

# 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

*House* *Goodwin*  
Bills No. 213

1 INTRODUCED BY *William J. Murphy* *House* *Chairman* *FARS*  
 2 *John* *Watt* *Tommy* *Wade* *Mark* *Shattuck*  
 3 *Glenn* *Watt* *Tommy* *Wade* *Mark* *Shattuck*  
 4 *Leslie* *Tommy* *Wade* *Mark* *Shattuck*  
 5 *Bengtson* *Leslie* *Tommy* *Wade* *Mark* *Shattuck*  
 6 *Dasinger* *Leslie* *Tommy* *Wade* *Mark* *Shattuck*  
 7 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE  
 8 PROPERTY TAX CLASSIFICATION SYSTEM; AMENDING SECTIONS  
 9 15-1-101, 15-6-101, 15-7-202, 15-8-111, 15-23-501, *Leslie*  
 10 15-23-505, 15-24-102, 15-24-301, 15-24-505, 15-24-506, *OK*  
 11 15-24-1102, 15-24-1103, 15-24-1308, 15-24-1311, AND *Glenn*  
 12 20-9-407; AND REPEALING SECTIONS 15-6-102 THROUGH 15-6-121  
 13 AND 15-7-121."

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

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

18 (a) the right of entry that is a property right  
 19 reserved in land or received by mesne conveyance (exclusive  
 20 of leasehold interests), devise, or succession to enter land  
 21 whose surface title is held by another to explore, prospect,  
 22 or dig for oil, gas, coal, or minerals; and

23 (b) the annual net proceeds of all mines and mining  
 24 claims except coal and metal mines.

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

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

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

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

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

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

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

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

19 (c) Property described in subsection (1)(c) is taxed  
 20 at 45% of its annual gross proceeds.

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

24 (2) Class three property is taxed at 30% of its  
 25 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 6--part

1 ~~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 15-6-122 ~~[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 uses 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) All Properties in 15-6-103 subsection (1)(b) of~~  
 24 ~~[section 1], under class two one, are assessed at 100% of~~  
 25 ~~the annual net proceeds after deducting the expenses~~

1 specified and allowed by 15-23-503.

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

5 ~~total~~ Properties in ~~15-6-107~~ [section 3], under class  
 6 six ~~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 occurs:

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 ~~15-6-103~~ of [section 1] and classes two through six, ~~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 ~~22%~~ 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 ~~15-6-306 [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   therfor, 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 districts,  
 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 agents  
 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.

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--6r--part--iv  
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 or 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-6r-part-iv [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 §5-6-119 [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** **INDUSTRIAL CLASSIFICATION**

18 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 15-24-1307~~ 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 25-6-229  
 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 districts 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-

## STATE OF MONTANA

REQUEST NO. 52-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, 1979, 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	<u>9,882,000</u>	<u>\$10,206,978</u>
Estimated Decrease	<u>\$ 0</u>	<u>(\$ 167,022)</u>

FUND INFORMATION

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

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. Tracy for*  
BUDGET DIRECTOR

Office of Budget and Program Planning  
Date: 1/25/79

(CONTINUED ON PAGE 2)

<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, 1979, 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</u> (actual)	<u>FY80</u> (Estimated)	<u>FY81</u> (Estimated)
\$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	9,882,000 M	10,260,000 M
Estimated Decrease	(\$ 0 M)	(\$ 114,000 M)

FUND INFORMATION

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

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

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, LONE, 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 ~~for--business-inventories-as-defined-in--this--section~~  
 18 ~~fb--at--unprocessed-agricultural-products-on-the-farm~~  
 19 ~~or-in-storage-except~~

20 ~~fb--at--perishable--fruits--and--vegetables--in--farm~~  
 21 ~~storage-and-owned-by-the-producer-and~~

22 ~~fb--livestock--and--poultry--and--the--unprocessed~~  
 23 ~~products-of-both~~

24 ~~fb~~ 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 1];

4 ~~(d)1B1~~ air and water pollution control equipment as  
 5 defined in this section;

6 ~~(e)1C1~~ 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)1D1~~ 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--trades--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)1~~ (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       ~~t67151~~ 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       ~~t77161~~ Class five property is taxed at 3% of its  
 16 market value.

17       SECTION 6a. 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 SECTIONa 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       ~~1E1\_X-RAY\_AND\_MEDICAL\_AND\_DENTAL\_EQUIPMENT; AND~~  
 24       ~~1FT1G1~~ 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 percentages---(i) 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 ~~seventy--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 ~~theater projectors and sound equipment; and~~  
 7 ~~(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 ~~111(e)(1)(G)~~ 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 & [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 15-6-102 [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) 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) of [section 1] and AND classes seven four~~  
 15 ~~through eighteen eight-and-classes-ten is the percentage of~~  
 16 ~~market value established for each class of property in~~  
 17 ~~15-6-102--and-15-6-108 subsection (2) 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-15-6-108 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) 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) Properties in 15-6-104--15-6-105--and-15-6-108,~~  
 6 ~~[section 2] under classes-three,-four,-and-nineteen class~~  
 7 ~~two are assessed at 100% of the annual gross proceeds.~~

8       ~~(d) 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 is under class nine is~~  
 14 ~~assessed--as--provided--in--part--5--chapter--24x--title--15x~~

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 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--is--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--HEAr--is--amended--to  
 16       read:

17       "15-24-505--Taxation-of--state--banks--and--shares--of  
 18       stock--in--{{}}--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--rest--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]o---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 therefore 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 or 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 corporations-or-private-banks--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 fractions--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--offices--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.

	LAND CLASSIFICATION	INDUSTRIAL CLASSIFICATION			
		CLASS A	CLASS B	CLASS C	CLASS D
23	Residential		+ 50%	+100%	+150%
24	Commercial		- 25%	- 15%	- 0%
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--the--off--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. Repeater. Sections 15-6-102 through  
 20 15-6-121 and 15-7-121, MCA, are repealed.

-End-

HOUSE BILL NO. 213

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

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

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----15-24-506v  
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."

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

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.

(c) Property described in subsection (1)(c) is taxed 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) unprocessed agricultural products on the farm  
 19 or in storage except  
 20 (i) 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) 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 1];

4 ~~title~~ air and water pollution control equipment as  
 5 defined in this section;

6 ~~title~~ 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 ~~title~~ 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-new~~  
 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--trades--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 ~~title~~ "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 ~~title~~ (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       ~~16151~~ 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       ~~17161~~ 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        ~~1E1\_X-E8AY\_ANO\_MEQICAL\_ANO\_DENIAL\_EQUPMEN11\_ANQ~~  
 24        ~~ff7fG1~~ 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--~~11~~ Class nine property  
 7 includes--moneyed--capital--and--shares--of--banks--

8 ~~12~~ 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 ~~theater projectors and sound equipment; and~~  
 7 ~~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 ~~ffff~~ ~~ffff~~ 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-6y--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 ~~15-6-102~~  
 19 ~~through-15-6-122~~ ~~[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 ~~classes-one-and-classes-seven-through~~  
10 ~~eighteen subsection (1)(a) of [section 1], AND [sections 4~~  
11 ~~through 8]x-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 ~~classes-one~~  
14 ~~subsection (1)(a) of [section 1], and classes seven four~~  
15 ~~through eighteen eight-and-classed-ten~~ is the percentage of  
16 market value established for each class of property in  
17 ~~15-6-102--and-15-6-108 subsection (2)(a) of [section 1], 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-15-6-108 subsection (1)(b) of [section~~  
21 ~~1], [section 2], AND [section 3]x-and-[section 9]~~ is as  
22 follows:

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

1       ~~total 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       ~~total Properties in 15-6-104--15-6-105--and-15-6-108-~~  
6 ~~[section 2] under classes-three--four--and--nineteen class~~  
7 ~~two are assessed at 100% of the annual gross proceeds.~~

8       ~~total 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       ~~Property--in--15-6-108--under--classes--one--to--six~~  
14 ~~assessed--as--provided--in--part--five--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 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~~ EIGHI, 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~~ EIGHI  
 14 only if they are sold in Montana."

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

17       \*15-24-505--Taxation-of--state--banks--and--shares--of  
 18 stock--in--{{}}--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--setj~~--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 therefore 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 or 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 or 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 or banking corporation or private banker and of the  
 15 moneyed capital employed in the business of the bank  
 16 or 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 or 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 the 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 fraction--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-years--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--offices--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 §5-6-119 [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	INDUSTRIAL CLASSIFICATION			
		22	CLASS A	CLASS B	CLASS C
23	Residential		+ 50%	+100%	+150%
24	Commercial		- 25%	- 15%	- 0%
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--ties--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. Repeater. Sections 15-6-102 through  
20 15-6-121 and 15-7-121, MCA, are repealed.

-End-

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

(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 --

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) 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) 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 ~~td7131~~ air and water pollution control equipment as  
 5 defined in this section;

6 ~~td7131~~ 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 ~~td7131~~ 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 ~~td7131~~ "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 ~~td7131~~ "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 ~~td7131~~ (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       ~~f67151~~ 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       ~~f77161~~ 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       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       ~~tf71G1~~ 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~~ nine property  
 6       description -- taxable percentage -- (1) Class ~~nine~~ 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       seventy--or--eight EIGHT, OR NINE, including those prorated  
 3       under 15-24-102;

4       ~~tg~~--x-ray--and--spectatorized--medical--and--dentist  
 5       equipment;

6       ~~th~~tg theater projectors and sound equipment; and  
 7       ~~th~~tg 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 ~~title~~ ~~11~~ 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-6y--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 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 ~~classes-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 eight-and-class-ten~~ is the percentage of  
16 market value established for each class of property in  
17 ~~15-6-102--and-15-6-108 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 ~~tot--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 ~~total~~ 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 ~~total~~ 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 ~~total~~ 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 ~~tot--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-@the  
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--MEA--is--amended--to  
 16 read:

17       \*15-24-505--Taxation-of--state--banks--and--shares--of  
 18 stock--in--#--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 therefore 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 value  
 2 except to the extent that the 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-party-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-years--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-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--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.

	LAND CLASSIFICATION	INDUSTRIAL CLASSIFICATION			
		CLASS A	CLASS B	CLASS C	CLASS D
23	Residential		+ 50%	+100%	+150%
24	Commercial		- 25%	- 15%	-0-
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--addition--of--those--provided--under--15-6-447~~ 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 15-6-449  
 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 districts 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-