

HOUSE BILL 267

IN THE HOUSE

January 19, 1979

Introduced and referred to
Committee on Taxation.

1 HOUSE BILL NO. 267
2 INTRODUCED BY L. Hirsch

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT RIGHTS OF
5 ENTRY FROM PROPERTY TAXATION; AMENDING SECTIONS 15-6-101 AND
6 15-8-111, MCA; AND REPEALING SECTION 15-6-102, MCA."

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

9 NEW SECTION. Section 1. Right of entry exempt. The
10 right of entry, which is a property right reserved in land
11 or received by mesne conveyance (exclusive of leasehold
12 interests), devise, or succession to enter land whose
13 surface title is held by another to explore, prospect, or
14 dig for oil, gas, coal, or minerals, is exempt from
15 taxation.

16 Section 2. Section 15-6-101, MCA, is amended to read:

17 "15-6-101. Property subject to taxation --
18 classification. (1) All property in this state is subject to
19 taxation, except as provided otherwise.

20 (2) For the purpose of taxation, the taxable property
21 in the state shall be classified in accordance with ~~15-6-102~~
22 15-6-103 through 15-6-121."

23 Section 3. Section 15-8-111, MCA, is amended to read:

24 "15-8-111. Assessment -- market value standard --
25 exceptions. (1) All taxable property must be assessed at

1 100% of its market value except as provided in subsection
2 (5) of this section and in 15-7-111 through 15-7-114.

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

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

13 (4) The taxable value for all property in ~~class one~~
14 ~~and~~ classes seven through eighteen is the percentage of
15 market value established for each class of property in
16 ~~15-6-102 and~~ 15-6-108 through 15-6-119.

17 (5) The assessed value of properties in 15-6-103
18 through 15-6-107 and 15-6-120 is as follows:

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

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

25 (c) Properties in 15-6-104, 15-6-105, and 15-6-120,

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1 under classes three, four, and nineteen are assessed at 100%
2 of the annual gross proceeds.

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

8 (e) Land and the improvements thereon are separately
9 assessed when any of the following conditions occur:

10 (a) ownership of the improvements is different from
11 ownership of the land;

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

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

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

17 Section 4. Repealer. Section 15-6-102, "CA," is
18 repealed.

-End-

STATE OF MONTANA

REQUEST NO. 82-79

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 267 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 exempts rights of entry from property taxation.

ASSUMPTIONS

- 1) The effective date of this legislation is July 1, 1979, so it would have no fiscal impact in FY80.
- 2) A taxable value on Reserved Rights of Entry of between \$1.0 M and \$1.2 M for FY81.
- 3) University mill levy of 6 mills.
- 4) Local government levy of 150 mills for rural areas.

FISCAL IMPACT

	<u>FY80</u>	<u>FY 81</u>
University mill levy (6 mills)		
under current law	No Impact	\$6000 to \$7200
under proposed law	No Impact	0
Estimated Decrease	<u>No Impact</u>	<u>(\$6000 to \$7200)</u>

FUND INFORMATION

University Mill Levy		
Estimated Decrease	<u>No Impact</u>	<u>(\$6000 to \$7200)</u>

EFFECT ON LOCAL GOVERNMENTS

The proposed legislation will reduce local government revenues by \$150,000 to \$180,000 for FY81.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drayton
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/25/79