and ore haulers;
- 24 (c) all manufacturing machinery, fixtures, equipment,
 25 tools, and supplies except those included in class five;

- 1 (d) motorcycles;
- 2 (e) watercraft;
- 3 (f) light utility and boat trailers;
- 4 (g) aircraft;
- 5 (h) snowmobiles and all-terrain vehicles;
- 6 (i) harness, saddlery, and other tack equipment; and
- 7 (j) all other machinery except that specifically
 8 included in another class.

9 (2) Class seven ~~EIGHT~~ property is taxed at 11% of its
 10 market value.

11 ~~NEW SECTION.~~ Section 9. Class eight ~~NINE~~ property --
 12 description -- taxable percentage. (1) Class eight ~~NINE~~
 13 property includes:

- 14 (a) automobiles, buses, and trucks weighing 1 1/2 tons
 15 or less;
- 16 (b) stock, camping, and travel trailers;
- 17 (c) truck campers and toppers weighing more than 300
 18 pounds, except those included in class five;
- 19 (d) motor homes except those included in class five;
- 20 (e) furniture, fixtures, and equipment, except that
 21 specifically included in another class, used in commercial
 22 establishments as defined in this section; and
- 23 ~~(E) X-RAY AND MEDICAL AND DENTAL EQUIPMENT; AND~~
 24 ~~(F) (G) citizens' band radios and mobile telephones.~~
- 25 (2) "Commercial establishment" includes any hotel;

1 motel; office; petroleum marketing station; or service,
2 wholesale, retail, or food-handling business.

3 (3) Class eight NINE property is taxed at 13% of its
4 market value.

5 ~~NEW SECTION. Section 10. Class nine property --~~
6 ~~description -- taxable percentage. (1) Class nine property~~
7 ~~includes moneyed capital and shares of banks.~~

8 ~~(2) Class nine property is assessed and taxed as~~
9 ~~provided in chapter 24, part 5.~~

10 **NEW SECTION.** Section 10. Class ten property --
11 description -- taxable percentage. (1) Class ten property
12 includes:

13 (a) radio and television broadcasting and transmitting
14 equipment;

15 (b) cable television systems;

16 (c) centrally assessed utility allocations after
17 deductions of locally assessed properties, except as
18 provided in:

19 (i) class five for cooperative rural electrical and
20 cooperative rural telephone associations; and

21 (ii) class six SEVEN for rural telephone and electrical
22 organizations;

23 (d) coal and ore haulers;

24 (e) trucks weighing more than 1 1/2 tons, including
25 those prorated under 15-24-102;

1 (f) trailers, except those included in classes five,
2 seven--or--eight EIGHT, OR NINE, including those prorated
3 under 15-24-102;

4 (g) ~~x-ray and specialized medical and dental~~
5 ~~equipment;~~

6 (h) ~~(G)~~ theater projectors and sound equipment; and
7 (i) ~~(H)~~ all other property not included in the
8 preceding nine classes.

9 (2) Class ten property is taxed at 16% of its market
10 value.

11 **NEW SECTION.** Section 11. Certain disabled veterans'
12 residences exempt. (1) A residence, including the lot on
13 which it is built, owned and occupied by a disabled veteran
14 is exempt from property taxation under the following
15 conditions. The owner must:

16 (a) have been honorably discharged from active service
17 in any branch of the armed services;

18 (b) be rated 100% disabled due to a service-connected
19 disability by the United States veterans administration or
20 its successor; and

21 (c) have an annual income from all sources of not more
22 than \$7,000 for a single person and \$8,000 for a married
23 couple.

24 (2) If a veteran whose property has been eligible for
25 this exemption dies, the property shall continue to be

1 exempt so long as the surviving spouse:

- 2 (a) remains unmarried;
- 3 (b) is the owner and occupant of the house; and
- 4 (c) has a total annual income from all sources of not
- 5 more than \$7,000.

6 ~~NEW SECTION.~~ Section 12. Application for class five
 7 and certain class four classifications. (1) A person
 8 applying for classification of property described in
 9 subsection ~~(1)(e)~~ ~~(1)(c)~~ of [section 5] or subsection (1)(d)
 10 of [section 4] shall make an affidavit to the department of
 11 revenue, on a form provided by the department without cost,
 12 stating:

- 13 (a) his income;
- 14 (b) his retirement benefits;
- 15 (c) his marital status;
- 16 (d) the fact that he maintains the land and
- 17 improvements as his primary residential dwelling, where
- 18 applicable; and
- 19 (e) such other information as is relevant to the
- 20 applicant's eligibility.

21 (2) This application must be made before March 1 of
 22 the year after the applicant becomes eligible.

23 (3) The affidavit is sufficient if the applicant signs
 24 a statement affirming the correctness of the information
 25 supplied, whether or not the statement is signed before a

1 person authorized to administer oaths, and mails the
 2 application and statement to the department of revenue. This
 3 signed statement shall be treated as a statement under oath
 4 or equivalent affirmation for the purposes of 45-7-202,
 5 relating to the criminal offense of false swearing.

6 ~~NEW SECTION.~~ Section 13. Application for
 7 classification as new industrial property. (1) Any person,
 8 firm, or other group seeking to qualify its property for
 9 classification as new industrial property under class five
 10 shall make application to the department of revenue on a
 11 form provided by the department.

12 (2) The department of revenue shall promulgate rules
 13 for the determination of what constitutes an adverse impact,
 14 taking into consideration the number of people to be
 15 employed and the size of the community in which the location
 16 of the industrial property is contemplated.

17 (3) If the department makes an initial determination
 18 that the industrial property qualifies as new industrial
 19 property under class five, it shall publish notice of and
 20 hold a public hearing to determine whether the property
 21 should retain this classification.

22 (4) Local taxing authority officials may waive their
 23 objections to the property's classification in class five if
 24 the owner of the new industrial property agrees to prepay
 25 property taxes on the property during the construction

1 period. The maximum amount of prepayment shall be the
2 amount of tax the owner would have paid on the property if
3 it had not been classified under class five.

4 (5) If a new industrial facility qualifies under class
5 five, its property tax payment may not be reduced for
6 reimbursement of its prepaid taxes as provided in 15-16-201
7 until the class five qualification expires.

8 Section 14. Section 15-1-101, MCA, is amended to read:

9 "15-1-101. Definitions. (1) When terms mentioned in
10 this section are used in connection with taxation, they are
11 defined in the following manner: "

12 (a) The term "assessed value" means the value of
13 property as defined in 15-8-111.

14 (b) The term "credit" means solvent debts, secured or
15 unsecured, owing to a person.

16 (c) The term "improvements" includes all buildings,
17 structures, fixtures, fences, and improvements situated
18 upon, erected upon, or affixed to land. When the department
19 of revenue or its agent determines that the permanency of
20 location of a mobile home or housetrailer has been
21 established, the mobile home or housetrailer is presumed to
22 be an improvement to real property. If the mobile home or
23 housetrailer is an improvement located on land not owned by
24 the owner of such improvement, the improvement is assessed
25 as a leasehold improvement to real property and delinquent

1 taxes can be a lien only on the leasehold improvement.

2 (d) The term "mobile home" means forms of housing
3 known as "trailers", "housetrailers", or "trailer coaches",
4 exceeding 8 feet in width or 32 feet in length, designed to
5 be moved from one place to another by an independent power
6 connected to them.

7 (e) The term "personal property" includes everything
8 that is the subject of ownership but that is not included
9 within the meaning of the terms "real estate" and
10 "improvements".

11 (f) The term "property" includes moneys, credits,
12 bonds, stocks, franchises, and all other matters and things,
13 real, personal, and mixed, capable of private ownership.
14 This definition must not be construed to authorize the
15 taxation of the stocks of any company or corporation when
16 the property of such company or corporation represented by
17 the stocks is within the state and has been taxed.

18 (g) The term "real estate" includes:

19 (i) the possession of, claim to, ownership of, or
20 right to the possession of land;

21 (ii) all mines, minerals, and quarries in and under the
22 land subject to the provisions of 15-23-501 and 15-23-801;
23 all timber belonging to individuals or corporations growing
24 or being on the lands of the United States; and all rights
25 and privileges appertaining thereto.

1 (h) The term "taxable value" means the percentage of
2 market or assessed value as provided for in chapter 67--part
3 1 [sections 1 through 10 of this act].

4 (2) The phrase "municipal corporation" or
5 "municipality" or "taxing unit" shall be deemed to include a
6 county, city, incorporated town, township, school district,
7 irrigation district, drainage district, or any person,
8 persons, or organized body authorized by law to establish
9 tax levies for the purpose of raising public revenue.

10 (3) The term "state board" or "board" when used
11 without other qualification shall mean the state tax appeal
12 board.

13 Section 15. Section 15-6-101, MCA, is amended to read:

14 "15-6-101. Property subject to taxation --
15 classification. (1) All property in this state is subject to
16 taxation, except as provided otherwise.

17 (2) For the purpose of taxation, the taxable property
18 in the state shall be classified in accordance with ~~15-6-102~~
19 ~~through 15-6-121~~ [sections 1 through 10 of this act]."

20 Section 16. Section 15-7-202, MCA, is amended to read:

21 "15-7-202. Eligibility of land for valuation as
22 agricultural. (1) Land which is actively devoted to
23 agricultural use shall be eligible for valuation,
24 assessment, and taxation as herein provided each year it
25 meets either of the following qualifications:

1 (a) the area of such land is not less than 5
2 contiguous acres when measured in accordance with provisions
3 of 15-7-206, and it has been actively devoted to agriculture
4 during the last growing season, and it continues to be
5 actively devoted to agricultural use, which means:

- 6 (i) it is used to produce field crops including but
7 not limited to grains, feed crops, fruits, vegetables; or
- 8 (ii) it is used for grazing; or
- 9 ~~(iii) it is used for growing timber; or~~
- 10 ~~(iv) it is in a cropland retirement program; or~~

11 (b) it agriculturally produces for sale or home
12 consumption the equivalent of 15% or more of the owners'
13 annual gross income regardless of the number of contiguous
14 acres in the ownership.

15 (2) Land shall not be classified or valued as
16 agricultural if it is subdivided with stated restrictions
17 prohibiting its use for agricultural purposes.

18 (3) The grazing on land by a horse or other animals
19 kept as a hobby and not as a part of a bona fide
20 agricultural enterprise shall not be considered a bona fide
21 agricultural operation."

22 Section 17. Section 15-8-111, MCA, is amended to read:

23 "15-8-111. Assessment -- market value standard --
24 exceptions. (1) All taxable property must be assessed at
25 100% of its market value except as provided in subsection

1 (5) of this section and in 15-7-111 through 15-7-114.

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

6 (3) The department of revenue or its agents may not
7 adopt a lower or different standard of value from market
8 value in making the official assessment and appraisal of the
9 value of property in ~~class one and classes seven through~~
10 ~~eighteen subsection 11(a) of [section 1]x AND [sections 4~~
11 ~~through 8]x--end--[section 10].~~ For purposes of taxation,
12 assessed value is the same as appraised value.

13 (4) The taxable value for all property in ~~class one~~
14 ~~subsection 11(a) of [section 1]x and AND classes seven four~~
15 ~~through eighteen eighty and class ten~~ is the percentage of
16 market value established for each class of property in
17 ~~15-6-102--and-15-6-100 subsection 21(a) of [section 1]x AND~~
18 ~~[section 4] through 15-6-119 [section 8]x--and--[section 10].~~

19 (5) The assessed value of properties in ~~15-6-103~~
20 ~~through-15-6-107--and-15-6-120 subsection 11(b) of [section~~
21 ~~1]x [section 2]x AND [section 3]x--and--[section 9]~~ is as
22 follows:

23 (a) ~~Property in 15-6-106 under class five is~~
24 ~~assessed at 100% of book value by the method established in~~
25 ~~15-6-106 and the sections cited therein~~

1 (b)(a) Properties in ~~15-6-103 subsection 11(b) of~~
2 ~~[section 1], under class two one,~~ are assessed at 100% of
3 the annual net proceeds after deducting the expenses
4 specified and allowed by 15-23-503.

5 (c)(b) Properties in ~~15-6-104-15-6-105--and-15-6-120~~
6 ~~[section 2] under classes three-four--and--nineteen class~~
7 ~~two~~ are assessed at 100% of the annual gross proceeds.

8 (d)(c) Properties in ~~15-6-107 [section 3], under class~~
9 ~~six three,~~ are assessed at 100% of the productive capacity
10 of the lands when valued for agricultural purposes. All
11 lands that meet the qualifications of 15-7-202 are valued as
12 agricultural lands for tax purposes.

13 (e) ~~Property in [section 9]x under class nine is~~
14 ~~assessed as provided in part 5, chapter 24, title 15~~

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

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

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

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

21 (7) The taxable value of all property in ~~subsection~~
22 ~~11(b) of [section 1] and classes two AND through six~~
23 ~~three--and--nine~~ is the percentage of assessed value
24 established in ~~15-6-103 through 15-6-107 subsection 21(b)~~
25 ~~of [section 1] and [sections 2x AND 3x--and--9]~~ for each class

1 of property.

2 Section 18. Section 15-23-501, MCA, is amended to
3 read:

4 "15-23-501. Taxation of mines. All mines and mining
5 claims, both placer and rock in place, containing or bearing
6 gold, silver, copper, lead, coal, or other valuable mineral
7 deposits, after purchase thereof from the United States,
8 shall be taxed ~~at the price paid the United States--therefor~~
9 ~~unless--the surface ground or some part thereof of such mine~~
10 ~~or claim is used for other than mining purposes--and has a~~
11 ~~separate--and--independent value for such other purposes--in~~
12 ~~which case said surface ground or any part thereof--so--used~~
13 ~~for--other--than--mining--purposes--shall--be--taxed--at--its--full~~
14 ~~value--for--such--other--purposes as all other land is taxed.~~
15 All machinery used in mining and all property and surface
16 improvements upon or appurtenant to mines and mining claims
17 which have a value separate and independent of such mines or
18 mining claims and the annual net proceeds of all mines and
19 mining claims shall be taxed as other personal property."

20 Section 19. Section 15-23-505, MCA, is amended to
21 read:

22 "15-23-505. Assessment of royalties. Upon receipt of
23 the list or schedule setting forth the names and addresses
24 of any and all persons owning or claiming royalty and the
25 amount paid or yielded as royalty to the royalty owners or

1 claimants during the year for which the return is made, the
2 department of revenue shall proceed to assess and tax the
3 royalties on the same basis as net proceeds of mines are
4 taxed as provided by ~~15-6-103~~ [section 1 of this act]."

5 Section 20. Section 15-24-102, MCA, is amended to
6 read:

7 "15-24-102. Valuation of interstate fleets --
8 determination of aggregate tax due. The department of
9 revenue shall assess any interstate motor vehicle fleet
10 making application for proportional registration as follows:

11 (1) The purchase price depreciated by a schedule as
12 prescribed by the department shall determine the depreciated
13 value.

14 (2) The depreciated value multiplied by the percent of
15 miles traveled in Montana as prescribed by 61-3-721 shall be
16 the assessed value.

17 (3) The sum of the assessed value of all vehicles
18 included in the fleet multiplied by ~~12%~~ 16% shall be the
19 taxable value for the entire fleet.

20 (4) To determine the amount of tax due, the taxable
21 value of the entire fleet shall be multiplied by the
22 statewide average county mill levy plus state levies as
23 hereinafter provided."

24 Section 21. Section 15-24-301, MCA, is amended to
25 read:

1 "15-24-301. Personal property brought into the state
2 -- assessment -- exceptions -- custom combine equipment. (1)
3 Property in the following cases is subject to taxation and
4 assessment for all taxes levied that year in the county in
5 which it is located:

6 (a) any personal property (including livestock)
7 brought, driven, or coming into this state at any time
8 during the year that is used in the state for hire,
9 compensation, or profit;

10 (b) property whose owner or user is engaged in gainful
11 occupation or business enterprise in the state; or

12 (c) property which comes to rest and becomes a part of
13 the general property of the state.

14 (2) The taxes on this property are levied in the same
15 manner and to the same extent, except as otherwise provided,
16 as though the property had been in the county on the regular
17 assessment date, provided that the property has not been
18 regularly assessed for the year in some other county of the
19 state.

20 (3) Nothing in this section shall be construed to levy
21 a tax against a merchant or dealer within this state on
22 goods, wares, or merchandise brought into the county to
23 replenish the stock of the merchant or dealer in addition to
24 the tax levied against the inventory of said merchant or
25 dealer on the regular assessment date.

1 (4) This section shall not apply to motor vehicles
2 brought, driven, or coming into this state by any
3 nonresident, migratory, bona fide agricultural workers
4 temporarily employed in agricultural work in Montana if the
5 motor vehicles are used exclusively for transportation of
6 agricultural workers.

7 (5) Agricultural harvesting machinery classified under
8 ~~classes-eight-and-twelve class seven EIGHT~~, licensed in
9 other states, and operated on the lands of persons other
10 than the owner of the machinery under contracts for hire
11 shall be subject to a fee in lieu of taxation of \$35 per
12 machine for a 60-day period. The machines shall be subject
13 to taxation under ~~classes-eight-and-twelve class seven EIGHT~~
14 only if they are sold in Montana."

15 ~~Section-22--Section--15-24-505--MCA--is--amended--to~~
16 ~~read:~~

17 ~~"15-24-505--Taxation-of--state--banks--and--shares--of~~
18 ~~stock--in--(1)--Every--state--bank--or--banking--corporation~~
19 ~~located--and--doing--business--in--this--state--and--every--private~~
20 ~~banker--doing--business--in--this--state--shall--be--taxed--upon--the~~
21 ~~value--of--all--real--estate--and--personal--property--owned--by--the~~
22 ~~bank--banking--corporation--or--private--banker--upon--the~~
23 ~~moneyed--capital--employed--in--the--business--and--such--moneyed~~
24 ~~capital--to--be--ascertained--as--provided--by--15-6-106 [section-9~~
25 ~~of--this--act]--The--cashier--or--secretary--of--every--bank--or~~

1 banking corporation and every private banker shall furnish
 2 to the department of revenue or its agent in the county in
 3 which its or his bank is located, within 5 days after demand
 4 therefor, a statement verified by his oath showing all the
 5 resources and liabilities of the bank as disclosed by its
 6 books at the close of business on December 31 of the
 7 preceding year, if the cashier, secretary, or private banker
 8 fails to make the statement, the department or its agent
 9 shall forthwith obtain the information from any other
 10 available source and for this purpose shall have access to
 11 the books of the bank, banking corporation, or private
 12 banker. The department or its agent shall thereupon make an
 13 assessment of the real estate and personal property owned by
 14 the bank, banking corporation, or private banker and of the
 15 moneyed capital employed in the business of the bank,
 16 banking corporation, or private banker. The assessment shall
 17 be as fair and equitable as can be made from the best
 18 information available. For the purpose of the assessment,
 19 the figures disclosed by any prior report made by the bank,
 20 banking corporation, or private banker to any state or
 21 federal officer pursuant to any state or federal law may be
 22 adopted. Any person required by this section to make the
 23 statement hereinabove provided who fails to furnish it shall
 24 be guilty of a misdemeanor and punished accordingly.

25 {2} All shares of stock in any bank or banking

1 corporation shall be assessed at their full cash value,
 2 except to the extent that that value is represented in
 3 property which is assessable and taxable to the bank or
 4 banking corporation in this state, and shall be taxable to
 5 the owners of the shares in the county, school district,
 6 city, town, or place where the bank or banking corporation
 7 is located, whether the owners of the shares are residents
 8 of such county, school district, city, town, or place.

9 {3} The cashier or secretary of any bank or banking
 10 corporation shall furnish to the department or its agent,
 11 upon demand, the name of each stockholder, with his
 12 residence and the number of shares belonging to him at the
 13 close of business on December 31 of the preceding year, if
 14 the cashier or secretary for more than 5 days after the
 15 demand fails to furnish such information, he is guilty of a
 16 misdemeanor and the department or its agent may obtain
 17 information from any other available source or from the
 18 books of the bank or banking corporation. For convenience,
 19 the assessment of the shares shall be entered on the
 20 personal property assessment list under the name of the bank
 21 or banking corporation concerned, but in the assessment list
 22 the names of the owners of such shares and the number of
 23 shares owned by each shall be set forth. The assessment,
 24 when so entered, has all the force and effect as if made in
 25 the names of the owners of the shares individually. The bank

1 or banking corporation in which the shares are owned is
 2 liable for the payment of taxes assessed against the shares
 3 and the taxes are payable by and collected from the bank or
 4 banking corporation in the same manner and under the same
 5 penalties as other taxes. The bank or banking corporation
 6 may recover from the owners of shares any taxes paid on the
 7 shares and has a lien therefor upon the shares and upon any
 8 dividends accrued or to accrue thereon."

9 Section 23. Section 15-24-586, MCA, is amended to
 10 read:

11 "15-24-586. Banks in two or more counties in
 12 apportionment of tax. Any state or national bank, banking
 13 corporation, or private bank, the stock, moneyed capital, or
 14 moneys and credits of which are subject to taxation under
 15 the provisions of this part and chapter 6 of this title
 16 ~~[section 9 of this act]~~ and which has banking offices in
 17 more than one county, shall furnish to the department of
 18 revenue or its agent in each such county the information
 19 required of it by this part, together with a statement of
 20 the book value of real estate owned and located in the
 21 respective counties and a statement of the deposit liability
 22 shown by the books of account of said bank at each of its
 23 banking offices at the close of business on December 31 of
 24 the preceding year. The aggregate tax on the stock, moneyed
 25 capital, and moneys and credits of such bank, computed as

1 provided by law shall be assessed by and be paid to the
 2 respective counties in the proportion which the amount of
 3 the deposit liability shown on the books of the office or
 4 offices of such bank located in such counties, respectively
 5 shall bear to the total deposit liability of such bank."

6 Section 22. Section 15-24-1102, MCA, is amended to
 7 read:

8 "15-24-1102. Federal property held under contract of
 9 sale. When the property is held under a contract of sale or
 10 other agreement whereby upon payment the legal title is or
 11 may be acquired by the person, the real property shall be
 12 assessed and taxed as defined in chapter 6, part 1,
 13 [sections 1 through 10] and 15-8-111 without deduction on
 14 account of the whole or any part of the purchase price or
 15 other sum due on the property remaining unpaid. The lien for
 16 the tax may not attach to, impair, or be enforced against
 17 any interest of the United States in the real property."

18 Section 23. Section 15-24-1103, MCA, is amended to
 19 read:

20 "15-24-1103. Federal property held under lease. When
 21 the property is held under lease, other interest, or estate
 22 therein less than the fee, except under contract of sale,
 23 the property shall be assessed and taxed as for the value,
 24 as defined in chapter 6, part 1, [sections 1 through 10 of
 25 this act] of such leasehold, interest, or estate in the

1 property and the lien for the tax shall attach to and be
 2 enforced against only the leasehold, interest, or estate in
 3 the property. When the United States authorizes the taxation
 4 of the property for the full assessed value of the fee
 5 thereof, the property shall be assessed for full assessed
 6 value as defined in 15-8-111."

7 Section 24. Section 15-24-1308, MCA, is amended to
 8 read:

9 "15-24-1308. Land classified as industrial --
 10 assessment provisions. (1) The governing body shall identify
 11 those lands within its jurisdiction whose highest and best
 12 purpose is determined to be industrial. Owners of existing
 13 industrial buildings and grounds under construction or
 14 undergoing expansion that increases the taxable value of the
 15 property 10% shall receive tax benefits or penalties based
 16 on their compliance with the land use categories established
 17 by the governing body. Improvements classified as "new
 18 industrial property" under ~~15-6-119~~ [section 2 of this act]
 19 may not qualify for benefits under this section. Industrial
 20 land and buildings shall be classified as Class A, B, C, or
 21 D for purposes of new construction or expansion of existing
 22 facilities.

23 (2) Tax benefits and penalties for new construction or
 24 expansion shall apply to the land and the improvements
 25 thereon in accordance with these classifications, determined

1 by the governing body, based on compliance with the
 2 following environmental criteria. Construction of or
 3 expansion of industrial buildings and grounds:

4 (a) would not place unreasonable burden on existing
 5 public services, such as highways, schools, and police and
 6 fire protection;

7 (b) would have sufficient water available for
 8 foreseeable needs;

9 (c) would meet existing air and water pollution
 10 requirements or that through reclamation the natural
 11 environment could be returned substantially to its original
 12 condition;

13 (d) would have adequate sewage and solid waste
 14 disposal facilities.

15 (3) Classes A, B, C, and D shall be determined and
 16 taxed as follows:

- 17 Class A--complies with criteria (2)(a) through (2)(d).
- 18 Class B--complies with criteria (2)(c) through (2)(d).
- 19 Class C--complies with criteria (2)(b) and (2)(d).
- 20 Class D--other than Class A, B, or C.

21 LAND CLASSIFICATION	22 INDUSTRIAL CLASSIFICATION			
	CLASS A	CLASS B	CLASS C	CLASS D
23 Residential	+ 50%	+100%	+150%	+200%
24 Commercial	- 25%	- 15%	- 0-	+ 50%
25 Industrial	- 50%	- 30%	- 10%	+ 25%

1 The percentages above reflect the amount in addition
 2 (+) to the taxable value or less than (-) the taxable value.
 3 These percentages of taxable value shall be continuously
 4 applied to the land and the buildings for 10 consecutive
 5 years following their construction. The construction period
 6 may not be taxed for new industrial construction or
 7 expansion of an existing industry except as provided in
 8 15-24-1307(3) and (5). Beginning with the 11th year
 9 following construction, the percentage of taxable value
 10 shall be adjusted in equal increments until taxable value is
 11 attained in the 20th year. Thereafter, the property shall be
 12 taxed at 100% of taxable value."

13 Section 25. Section 15-24-1311, MCA, is amended to
 14 read:

15 15-24-1311. Remodeling of homes, buildings, or
 16 structures -- assessment provisions. (1) Remodeling of
 17 existing buildings or structures shall receive tax benefits
 18 ~~in--lieu--of--those--provided--under--15-6-114,~~ during the
 19 construction period and for the following 5 years in
 20 accordance with the following schedule. These percentages
 21 shall be applied to any increase in taxable value caused by
 22 the remodeling:

23	Construction period	0%
24	First year following construction	20%
25	Second year following construction	40%

1	Third year following construction	60%
2	Fourth year following construction	80%
3	Fifth year following construction	100%
4	Following years	100%

5 (2) If an existing home, building, or structure is not
 6 remodeled as defined in this chapter within the 10 years
 7 following passage of this act, a 5% increase shall be added
 8 to its taxable value each year that the owner fails to
 9 remodel to a maximum of 50%. After a home, building, or
 10 structure has been remodeled, the provisions of this section
 11 shall be considered to be started again with the beginning
 12 of a new 10-year period.

13 (3) The governing body shall waive the provisions of
 14 this section unless it can be demonstrated that lack of
 15 regular maintenance over a period of time has failed to
 16 maintain the value of the property and that depreciation has
 17 taken place to lower the value of the property more than
 18 2 1/2%."

19 Section 26. Section 20-9-407, MCA, is amended to read:

20 "20-9-407. Industrial facility agreement for bond
 21 issue in excess of maximum. (1) In a school district within
 22 which a new major industrial facility which seeks to qualify
 23 for taxation as class eighteen ~~five~~ property under 15-6-119
 24 ~~[section 5 of this act]~~ is being constructed or is about to
 25 be constructed, the school district may require, as a

1 precondition of the new major industrial facility qualifying
 2 as class eighteen ~~five~~ property, that the owners of the
 3 proposed industrial facility enter into an agreement with
 4 the school district concerning the issuing of bonds in
 5 excess of the 29% limitation prescribed in this section.
 6 Under such an agreement, the school district may, with the
 7 approval of the voters, issue bonds which exceed the
 8 limitation prescribed in this section by a maximum of 29% of
 9 the estimated taxable value of the property of the new major
 10 industrial facility subject to taxation when completed. The
 11 estimated taxable value of the property of the new major
 12 industrial facility subject to taxation shall be computed by
 13 the department of revenue when requested to do so by a
 14 resolution of the board of trustees of the school district.
 15 A copy of the department's statement of estimated taxable
 16 value shall be printed on each ballot used to vote on a bond
 17 issue proposed under this section.

18 (2) Pursuant to the agreement between the new major
 19 industrial facility and the school district and as a
 20 precondition to qualifying as class eighteen ~~five~~ property,
 21 the new major industrial facility and its owners shall pay,
 22 in addition to the taxes imposed by the school district on
 23 property owners generally, so much of the principal and
 24 interest on the bonds provided for under this section as
 25 represents payment on an indebtedness in excess of the

1 limitation prescribed in this section. After the completion
 2 of the new major industrial facility and when the
 3 indebtedness of the school district no longer exceeds the
 4 limitation prescribed in this section, the new major
 5 industrial facility shall be entitled, after all the current
 6 indebtedness of the school district has been paid, to a tax
 7 credit over a period of no more than 20 years. The credit
 8 shall as a total amount be equal to the amount which the
 9 facility paid the principal and interest of the school
 10 district's bonds in excess of its general liability as a
 11 taxpayer within the district.

12 (3) A major industrial facility is a facility subject
 13 to the taxing power of the school district, whose
 14 construction or operation will increase the population of
 15 the district, imposing a significant burden upon the
 16 resources of the district and requiring construction of new
 17 school facilities. A significant burden is an increase in
 18 ANR of at least 20% in a single year."

19 Section 27. Repealer. Sections 15-6-102 through
 20 15-6-121 and 15-7-121, MCA, are repealed.

-End-

1 HOUSE BILL NO. 213
 2 INTRODUCED BY WILLIAMS, GOODOVER, YARDLEY, HUENNEKENS,
 3 FAGG, SIVERTSEN, GERKE, VINCENT, WATT, TOWE,
 4 TURNAGE, MATHERS, GALT, SCULLY, BENGTON, DASSINGER,
 5 FASBENDER, STORY, FABREGA, KOLSTAD, LOWE, GRAHAM,
 6 HAZELBAKER, ROSKIE, O'HARA, DUSSAULT
 7 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

8
 9 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 10 PROPERTY TAX CLASSIFICATION SYSTEM; AMENDING SECTIONS
 11 15-1-101, 15-6-101, 15-7-202, 15-8-111, 15-23-501,
 12 15-23-505, 15-24-102, 15-24-301, ~~15-24-505~~---~~15-24-506~~
 13 15-24-1102, 15-24-1103, 15-24-1308, 15-24-1311, AND
 14 20-9-407, MCA; AND REPEALING SECTIONS 15-6-102 THROUGH
 15 15-6-121 AND 15-7-121, MCA."

16
 17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 18 NEW SECTION. Section 1. Class one property --
 19 description -- taxable percentage. (1) Class one property
 20 includes:
 21 (a) the right of entry that is a property right
 22 reserved in land or received by mesne conveyance (exclusive
 23 of leasehold interests), devise, or succession to enter land
 24 whose surface title is held by another to explore, prospect,
 25 or dig for oil, gas, coal, or minerals; and

1 (b) the annual net proceeds of all mines and mining
 2 claims except coal and metal mines.
 3 (2) Class one property is taxed as follows:
 4 (a) Property described in subsection (1)(a) is taxed
 5 at 100% of its market value, as determined by the department
 6 of revenue.
 7 (b) Property described in subsection (1)(b) is taxed
 8 at 100% of its annual net proceeds after deducting the
 9 expenses specified and allowed by 15-23-503.
 10 NEW SECTION. Section 2. Class two property --
 11 description -- taxable percentage. (1) Class two property
 12 includes:
 13 (a) the annual gross proceeds of metal mines;
 14 (b) the annual gross proceeds of underground coal
 15 mines; and
 16 (c) the annual gross proceeds of coal mines using the
 17 strip-mining method.
 18 (2) Class two property is taxed as follows:
 19 (a) Property described in subsection (1)(a) is taxed
 20 at 3% of its annual gross proceeds, as defined in 15-23-801.
 21 (b) Property described in subsection (1)(b) is taxed
 22 at 33 1/3% of its annual gross proceeds.
 23 (c) Property described in subsection (1)(c) is taxed
 24 at 45% of its annual gross proceeds.
 25 NEW SECTION. Section 3. Class three property --

1 description -- taxable percentage. (1) Class three property
2 includes agricultural land as defined in 15-7-202.

3 (2) Class three property is taxed at 30% of its
4 productive capacity.

5 NEW SECTION. Section 4. Class four property --
6 description -- taxable percentage. (1) Class four property
7 includes:

8 (a) all land except that specifically included in
9 another class;

10 (b) all improvements except those specifically
11 included in another class;

12 (c) all trailers and mobile homes used as permanent
13 dwellings except:

14 (i) those held by a distributor or dealer of trailers
15 or mobile homes as his stock in trade; and

16 (ii) those specifically included in another class;

17 (d) the first \$35,000 or less of the market value of
18 any improvement on real property or a trailer or mobile home
19 used as a permanent dwelling and appurtenant land not
20 exceeding 5 acres owned or under contract for deed and
21 actually occupied for at least 10 months a year as the
22 primary residential dwelling of:

23 (i) a widow or widower 62 years of age or older who
24 qualifies under the income limitations of (iii) of this
25 subsection;

1 (ii) a widow or widower of any age with dependent
2 children who qualifies under the income limitations of (iii)
3 of this subsection; or

4 (iii) a recipient or recipients of retirement or
5 disability benefits whose total income from all sources is
6 not more than \$7,000 for a single person or \$8,000 for a
7 married couple.

8 (2) Class four property is taxed as follows:

9 (a) Property described in subsections (1)(a) through
10 (1)(c) is taxed at 8.55% of its market value.

11 (b) Property described in subsection (1)(d) is taxed
12 at one-half the taxable percentage established in subsection
13 (2)(a), or 4.275%.

14 NEW SECTION. Section 5. Class five property --
15 description -- taxable percentage. (1) Class five property
16 includes:

17 ~~(a) business inventories as defined in this section~~

18 ~~(b) all unprocessed agricultural products on the farm~~
19 ~~or in storage except~~

20 ~~(c) all perishable fruits and vegetables in farm~~
21 ~~storage and owned by the producer and~~

22 ~~(d) livestock and poultry and the unprocessed~~
23 ~~products of both~~

24 ~~(e) (A) all property used and owned by cooperative~~
25 ~~rural electrical and cooperative rural telephone~~

1 associations organized under the laws of Montana, except
 2 property owned by cooperative organizations described in
 3 subsection (1)(c) of [section 6 I];

4 ~~(d)(B)~~ air and water pollution control equipment as
 5 defined in this section;

6 ~~(e)(C)~~ truck campers, motor homes, and camping and
 7 travel trailers, including fifth-wheel trailers, owned by
 8 and actually used primarily by a person 60 years of age or
 9 older who:

- 10 (i) is retired from full employment; and
- 11 (ii) whose total income from all sources is not more
 12 than \$7,000 for a single person or \$8,000 for a married
 13 couple;

14 ~~(f)(D)~~ new industrial property as defined in this
 15 section.

16 (2) ~~"Business-inventories"-includes-goods-intended-for~~
 17 ~~sale-or-lease-in-the-ordinary-course-of-business-and-raw~~
 18 ~~materials-and-work-in-progress-with-respect-to-such-goods~~
 19 ~~Business-inventories-do-not-include-goods-leased-or-rented~~
 20 ~~or-mobile-homes-held-by-a-dealer-or-distributor-as-part-of~~
 21 ~~his-stock-in-trade--The-market-value-of-business~~
 22 ~~inventories-for-property-tax-purposes-is-the-cost-to-the~~
 23 ~~person-subject-to-the-inventory-tax~~

24 ~~(3)-"Air and water pollution equipment" means~~
 25 facilities, machinery, or equipment used to abate REDUCE or

1 control water or atmospheric pollution or contamination by
 2 removing, REDUCING, altering, disposing, or storing
 3 pollutants, contaminants, wastes, or heat. The department of
 4 health and environmental sciences shall ~~promulgate-rates~~
 5 ~~identifying-equipment-meeting-this-definition~~ DETERMINE IF
 6 SUCH UTILIZATION IS BEING MADE.

7 ~~(4)(3)~~ "New industrial property" means any new
 8 industrial plant, including land, buildings, machinery, and
 9 fixtures, used by new industries during the first 3 years of
 10 their operation. The property may not have been assessed
 11 within the state of Montana prior to July 1, 1961.

12 ~~(5)(4)~~ (a) "New industry" means any person,
 13 corporation, firm, partnership, association, or other group
 14 that establishes a new plant in Montana for the operation of
 15 a new industrial endeavor, as distinguished from a mere
 16 expansion, reorganization, or merger of an existing
 17 industry.

18 (b) New industry includes only those industries that:
 19 (i) manufacture, mill, mine, produce, process, or
 20 fabricate materials;

21 (ii) do similar work, employing capital and labor, in
 22 which materials unserviceable in their natural state are
 23 extracted, processed, or made fit for use or are
 24 substantially altered or treated so as to create commercial
 25 products or materials; or

1 (iii) engage in the mechanical or chemical
 2 transformation of materials or substances into new products
 3 in the manner defined as manufacturing in the 1972 Standard
 4 Industrial Classification Manual prepared by the United
 5 States office of management and budget.

6 ~~(6)~~(5) New industrial property does not include:

7 (a) property used by retail or wholesale merchants,
 8 commercial services of any type, agriculture, trades, or
 9 professions;

10 (b) a plant that will create adverse impact on
 11 existing state, county, or municipal services; or

12 (c) property used or employed in any industrial plant
 13 that has been in operation in this state for 3 years or
 14 longer.

15 ~~(7)~~(6) Class five property is taxed at 3% of its
 16 market value.

17 SECTION 6. THERE IS A NEW MCA SECTION THAT READS:

18 Class six property -- description -- taxable
 19 percentage. (1) Class six property includes:

20 (a) business inventories as defined in this section;

21 (b) all unprocessed agricultural products on the farm
 22 or in storage except:

23 (i) all perishable fruits and vegetables in farm
 24 storage and owned by the producer; and

25 (ii) livestock and poultry and the unprocessed products

1 of both.

2 (2) "Business inventories" includes goods intended for
 3 sale or lease in the ordinary course of business and raw
 4 materials and work in progress with respect to such goods.
 5 Business inventories do not include goods leased or rented
 6 or mobile homes held by a dealer or distributor as part of
 7 his stock in trade. The market value of business
 8 inventories, for property tax purposes, is the cost to the
 9 person subject to the inventory tax.

10 (3) Class six property is taxed at 4% of its market
 11 value.

12 NEW SECTION. Section 7. Class ~~six~~ SEVEN property --
 13 description -- taxable percentage. (1) Class ~~six~~ SEVEN
 14 property includes:

15 (a) livestock, poultry, and unprocessed products of
 16 both;

17 (b) all property used and owned by persons, firms,
 18 corporations, or other organizations that are engaged in the
 19 business of furnishing telephone communications exclusively
 20 to rural areas or to rural areas and cities and towns of 800
 21 persons or less;

22 (c) all property owned by cooperative rural electrical
 23 and cooperative rural telephone associations that serve less
 24 than 95% of the electricity consumers or telephone users
 25 within the incorporated limits of a city or town;

1 (d) electric transformers and meters; electric light
2 and power substation machinery; natural gas measuring and
3 regulating station equipment, meters, and compressor station
4 machinery owned by centrally assessed public utilities; and
5 tools used in the repair and maintenance of this property;
6 and

7 (e) tools, implements, and machinery used to repair
8 and maintain machinery not used for manufacturing and mining
9 purposes.

10 (2) To qualify for this classification, the average
11 circuit miles for each station on the telephone
12 communication system described in subsection (1)(b) must be
13 more than 1 1/4 miles.

14 (3) Class ~~six~~ SEVEN property is taxed at 8% of its
15 market value.

16 NEW SECTION. Section 8. Class seven EIGHT property --
17 description -- taxable percentage. (1) Class seven EIGHT
18 property includes:

- 19 (a) all agricultural implements and equipment;
20 (b) all mining machinery, fixtures, equipment, tools,
21 and supplies except:
22 (i) those included in class five; and
23 (ii) coal and ore haulers;
24 (c) all manufacturing machinery, fixtures, equipment,
25 tools, and supplies except those included in class five;

- 1 (d) motorcycles;
2 (e) watercraft;
3 (f) light utility and boat trailers;
4 (g) aircraft;
5 (h) snowmobiles and all-terrain vehicles;
6 (i) harness, saddlery, and other tack equipment; and
7 (j) all other machinery except that specifically
8 included in another class.

9 (2) Class seven EIGHT property is taxed at 11% of its
10 market value.

11 NEW SECTION. Section 9. Class eight NINE property --
12 description -- taxable percentage. (1) Class eight NINE
13 property includes:

- 14 (a) automobiles, buses, and trucks weighing 1 1/2 tons
15 or less;
16 (b) stock, camping, and travel trailers;
17 (c) truck campers and toppers weighing more than 300
18 pounds, except those included in class five;
19 (d) motor homes except those included in class five;
20 (e) furniture, fixtures, and equipment, except that
21 specifically included in another class, used in commercial
22 establishments as defined in this section; and
23 (F) X-RAY AND MEDICAL AND DENTAL EQUIPMENT; AND
24 (G) citizens' band radios and mobile telephones.
25 (2) "Commercial establishment" includes any hotel;

1 motel; office; petroleum marketing station; or service,
2 wholesale, retail, or food-handling business.

3 (3) Class eight NINE property is taxed at 13% of its
4 market value.

5 ~~NEW SECTION. Section 10. Class nine property --
6 description -- taxable percentage. (1) Class nine property
7 includes moneyed capital and shares of banks.~~

8 ~~(2) Class nine property is assessed and taxed as
9 provided in chapter 24, part 5.~~

10 NEW SECTION. Section 10. Class ten property --
11 description -- taxable percentage. (1) Class ten property
12 includes:

13 (a) radio and television broadcasting and transmitting
14 equipment;

15 (b) cable television systems;

16 (c) centrally assessed utility allocations after
17 deductions of locally assessed properties, except as
18 provided in:

19 (i) class five for cooperative rural electrical and
20 cooperative rural telephone associations; and

21 (ii) class ~~9~~ SEVEN for rural telephone and electrical
22 organizations;

23 (d) coal and ore haulers;

24 (e) trucks weighing more than 1 1/2 tons, including
25 those prorated under 15-24-102;

1 (f) trailers, except those included in classes five,
2 seven ~~or eight~~ EIGHT, OR NINE, including those prorated
3 under 15-24-102;

4 ~~(g) x-ray and specialized medical and dental
5 equipment;~~

6 ~~(h) (G) theater projectors and sound equipment; and~~

7 ~~(i) (H) all other property not included in the
8 preceding nine classes.~~

9 (2) Class ten property is taxed at 16% of its market
10 value.

11 NEW SECTION. Section 11. Certain disabled veterans'
12 residences exempt. (1) A residence, including the lot on
13 which it is built, owned and occupied by a disabled veteran
14 is exempt from property taxation under the following
15 conditions. The owner must:

16 (a) have been honorably discharged from active service
17 in any branch of the armed services;

18 (b) be rated 100% disabled due to a service-connected
19 disability by the United States veterans administration or
20 its successor; and

21 (c) have an annual income from all sources of not more
22 than \$7,000 for a single person and \$8,000 for a married
23 couple.

24 (2) If a veteran whose property has been eligible for
25 this exemption dies, the property shall continue to be

1 exempt so long as the surviving spouse:
 2 (a) remains unmarried;
 3 (b) is the owner and occupant of the house; and
 4 (c) has a total annual income from all sources of not
 5 more than \$7,000.
 6 NEW SECTION. Section 12. Application for class five
 7 and certain class four classifications. (1) A person
 8 applying for classification of property described in
 9 subsection ~~(1)(e)~~ ~~(1)(c)~~ of [section 5] or subsection (1)(d)
 10 of [section 4] shall make an affidavit to the department of
 11 revenue, on a form provided by the department without cost,
 12 stating:
 13 (a) his income;
 14 (b) his retirement benefits;
 15 (c) his marital status;
 16 (d) the fact that he maintains the land and
 17 improvements as his primary residential dwelling, where
 18 applicable; and
 19 (e) such other information as is relevant to the
 20 applicant's eligibility.
 21 (2) This application must be made before March 1 of
 22 the year after the applicant becomes eligible.
 23 (3) The affidavit is sufficient if the applicant signs
 24 a statement affirming the correctness of the information
 25 supplied, whether or not the statement is signed before a

1 person authorized to administer oaths, and mails the
 2 application and statement to the department of revenue. This
 3 signed statement shall be treated as a statement under oath
 4 or equivalent affirmation for the purposes of 45-7-202,
 5 relating to the criminal offense of false swearing.
 6 NEW SECTION. Section 13. Application for
 7 classification as new industrial property. (1) Any person,
 8 firm, or other group seeking to qualify its property for
 9 classification as new industrial property under class five
 10 shall make application to the department of revenue on a
 11 form provided by the department.
 12 (2) The department of revenue shall promulgate rules
 13 for the determination of what constitutes an adverse impact,
 14 taking into consideration the number of people to be
 15 employed and the size of the community in which the location
 16 of the industrial property is contemplated.
 17 (3) If the department makes an initial determination
 18 that the industrial property qualifies as new industrial
 19 property under class five, it shall publish notice of and
 20 hold a public hearing to determine whether the property
 21 should retain this classification.
 22 (4) Local taxing authority officials may waive their
 23 objections to the property's classification in class five if
 24 the owner of the new industrial property agrees to prepay
 25 property taxes on the property during the construction

1 period. The maximum amount of prepayment shall be the
2 amount of tax the owner would have paid on the property if
3 it had not been classified under class five.

4 (5) If a new industrial facility qualifies under class
5 five, its property tax payment may not be reduced for
6 reimbursement of its prepaid taxes as provided in 15-16-201
7 until the class five qualification expires.

8 Section 14. Section 15-1-101, MCA, is amended to read:

9 "15-1-101. Definitions. (1) When terms mentioned in
10 this section are used in connection with taxation, they are
11 defined in the following manner:

12 (a) The term "assessed value" means the value of
13 property as defined in 15-8-111.

14 (b) The term "credit" means solvent debts, secured or
15 unsecured, owing to a person.

16 (c) The term "improvements" includes all buildings,
17 structures, fixtures, fences, and improvements situated
18 upon, erected upon, or affixed to land. When the department
19 of revenue or its agent determines that the permanency of
20 location of a mobile home or house trailer has been
21 established, the mobile home or house trailer is presumed to
22 be an improvement to real property. If the mobile home or
23 house trailer is an improvement located on land not owned by
24 the owner of such improvement, the improvement is assessed
25 as a leasehold improvement to real property and delinquent

1 taxes can be a lien only on the leasehold improvement.

2 (d) The term "mobile home" means forms of housing
3 known as "trailers", "housetrailers", or "trailer coaches",
4 exceeding 8 feet in width or 32 feet in length, designed to
5 be moved from one place to another by an independent power
6 connected to them.

7 (e) The term "personal property" includes everything
8 that is the subject of ownership but that is not included
9 within the meaning of the terms "real estate" and
10 "improvements".

11 (f) The term "property" includes moneys, credits,
12 bonds, stocks, franchises, and all other matters and things,
13 real, personal, and mixed, capable of private ownership.
14 This definition must not be construed to authorize the
15 taxation of the stocks of any company or corporation when
16 the property of such company or corporation represented by
17 the stocks is within the state and has been taxed.

18 (g) The term "real estate" includes:

19 (i) the possession of, claim to, ownership of, or
20 right to the possession of land;

21 (ii) all mines, minerals, and quarries in and under the
22 land subject to the provisions of 15-23-501 and 15-23-801;
23 all timber belonging to individuals or corporations growing
24 or being on the lands of the United States; and all rights
25 and privileges appertaining thereto.

1 (h) The term "taxable value" means the percentage of
 2 ~~market or~~ assessed value as provided for in ~~chapter 6~~ part
 3 ~~± [sections 1 through 10 of this act].~~

4 (2) The phrase "municipal corporation" or
 5 "municipality" or "taxing unit" shall be deemed to include a
 6 county, city, incorporated town, township, school district,
 7 irrigation district, drainage district, or any person,
 8 persons, or organized body authorized by law to establish
 9 tax levies for the purpose of raising public revenue.

10 (3) The term "state board" or "board" when used
 11 without other qualification shall mean the state tax appeal
 12 board.

13 Section 15. Section 15-6-101, MCA, is amended to read:

14 "15-6-101. Property subject to taxation --
 15 classification. (1) All property in this state is subject to
 16 taxation, except as provided otherwise.

17 (2) For the purpose of taxation, the taxable property
 18 in the state shall be classified in accordance with ~~±5-6-102~~
 19 ~~through-±5-6-12±~~ [sections 1 through 10 of this act]."

20 Section 16. Section 15-7-202, MCA, is amended to read:

21 "15-7-202. Eligibility of land for valuation as
 22 agricultural. (1) Land which is actively devoted to
 23 agricultural use shall be eligible for valuation,
 24 assessment, and taxation as herein provided each year it
 25 meets either of the following qualifications:

1 (a) the area of such land is not less than 5
 2 contiguous acres when measured in accordance with provisions
 3 of 15-7-206, and it has been actively devoted to agriculture
 4 during the last growing season, and it continues to be
 5 actively devoted to agricultural use, which means:

6 (i) it is used to produce field crops including but
 7 not limited to grains, feed crops, fruits, vegetables; or

8 (ii) it is used for grazing; or

9 ~~(iii) it is used for growing timber; or~~

10 ~~±±±±~~(iv) it is in a cropland retirement program; or

11 (b) it agriculturally produces for sale or home
 12 consumption the equivalent of 15% or more of the owners'
 13 annual gross income regardless of the number of contiguous
 14 acres in the ownership.

15 (2) Land shall not be classified or valued as
 16 agricultural if it is subdivided with stated restrictions
 17 prohibiting its use for agricultural purposes.

18 (3) The grazing on land by a horse or other animals
 19 kept as a hobby and not as a part of a bona fide
 20 agricultural enterprise shall not be considered a bona fide
 21 agricultural operation."

22 Section 17. Section 15-8-111, MCA, is amended to read:

23 "15-8-111. Assessment -- market value standard --
 24 exceptions. (1) All taxable property must be assessed at
 25 100% of its market value except as provided in subsection

1 (5) of this section and in 15-7-111 through 15-7-114.

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

6 (3) The department of revenue or its agents may not
7 adopt a lower or different standard of value from market
8 value in making the official assessment and appraisal of the
9 value of property in ~~class one and classes seven through~~
10 ~~eighteen subsection (1)(a) of [section 1]~~ AND ~~[sections 4~~
11 ~~through 8] and [section 10]~~. For purposes of taxation,
12 assessed value is the same as appraised value.

13 (4) The taxable value for all property in ~~class one~~
14 ~~subsection (1)(a) of [section 1]~~ and AND classes seven four
15 through eighteen ~~eighty and class ten~~ is the percentage of
16 market value established for each class of property in
17 ~~15-6-102 and 15-6-100 subsection (2)(a) of [section 1]~~ AND
18 ~~[section 4] through 15-6-119 [section 8] and [section 10]~~.

19 (5) The assessed value of properties in ~~15-6-103~~
20 ~~through 15-6-107 and 15-6-120 subsection (1)(b) of [section~~
21 ~~1], [section 2], AND [section 3] and [section 9]~~ is as
22 follows:

23 ~~(a) Property in 15-6-106 under class five is~~
24 ~~assessed at 100% of book value by the method established in~~
25 ~~15-6-106 and the sections cited therein~~

1 ~~(b)(a) Properties in 15-6-103 subsection (1)(b) of~~
2 ~~[section 1], under class two one, are assessed at 100% of~~
3 ~~the annual net proceeds after deducting the expenses~~
4 ~~specified and allowed by 15-23-503.~~

5 ~~(c)(b) Properties in 15-6-104, 15-6-105, and 15-6-120~~
6 ~~[section 2] under classes three, four, and nineteen class~~
7 ~~two are assessed at 100% of the annual gross proceeds.~~

8 ~~(d)(c) Properties in 15-6-107 [section 3], under class~~
9 ~~six three, are assessed at 100% of the productive capacity~~
10 ~~of the lands when valued for agricultural purposes. All~~
11 ~~lands that meet the qualifications of 15-7-202 are valued as~~
12 ~~agricultural lands for tax purposes.~~

13 ~~(d) Property in [section 9] under class nine is~~
14 ~~assessed as provided in part 5, chapter 24, title 15.~~

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

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

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

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

21 (7) The taxable value of all property in ~~subsection~~
22 ~~(1)(b) of [section 1] and classes two AND through six~~
23 ~~three and nine~~ is the percentage of assessed value
24 established in ~~15-6-103 through 15-6-107 subsection (2)(b)~~
25 ~~of [section 1] and [sections 2, AND 3, and 9]~~ for each class

1 of property.

2 Section 18. Section 15-23-501, MCA, is amended to
3 read:

4 "15-23-501. Taxation of mines. All mines and mining
5 claims, both placer and rock in place, containing or bearing
6 gold, silver, copper, lead, coal, or other valuable mineral
7 deposits, after purchase thereof from the United States,
8 shall be taxed ~~at the price paid the United States therefor~~
9 ~~unless the surface ground or some part thereof of such mine~~
10 ~~or claim is used for other than mining purposes and has a~~
11 ~~separate and independent value for such other purposes, in~~
12 ~~which case said surface ground or any part thereof so used~~
13 ~~for other than mining purposes shall be taxed at its full~~
14 ~~value for such other purposes as all other land is taxed.~~
15 All machinery used in mining and all property and surface
16 improvements upon or appurtenant to mines and mining claims
17 which have a value separate and independent of such mines or
18 mining claims and the annual net proceeds of all mines and
19 mining claims shall be taxed as other personal property."

20 Section 19. Section 15-23-505, MCA, is amended to
21 read:

22 "15-23-505. Assessment of royalties. Upon receipt of
23 the list or schedule setting forth the names and addresses
24 of any and all persons owning or claiming royalty and the
25 amount paid or yielded as royalty to the royalty owners or

1 claimants during the year for which the return is made, the
2 department of revenue shall proceed to assess and tax the
3 royalties on the same basis as net proceeds of mines are
4 taxed as provided by ~~15-6-103~~ [section 1 of this act]."

5 Section 20. Section 15-24-102, MCA, is amended to
6 read:

7 "15-24-102. Valuation of interstate fleets --
8 determination of aggregate tax due. The department of
9 revenue shall assess any interstate motor vehicle fleet
10 making application for proportional registration as follows:

11 (1) The purchase price depreciated by a schedule as
12 prescribed by the department shall determine the depreciated
13 value.

14 (2) The depreciated value multiplied by the percent of
15 miles traveled in Montana as prescribed by 61-3-721 shall be
16 the assessed value.

17 (3) The sum of the assessed value of all vehicles
18 included in the fleet multiplied by ~~12%~~ 16% shall be the
19 taxable value for the entire fleet.

20 (4) To determine the amount of tax due, the taxable
21 value of the entire fleet shall be multiplied by the
22 statewide average county mill levy plus state levies as
23 hereinafter provided."

24 Section 21. Section 15-24-301, MCA, is amended to
25 read:

1 *15-24-301. Personal property brought into the state
 2 -- assessment -- exceptions -- custom combine equipment. (1)
 3 Property in the following cases is subject to taxation and
 4 assessment for all taxes levied that year in the county in
 5 which it is located:

6 (a) any personal property (including livestock)
 7 brought, driven, or coming into this state at any time
 8 during the year that is used in the state for hire,
 9 compensation, or profit;

10 (b) property whose owner or user is engaged in gainful
 11 occupation or business enterprise in the state; or

12 (c) property which comes to rest and becomes a part of
 13 the general property of the state.

14 (2) The taxes on this property are levied in the same
 15 manner and to the same extent, except as otherwise provided,
 16 as though the property had been in the county on the regular
 17 assessment date, provided that the property has not been
 18 regularly assessed for the year in some other county of the
 19 state.

20 (3) Nothing in this section shall be construed to levy
 21 a tax against a merchant or dealer within this state on
 22 goods, wares, or merchandise brought into the county to
 23 replenish the stock of the merchant or dealer in addition to
 24 the tax levied against the inventory of said merchant or
 25 dealer on the regular assessment date.

1 (4) This section shall not apply to motor vehicles
 2 brought, driven, or coming into this state by any
 3 nonresident, migratory, bona fide agricultural workers
 4 temporarily employed in agricultural work in Montana if the
 5 motor vehicles are used exclusively for transportation of
 6 agricultural workers.

7 (5) Agricultural harvesting machinery classified under
 8 ~~classes eight and twelve~~ class seven EIGHT, licensed in
 9 other states, and operated on the lands of persons other
 10 than the owner of the machinery under contracts for hire
 11 shall be subject to a fee in lieu of taxation of \$35 per
 12 machine for a 60-day period. The machines shall be subject
 13 to taxation under ~~classes eight and twelve~~ class seven EIGHT
 14 only if they are sold in Montana."

15 ~~Section 224--Section 15-24-505, MCA, is amended to~~
 16 ~~read:~~

17 *15-24-505. Taxation of state banks and shares of
 18 stock in. (1) Every state bank or banking corporation
 19 located and doing business in this state and every private
 20 banker doing business in this state shall be taxed upon the
 21 value of all real estate and personal property owned by the
 22 bank, banking corporation, or private banker upon the
 23 moneyed capital employed in the business, and such moneyed
 24 capital to be ascertained as provided by 15-6-106 [Section 2
 25 of this act] the cashier or secretary of every bank or

1 banking corporation and every private banker shall furnish
 2 to the department of revenue or its agent in the county in
 3 which its or his bank is located within 5 days after demand
 4 therefor a statement verified by his oath showing all the
 5 resources and liabilities of the bank as disclosed by its
 6 books at the close of business on December 31 of the
 7 preceding year. If the cashier, secretary, or private banker
 8 fails to make the statement, the department or its agent
 9 shall forthwith obtain the information from any other
 10 available source and for this purpose shall have access to
 11 the books of the bank, banking corporation, or private
 12 banker. The department or its agent shall thereupon make an
 13 assessment of the real estate and personal property owned by
 14 the bank, banking corporation, or private banker and of the
 15 moneyed capital employed in the business of the bank,
 16 banking corporation, or private banker. The assessment shall
 17 be as fair and equitable as can be made from the best
 18 information available for the purpose of the assessment,
 19 the figures disclosed by any prior report made by the bank,
 20 banking corporation, or private banker to any state or
 21 federal officer pursuant to any state or federal law may be
 22 adopted. Any person required by this section to make the
 23 statement hereinabove provided who fails to furnish it shall
 24 be guilty of a misdemeanor and punished accordingly.

25 {2} All shares of stock in any bank or banking

1 corporation shall be assessed at their full cash value
 2 except to the extent that that value is represented in
 3 property which is assessable and taxable to the bank or
 4 banking corporation in this state and shall be taxable to
 5 the owners of the shares in the county, school district,
 6 city, town, or place where the bank or banking corporation
 7 is located, whether the owners of the shares are residents
 8 of such county, school district, city, town, or place.
 9 {3} The cashier or secretary of any bank or banking
 10 corporation shall furnish to the department or its agent
 11 upon demand the name of each stockholder with his
 12 residence and the number of shares belonging to him at the
 13 close of business on December 31 of the preceding year. If
 14 the cashier or secretary for more than 5 days after the
 15 demand fails to furnish such information, he is guilty of a
 16 misdemeanor and the department or its agent may obtain
 17 information from any other available source or from the
 18 books of the bank or banking corporation. For convenience,
 19 the assessment of the shares shall be entered on the
 20 personal property assessment list under the name of the bank
 21 or banking corporation concerned, but in the assessment list
 22 the names of the owners of such shares and the number of
 23 shares owned by each shall be set forth. The assessment
 24 when so entered has all the force and effect as if made in
 25 the names of the owners of the shares individually. The bank

1 or banking corporation in which the shares are owned is
 2 liable for the payment of taxes assessed against the shares
 3 and the taxes are payable by and collected from the bank or
 4 banking corporation in the same manner and under the same
 5 penalties as other taxes. The bank or banking corporation
 6 may recover from the owners of shares any taxes paid on the
 7 shares and has a lien therefor upon the shares and upon any
 8 dividends accrued or to accrue thereon."

9 Section 23. Section 15-24-506, MCA, is amended to
 10 read:

11 "15-24-506. Banks in two or more counties
 12 apportionment of taxes. Any state or national bank, banking
 13 corporation or private bank, the stock, moneyed capital, or
 14 moneys and credits of which are subject to taxation under
 15 the provisions of this part and chapter 6 of this title
 16 [section 9 of this act] and which has banking offices in
 17 more than one county shall furnish to the department of
 18 revenue or its agent in each such county the information
 19 required of it by this part, together with a statement of
 20 the book value of real estate owned and located in the
 21 respective counties and a statement of the deposit liability
 22 shown by the books of account of said bank at each of its
 23 banking offices at the close of business on December 31 of
 24 the preceding year. The aggregate tax on the stock, moneyed
 25 capital, and moneys and credits of such bank computed as

1 provided by law shall be assessed by and be paid to the
 2 respective counties in the proportion which the amount of
 3 the deposit liability shown on the books of the office or
 4 offices of such bank located in such counties, respectively,
 5 shall bear to the total deposit liability of such bank."

6 Section 22. Section 15-24-1102, MCA, is amended to
 7 read:

8 "15-24-1102. Federal property held under contract of
 9 sale. When the property is held under a contract of sale or
 10 other agreement whereby upon payment the legal title is or
 11 may be acquired by the person, the real property shall be
 12 assessed and taxed as defined in chapter 6, part 1
 13 [sections 1 through 10] and 15-8-111 without deduction on
 14 account of the whole or any part of the purchase price or
 15 other sum due on the property remaining unpaid. The lien for
 16 the tax may not attach to, impair, or be enforced against
 17 any interest of the United States in the real property."

18 Section 23. Section 15-24-1103, MCA, is amended to
 19 read:

20 "15-24-1103. Federal property held under lease. When
 21 the property is held under lease, other interest, or estate
 22 therein less than the fee, except under contract of sale,
 23 the property shall be assessed and taxed as for the value,
 24 as defined in chapter 6, part 1, [sections 1 through 10 of
 25 this act] of such leasehold, interest, or estate in the

1 property and the lien for the tax shall attach to and be
 2 enforced against only the leasehold, interest, or estate in
 3 the property. When the United States authorizes the taxation
 4 of the property for the full assessed value of the fee
 5 thereof, the property shall be assessed for full assessed
 6 value as defined in 15-8-111."

7 Section 24. Section 15-24-1308, MCA, is amended to
 8 read:

9 "15-24-1308. Land classified as industrial --
 10 assessment provisions. (1) The governing body shall identify
 11 those lands within its jurisdiction whose highest and best
 12 purpose is determined to be industrial. Owners of existing
 13 industrial buildings and grounds under construction or
 14 undergoing expansion that increases the taxable value of the
 15 property 10% shall receive tax benefits or penalties based
 16 on their compliance with the land use categories established
 17 by the governing body. Improvements classified as "new
 18 industrial property" under ~~15-6-119~~ [section 5 of this act]
 19 may not qualify for benefits under this section. Industrial
 20 land and buildings shall be classified as Class A, B, C, or
 21 D for purposes of new construction or expansion of existing
 22 facilities.

23 (2) Tax benefits and penalties for new construction or
 24 expansion shall apply to the land and the improvements
 25 thereon in accordance with these classifications, determined

1 by the governing body, based on compliance with the
 2 following environmental criteria. Construction of or
 3 expansion of industrial buildings and grounds:

4 (a) would not place unreasonable burden on existing
 5 public services, such as highways, schools, and police and
 6 fire protection;

7 (b) would have sufficient water available for
 8 foreseeable needs;

9 (c) would meet existing air and water pollution
 10 requirements or that through reclamation the natural
 11 environment could be returned substantially to its original
 12 condition;

13 (d) would have adequate sewage and solid waste
 14 disposal facilities.

15 (3) Classes A, B, C, and D shall be determined and
 16 taxed as follows:

- 17 Class A--complies with criteria (2)(a) through (2)(d).
- 18 Class B--complies with criteria (2)(c) through (2)(d).
- 19 Class C--complies with criteria (2)(b) and (2)(d).
- 20 Class D--other than Class A, B, or C.

21 LAND CLASSIFICATION	22 INDUSTRIAL CLASSIFICATION			
	23 CLASS A	24 CLASS B	25 CLASS C	CLASS D
23 Residential	+ 50%	+100%	+150%	+200%
24 Commercial	- 25%	- 15%	-0-	+ 50%
25 Industrial	- 50%	- 30%	- 10%	+ 25%

1 The percentages above reflect the amount in addition
 2 (+) to the taxable value or less than (-) the taxable value.
 3 These percentages of taxable value shall be continuously
 4 applied to the land and the buildings for 10 consecutive
 5 years following their construction. The construction period
 6 may not be taxed for new industrial construction or
 7 expansion of an existing industry except as provided in
 8 15-24-1307(3) and (5). Beginning with the 11th year
 9 following construction, the percentage of taxable value
 10 shall be adjusted in equal increments until taxable value is
 11 attained in the 20th year. Thereafter, the property shall be
 12 taxed at 100% of taxable value."

13 Section 25. Section 15-24-1311, MCA, is amended to
 14 read:

15 15-24-1311. Remodeling of homes, buildings, or
 16 structures -- assessment provisions. (1) Remodeling of
 17 existing buildings or structures shall receive tax benefits
 18 ~~in lieu of those provided under 15-6-114~~ during the
 19 construction period and for the following 5 years in
 20 accordance with the following schedule. These percentages
 21 shall be applied to any increase in taxable value caused by
 22 the remodeling:

23	Construction period	0%
24	First year following construction	20%
25	Second year following construction	40%

1	Third year following construction	60%
2	Fourth year following construction	80%
3	Fifth year following construction	100%
4	Following years	100%

5 (2) If an existing home, building, or structure is not
 6 remodeled as defined in this chapter within the 10 years
 7 following passage of this act, a 5% increase shall be added
 8 to its taxable value each year that the owner fails to
 9 remodel to a maximum of 50%. After a home, building, or
 10 structure has been remodeled, the provisions of this section
 11 shall be considered to be started again with the beginning
 12 of a new 10-year period.

13 (3) The governing body shall waive the provisions of
 14 this section unless it can be demonstrated that lack of
 15 regular maintenance over a period of time has failed to
 16 maintain the value of the property and that depreciation has
 17 taken place to lower the value of the property more than
 18 2 1/2%."

19 Section 26. Section 20-9-407, MCA, is amended to read:

20 "20-9-407. Industrial facility agreement for bond
 21 issue in excess of maximum. (1) In a school district within
 22 which a new major industrial facility which seeks to qualify
 23 for taxation as class eighteen five property under 15-6-119
 24 [section 5 of this act] is being constructed or is about to
 25 be constructed, the school district may require, as a

1 precondition of the new major industrial facility qualifying
 2 as class ~~eighteen~~ five property, that the owners of the
 3 proposed industrial facility enter into an agreement with
 4 the school district concerning the issuing of bonds in
 5 excess of the 29% limitation prescribed in this section.
 6 Under such an agreement, the school district may, with the
 7 approval of the voters, issue bonds which exceed the
 8 limitation prescribed in this section by a maximum of 29% of
 9 the estimated taxable value of the property of the new major
 10 industrial facility subject to taxation when completed. The
 11 estimated taxable value of the property of the new major
 12 industrial facility subject to taxation shall be computed by
 13 the department of revenue when requested to do so by a
 14 resolution of the board of trustees of the school district.
 15 A copy of the department's statement of estimated taxable
 16 value shall be printed on each ballot used to vote on a bond
 17 issue proposed under this section.

18 (2) Pursuant to the agreement between the new major
 19 industrial facility and the school district and as a
 20 precondition to qualifying as class ~~eighteen~~ five property,
 21 the new major industrial facility and its owners shall pay,
 22 in addition to the taxes imposed by the school district on
 23 property owners generally, so much of the principal and
 24 interest on the bonds provided for under this section as
 25 represents payment on an indebtedness in excess of the

1 limitation prescribed in this section. After the completion
 2 of the new major industrial facility and when the
 3 indebtedness of the school district no longer exceeds the
 4 limitation prescribed in this section, the new major
 5 industrial facility shall be entitled, after all the current
 6 indebtedness of the school district has been paid, to a tax
 7 credit over a period of no more than 20 years. The credit
 8 shall as a total amount be equal to the amount which the
 9 facility paid the principal and interest of the school
 10 district's bonds in excess of its general liability as a
 11 taxpayer within the district.

12 (3) A major industrial facility is a facility subject
 13 to the taxing power of the school district, whose
 14 construction or operation will increase the population of
 15 the district, imposing a significant burden upon the
 16 resources of the district and requiring construction of new
 17 school facilities. A significant burden is an increase in
 18 ANB of at least 20% in a single year."

19 Section 27. Repealer. Sections 15-6-102 through
 20 15-6-121 and 15-7-121, MCA, are repealed.

-End-