

HOUSE BILL 257

IN THE HOUSE

January 18, 1979

Introduced and referred to
Committee on Taxation.

1 *House E* BILL NO. *257*
 2 INTRODUCED BY *H. B. Robbins - Manuel Linn Furumaker*
 3 *Tom R. Johnston Conroy Magnolia*
 4 *NATH*

5 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING 15-6-107, MCA,
 6 TO PROVIDE THAT AGRICULTURAL LAND, AS DEFINED BY 15-7-202,
 7 MCA, SHALL BE TAXED AT 15% OF ITS ASSESSED VALUE IN YEARS
 8 WHEN IT REMAINS FALLOW AND IS NOT USED TO PRODUCE FIELD
 9 CROPS."

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

11 Section 1. Section 15-6-107, MCA, is amended to read:

12 "15-6-107. Class six property -- description --
 13 taxable percentage. (1) Class six property includes
 14 agricultural land as defined in 15-7-202.

15 (2) Class six property is taxed at 30% of its assessed
 16 value."

17 ~~(3) Class six property that is nonirrigated~~
 18 ~~agricultural land is to be taxed at 15% of its assessed~~
 19 ~~value in years when it remains fallow and is not used to~~
 20 ~~produce field crops."~~

-End-

HB 257
 INTRODUCED BILL

STATE OF MONTANA

REQUEST NO. 65-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 22, 19 79, there is hereby submitted a Fiscal Note for House Bill 257 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This bill provides that agricultural land, as defined by 15-7-202, MCA, shall be taxed at 15% of its assessed value in years when it remains fallow and is not used to produce field crops.

ASSUMPTIONS

- 1) There will be no impact in FY80 due to effective date.
- 2) The appraised value of non-irrigated farmland will remain at \$267 million throughout the biennium.
- 3) One-half of the non-irrigated farmland will remain fallow each year. The taxable value of this land is reduced by 50% (from 30% to 15%)
- 4) The local levy for rural areas will be 150 mills.
- 5) The state levy for the university will be 6 mills.

FISCAL IMPACT

	<u>FY80</u>	<u>FY81</u>
6 Mill University Levy		
under current law	No Impact	\$480,600
under proposed law	<u>No Impact</u>	<u>360,450</u>
Estimated Decrease	<u>No Impact</u>	<u>(120,150)</u>

EFFECT ON LOCAL GOVERNMENT

Local governments should lose just over \$3 million in FY81 if this proposal were to be enacted.

TECHNICAL NOTES

The administrative rule for valuing non-irrigated agricultural land makes the assumption the land lies fallow every other year. The value is reduced by 50% over what it would be if it were cropped every year.

(Prepared by Department of Revenue)

Richard L. Drury for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/25/79