

HOUSE BILL 400

IN THE HOUSE

January 24, 1979

Introduced and referred to
Committee on Taxation.

March 27, 1979

Committee recommend bill,
do pass.

Second reading, as amended.

Correctly engrossed.

Third reading, passed.

IN THE SENATE

March 27, 1979

Introduced and referred to
Committee on Taxation.

April 20, 1979

Died in Committee.

1 HOUSE BILL NO. 400
2 INTRODUCED BY Harmon

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH THE
5 PROPERTY TAX RATE FOR MOST RESIDENTIAL DWELLINGS AT 5% OF
6 TRUE MARKET VALUE; TO REQUIRE THAT THE TAX RATE BE ADJUSTED
7 IF THE APPRAISED VALUE FALLS BELOW TRUE MARKET VALUE; TO FIX
8 THE TAX RATE FOR CLASS ELEVEN PROPERTY AT 8.55%; AMENDING
9 SECTIONS 15-6-112, 15-6-114, 15-6-119, 15-6-121, AND
10 15-8-111, MCA; REPEALING SECTIONS 15-6-116 AND 15-7-121,
11 MCA; AND PROVIDING AN EFFECTIVE DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 NEW SECTION. Section 1. Class twenty-one property --
15 description -- taxable percentage. (1) Class twenty-one
16 property includes all residential dwellings.

17 (2) (a) "Residential dwelling" means any improvement
18 used for permanent human habitation, including but not
19 limited to mobile homes and trailers affixed to land,
20 apartments, condominiums, and other multiple dwellings.

21 (b) "True market value" means the current value,
22 determined by recent sales data of comparable property as
23 reported under the provisions of 15-7-304 and 15-7-305 or by
24 other methods the department of revenue may employ, at which
25 the property would change hands between a willing seller and

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

4 (3) Class twenty-one property is taxed as follows:

5 (a) So much of the true market value of residential
6 dwellings owned by persons meeting the qualifications
7 imposed in [section 2] that does not exceed \$37,500 is taxed
8 at 2 1/2% of true market value, subject to revision under
9 the provisions of subsection (5).

10 (b) All other residential dwellings are taxed at 5% of
11 true market value, subject to revision under the provisions
12 of subsection (5).

13 (4) Before June 30 of every year, the director of the
14 department of revenue shall certify to the governor the
15 percentage the average appraised value of residential
16 property in the state bears to true market value. This
17 percentage shall be determined from recent sales data
18 collected under the provisions of 15-7-304 and 15-7-305 and
19 sales assessment ratios.

20 (5) The tax rates for class twenty-one property are
21 increased by the percentage that the statewide average
22 appraised value of residential property is less than true
23 market value. The governor shall direct the department to
24 use the adjusted tax rates for that year in determining the
25 taxable value of class twenty-one property that year.

1 ~~NEW SECTION.~~ Section 2. Taxation of residential
 2 dwellings owned by certain retired and disabled persons. (1)
 3 To be eligible for the tax rate provided in [section
 4 (3)(a)], the residential dwelling must be owned or under
 5 contract for deed and occupied for at least 10 months of the
 6 year as the primary residential dwelling of:

7 (a) a widow or widower at least 62 years old who
 8 qualifies under the income limitations of subsection (1);

9 (b) a widow or widower of any age with dependent
 10 children who qualifies under the income limitations of
 11 subsection (1);

12 (c) a person who has been honorably discharged from
 13 active service in any branch of the armed services and who
 14 is rated 100% disabled due to a service-related disability
 15 by the United States veterans' administration or its
 16 successor;

17 (d) the surviving spouse of a person qualifying under
 18 subsection (1)(c), who remains unmarried and the owner and
 19 occupant of the property;

20 (e) a recipient or recipients of retirement or
 21 disability benefits whose total income from all sources is
 22 not more than \$7,000 for a single person or \$8,000 for a
 23 married couple.

24 (2) Before March 1 of the year for which this tax rate
 25 is sought, a person must sign and file an application,

1 provided without cost by the department, containing such
 2 information as the department considers necessary to
 3 determine the applicant's eligibility.

4 Section 3. Section 15-6-112, MCA, is amended to read:
 5 "15-6-112. Class eleven property -- description --
 6 taxable percentage. (1) Class eleven property includes:

7 (a) all land except agricultural land meeting the
 8 qualification of 15-7-202;

9 (b) all improvements except those included in classes
 10 fifteen, and eighteen, and twenty-one;

11 (c) all trailers affixed to land owned, leased, or
 12 under contract for purchase by the trailer owner; and

13 (d) all mobile homes except:

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

16 (ii) those included in ~~class classes~~ fifteen or
 17 ~~twenty-one.~~

18 (2) Class eleven property is taxed at ~~12% 8.55%~~ of its
 19 market value ~~or--so--much--of--12%--as-is-determined-under~~
 20 ~~15-7-121, whichever is less."~~

21 Section 4. Section 15-6-114, MCA, is amended to read:

22 "15-6-114. Class thirteen property -- description --
 23 taxable percentage. (1) Class thirteen property includes the
 24 incremental increase in the value of real estate, except
 25 residential dwellings, produced by repairing, maintaining,

1 or improving existing improvements.

2 (2) Class thirteen property is taxed at:

3 (a) 2.4% of the market value for the first full year
4 following completion of the repair, maintenance, or
5 improving of existing improvements;

6 (b) 4.8% of the market value for the second full year
7 following completion of the repair, maintenance, or
8 improving of existing improvements;

9 (c) 7.2% of the market value for the third full year
10 following completion of the repair, maintenance, or
11 improving of existing improvements;

12 (d) 9.6% of the market value for the fourth full year
13 following completion of the repair, maintenance, or
14 improving of existing improvements; and

15 (e) 12% of the market value for the fifth full year
16 and every year thereafter following completion of the
17 repair, maintenance, or improving of existing improvements."

18 Section 5. Section 15-6-119, MCA, is amended to read:

19 "15-6-119. Class eighteen property -- description --
20 taxable percentage. (1) Class eighteen property includes:

21 ~~(i) a dwelling house and the lot on which it is~~
22 ~~erected, owned and occupied by a resident of the state who~~

23 ~~(ii) has been honorably discharged from active service~~
24 ~~in any branch of the armed services; and~~

25 ~~(iii) is rated 100% disabled due to a service-connected~~

1 ~~disability by the United States veterans' administration or~~
2 ~~its successor in the event of the veteran's death, the~~
3 ~~dwelling house and the lot on which it is erected shall~~
4 ~~remain in this class as long as the surviving spouse remains~~
5 ~~unmarried and the owner and occupant of the property.~~

6 ~~(b)(a)~~ all property used and owned by cooperative
7 rural electrical and cooperative rural telephone
8 associations as provided in (2)(a) of this section;

9 ~~(c)(b)~~ air pollution control equipment as defined in
10 this section; and

11 ~~(d)(c)~~ new industrial property as defined in this
12 section.

13 (2) (a) The property of all cooperative rural
14 electrical and cooperative rural telephone associations
15 organized under the laws of Montana is included in this
16 class, except that when less than 95% of the electricity
17 consumers or telephone users within the incorporated limits
18 of a city or town are served by the cooperative
19 organization, the property is included in class eighteen.

20 (b) "Air pollution control equipment" means
21 facilities, machinery, or equipment, attached or unattached
22 to real property, utilized to reduce, eliminate, control, or
23 prevent air pollution. The department of health and
24 environmental sciences determines if such utilization is
25 being made.

HB 400

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

7 (i) New industrial property is limited to industries
 8 that:

9 (A) manufacture, mill, mine, produce, process, or
 10 fabricate materials;

11 (B) do similar work, employing capital and labor, in
 12 which materials unserviceable in their natural state are
 13 extracted, processed, or made fit for use or are
 14 substantially altered or treated so as to create commercial
 15 products or materials; or

16 (C) engage in the mechanical or chemical
 17 transformation of materials or substances into new products
 18 in the manner defined as manufacturing in the 1972 Standard
 19 Industrial Classification Manual prepared by the United
 20 States office of management and budget.

21 (ii) New industrial property does not include:

22 (A) property used by retail or wholesale merchants,
 23 commercial services of any type, agriculture, trades, or
 24 professions;

25 (B) a plant that will create adverse impact on

1 existing state, county, or municipal services; or

2 (C) property used or employed in any industrial plant
 3 that has been in operation in this state for 3 years or
 4 longer.

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

11 (3) The department of revenue shall promulgate rules
 12 for the determination of what constitutes an adverse impact,
 13 taking into consideration the number of people to be
 14 employed and the size of the community in which the location
 15 is contemplated. Any person, firm, or other group seeking to
 16 qualify its property for inclusion in this class shall make
 17 application to the department in such a manner and form as
 18 the department requires. Once the department has made an
 19 initial determination that the industrial facility qualifies
 20 as new industrial property, the department shall then, upon
 21 proper notice, hold a hearing to determine if the new
 22 industrial classification should be retained by the
 23 property. The local taxing authority may appear at the
 24 hearing and may waive its objection to retention of this
 25 classification if the industry agrees to the prepayment of

1 taxes sufficient to satisfy tax requirements created by the
 2 location and construction of the facility during the
 3 construction period. When a prepayment of taxes is required,
 4 the maximum amount of prepayment shall be the amount of tax
 5 the industry would have paid without the application of the
 6 class seven percentage to such property.

7 (4) If a major new industrial facility qualifies under
 8 class eighteen, the reduction of its yearly payment of
 9 property taxes for reimbursement of its prepaid taxes as
 10 provided for in 15-16-201 does not begin until the class
 11 eighteen qualification expires.

12 (5) Class eighteen property shall be taxed at 2.8% of
 13 its market value ~~or in the case of property classified~~
 14 ~~under (1)(a) of this section, so much of 2.8% as is~~
 15 ~~determined under 15-7-121, whichever is less."~~

16 Section 6. Section 15-6-121, MCA, is amended to read:

17 "15-6-121. Class twenty property -- description --
 18 taxable percentage. (1) There is a class of property which
 19 includes a pickup camper, travel trailer, including a fifth
 20 wheel trailer, or motor home which is owned by and is
 21 actually used primarily by a person 60 years of age or older
 22 who is retired from full employment and whose total income
 23 each year from all sources does not exceed the income
 24 limitations set in ~~class--fifteen~~ [section 2(1)(e)] for a
 25 single person or married couple, whichever is applicable.

1 (2) A person who applies for this classification must
 2 file ~~an affidavit~~ ^{a signed statement} with the department of revenue as to his
 3 income, as set forth in ~~class--fifteen~~ [section 2(2)].

4 (3) This class of property is taxed at 6% of market
 5 value."

6 Section 7. Section 15-8-111, MCA, is amended to read:

7 "15-8-111. Assessment -- market value standard --
 8 exceptions. (1) All taxable property must be assessed at
 9 100% of its market value except as provided in subsection
 10 (5) of this section, ~~and in 15-7-111 through 15-7-114, and~~
 11 ~~in [section 1].~~

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

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

22 (4) The taxable value for all property in class one,
 23 ~~and classes seven through fourteen, and classes sixteen~~
 24 ~~through~~ eighteen is the percentage of market value
 25 established for each class of property in 15-6-102, ~~and~~

1 15-6-108 through ~~15-6-115, and 15-6-117 through~~ 15-6-119.
 2 (5) The assessed value of properties in 15-6-103
 3 through 15-6-107, ~~and 15-6-120, and [section 1]~~ is as
 4 follows:
 5 (a) Property in 15-6-106, under class five, is
 6 assessed at 100% of book value by the method established in
 7 15-6-106 and the sections cited therein.
 8 (b) Properties in 15-6-103, under class two, are
 9 assessed at 100% of the annual net proceeds after deducting
 10 the expenses specified and allowed by 15-23-503.
 11 (c) Properties in 15-6-104, 15-6-105, and 15-6-120,
 12 under classes three, four, and nineteen are assessed at 100%
 13 of the annual gross proceeds.
 14 (d) Properties in 15-6-107, under class six, are
 15 assessed at 100% of the productive capacity of the lands
 16 when valued for agricultural purposes. All lands that meet
 17 the qualifications of 15-7-202 are valued as agricultural
 18 lands for tax purposes.
 19 ~~(e) Property in [section 1], under class twenty-one,~~
 20 ~~is assessed at 100% of its true market value, as defined in~~
 21 ~~[section 1].~~
 22 (6) Land and the improvements thereon are separately
 23 assessed when any of the following conditions occur:
 24 (a) ownership of the improvements is different from
 25 ownership of the land;

1 (b) the taxpayer makes a written request; or
 2 (c) the land is outside an incorporated city or town.
 3 (7) The taxable value of all property in classes two
 4 through six is the percentage of assessed value established
 5 in 15-6-103 through 15-6-107 for each class of property."
 6 Section 8. Repealer. Sections 15-6-116 and 15-7-121,
 7 MCA, are repealed.
 8 Section 9. Effective date. This act is effective on
 9 passage and approval and applies to taxable years beginning
 10 after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 154-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 26, 19 79, there is hereby submitted a Fiscal Note for House Bill 400 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 will establish the property tax rate for most residential dwellings at 5% of true market value; require that the tax rate be adjusted if the appraised value falls below true market value; fix the tax rate for class eleven property at 8.55%; amending sections 15-6-112, 15-6-114, 15-6-119, 15-6-121, and 15-8-111, MCA; and provide an effective date.

ASSUMPTION

This note is designed to give an estimate of the fiscal impact of this proposal on residential property had it been in effect in FY 79.

- 1) There are 151,000 residences that would qualify.
- 2) The average appraised value is \$21,000.
- 3) The appraised value is currently estimated to be 50% below market value.
- 4) The local mill levy is 200 mills for all property.
- 5) The state levy is 6 mills.
- 6) The changes in the technical note are made.
- 7) The values calculated with FY 79 data will increase approximately 5% per year.

FISCAL IMPACT

In FY 79, the state would have lost \$200,000 from the 6 mill university levy.

AFFECT ON LOCAL GOVERNMENT

Had this bill been in effect in FY 79, local governments would have lost approximately \$6.7 million.

LONG-RANGE EFFECTS

In the long run the percentage that appraised value is below market value, assuming no reappraisal, will tend to decrease with the rate of inflation for housing. This would cause the taxable percentage to increase at a rate equal to housing inflation. This could cause the taxable value of housing to actually increase over what it would be in absence of this legislation.

TECHNICAL NOTES

Section 1, paragraph 3 (a), line 7&8 should read, "... not exceed \$37,500 has a taxable value equal to 2 1/2% of true market value" Section 1, paragraph 3 (b) line 10&11 should read "... dwellings have a taxable value equal to 5% of true market value" These amendments eliminate the confusion whether "taxed at 2 1/2% or 5% means taxable value or actual tax. Section 1, paragraph 5, line 21, should add "increased from 5% by the percentage."

Richard L. Strang

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: 1/31/79

STATE OF MONTANA

REQUEST NO. 154-79

FISCAL NOTE

Form BD-15

In compliance with a written request received April 2, 19 79, there is hereby submitted a Fiscal Note for Amended House Bill 400 (Third Reading) 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 is an act to limit the taxable value for residential dwellings to 5% of true market value and provides an effective date.

FISCAL IMPACT

No Fiscal Impact

EFFECT ON LOCAL GOVERNMENTS

There may be instances where the taxable value of residential property exceeds 5% of market value. In these instances the local government revenues would be decreased slightly.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Dwyer
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4/3/79

1 HOUSE BILL NO. 400
 2 INTRODUCED BY HUENNEKENS
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH LIMIT THE
 5 PROPERTY---TAX---RATE TAXABLE VALUE FOR MOST RESIDENTIAL
 6 DWELLINGS AT 10 5% OF TRUE MARKET VALUE; TO REQUIRE THAT THE
 7 TAX RATE BE ADJUSTED IF THE APPRAISED VALUE FALLS BELOW TRUE
 8 MARKET VALUE; TO FIX THE TAX RATE FOR CLASS ELEVEN PROPERTY
 9 AT 0.55%; AMENDING SECTIONS 15-6-112, 15-6-114, 15-6-119,
 10 15-6-121, AND 15-8-111; HEA; REPEATING SECTIONS 15-6-116 AND
 11 15-7-121; HEA; AND PROVIDING AN EFFECTIVE DATE."

12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 NEW SECTION. Section 1. Class-twenty-one-property---
 15 description-----taxable-percentage= LIMITATION ON TAX FOR
 16 RESIDENTIAL DWELLINGS. (1) Class---twenty-one---property
 17 includes-all-residential-dwellings AS USED IN THIS SECTION.
 18 THE FOLLOWING DEFINITIONS APPLY:

19 (2)--(a) "Residential dwelling" means any improvement
 20 used for permanent human habitation, including but not
 21 limited to mobile homes and trailers affixed to land,
 22 apartments, condominiums, and other multiple dwellings.

23 (b) "True market value" means the current YEAR'S value
 24 OF THE RESIDENTIAL DWELLING, determined by recent sales data
 25 of comparable property as reported under the provisions of

1 15-7-304 and 15-7-305 or by other methods the department of
 2 revenue may employ, at which the property would change hands
 3 between a willing seller and a willing buyer, neither being
 4 under any compulsion to buy or sell and both having
 5 reasonable knowledge of relevant facts.

6 (3)(2) Class-twenty-one-property-is-taxed-as--follows:
 7 (a)--50--much--of--the--true--market--value--of--residential
 8 dwellings--owned--by--persons--meeting--the--qualifications
 9 imposed--in--[section-2]--that--does--not--exceed--\$37,500--is--taxed
 10 at--2-1/2%--of--true--market--value--subject--to--revision--under
 11 the--provisions--of--subsection--(5).

12 (b)--All--other--residential--dwellings--are--taxed--at
 13 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE TAXABLE
 14 VALUE OF A RESIDENTIAL DWELLING MAY NOT EXCEED 5% of true
 15 market value, subject to revision under the provisions of
 16 subsection (5).

17 (4)(1) Before June 30 of every year, the director of
 18 the department of revenue shall certify to the governor the
 19 percentage the average appraised value of residential
 20 property in the state bears to true market value. This
 21 percentage shall be determined from recent sales data
 22 collected under the provisions of 15-7-304 and 15-7-305 and
 23 sales assessment ratios.

24 (5)(1) The tax rates for class-twenty-one property are
 25 increased by the percentage that the statewide average

1 appraised value of residential property is less than true
2 market value. The governor shall direct the department to
3 use the adjusted tax rates for that year in determining the
4 taxable value of class twenty-one property that year.

5 ~~NEW SECTION~~ Section 2v Taxation of residential
6 dwellings owned by certain retired and disabled persons
7 (1) To be eligible for the tax rate provided in section
8 (3)(e) the residential dwelling must be owned or under
9 contract for deed and occupied for at least 18 months of the
10 year as the primary residential dwelling of:

11 (a) a widow or widower at least 62 years old who
12 qualifies under the income limitations of subsection (1)†

13 (b) a widow or widower of any age with dependent
14 children who qualifies under the income limitations of
15 subsection (1)†

16 (c) a person who has been honorably discharged from
17 active service in any branch of the armed services and who
18 is rated 100% disabled due to a service-related disability
19 by the United States veterans' administration or its
20 successor†

21 (d) the surviving spouse of a person qualifying under
22 subsection (1)(c)† who remains unmarried and the owner and
23 occupant of the property†

24 (e) a recipient or recipients of retirement or
25 disability benefits whose total income from all sources is

1 not more than \$7,000 for a single person or \$0,000 for a
2 married couple.

3 (2) Before March 1 of the year for which this tax rate
4 is sought, a person must sign and file an application
5 provided without cost by the department containing such
6 information as the department considers necessary to
7 determine the applicant's eligibility.

8 Section 3v Section 15-6-112v MCA is amended to read:

9 "15-6-112v Class eleven property description
10 taxable percentages (1) Class eleven property includes:

11 (a) all land except agricultural land meeting the
12 qualification of 15-7-202†

13 (b) all improvements except those included in classes
14 fifteen and eighteen and twenty-one†

15 (c) all trailers affixed to land owned, leased, or
16 under contract for purchase by the trailer owner† and

17 (d) all mobile homes except:

18 (i) those held by a distributor or dealer of mobile
19 homes as part of his stock in trade† and

20 (ii) those included in class ~~sixteen~~ fifteen or
21 ~~twenty-one~~

22 (2) Class eleven property is taxed at 12% ~~or 55%~~ of its
23 market value or so much of 12% as is determined under
24 15-7-121v whichever is less.†

25 Section 4v Section 15-6-114v MCA is amended to read:

1 #15-6-114--Class-thirteen-property----description----
2 taxable--percentagev---(1)--Class-thirteen-property-includes
3 the-increments+increase-in-the-value-of-real-estates+EXCEPT
4 residential-dwellings+ produced-by--repairingv--maintainingv
5 or-improving-existing-improvementsv
6 (2)--Class-thirteen-property-is-taxed-at+
7 (a)--2+4%--of--the-market-value-for-the-first-full-year
8 following-completion-of--the---repairs---maintenancev---or
9 improving-of-existing-improvements+
10 (b)--4+8%--of--the-market-value-for-the-second-full-year
11 following-completion-of--the---repairs---maintenancev---or
12 improving-of-existing-improvements+
13 (c)--7+2%--of--the-market-value-for-the-third-full-year
14 following-completion-of--the---repairs---maintenancev---or
15 improving-of-existing-improvements+
16 (d)--9+6%--of--the-market-value-for-the-fourth-full-year
17 following-completion-of--the---repairs---maintenancev---or
18 improving-of-existing-improvements+and
19 (e)--12%--of--the--market-value-for-the-fifth-full-year
20 and--every--year--thereafter--following-completion-of--the
21 repairs-maintenance-or-improving-of-existing-improvementsv+
22 Section-5+Section-15-6-119-MCA+is-amended-to-read+
23 #15-6-119--Class-eighteen-property----description----
24 taxable--percentagev---(1)--Class-eighteen-property-includes+
25 (a)--a-dwelling-house--and--the--lot--on--which--it--is

1 erectedv--owned-and-occupied-by-a-resident-of-the-state-who+
2 (i)--has-been-honorably-discharged-from-active--service
3 in-any-branch-of-the-armed-services+and
4 (ii)--is--rated-100%--disabled-due-to-a-service-connected
5 disability-by-the-United-States-veterans+administration--or
6 its--successors--in--the--event--of--the-veteran's-deathv-the
7 dwelling-house-and-the-lot-on-which-it-is-erected--shall
8 remain-in-this-class-as-long-as-the-surviving-spouse-remains
9 unmarried-and-the-owner-and-occupant-of-the-property+
10 (b)(i)--a+--property--used--and--owned--by-cooperative
11 rural--electrical--and--cooperative--rural--telephone
12 associations-as-provided-in-(2)(a)-of-this-section+
13 (c)(i)--air-pollution-control-equipment-as-defined-in
14 this-section+and
15 (d)(i)--new-industrial-property-as-defined-in-this
16 sectionv
17 (2)--(a)-The--property--of--a+--cooperative--rural
18 electrical--and--cooperative--rural--telephone--associations
19 organized--under--the--laws--of--Montana-is-included-in-this
20 classv-except-that-when-less-than--95%--of--the--electricity
21 consumers--or-telephone-users-within-the-incorporated-limits
22 of--a--city--or--town--are--served--by--the--cooperative
23 organizationv-the-property-is-included-in-class-eighteenv
24 (b)--"Air--pollution--control--equipment"--means
25 facilitiesv-machineryv-or-equipmentv-attached-or-unattached

1 to real property utilized to reduce, eliminate, control, or
2 prevent air pollution. The department of health and
3 environmental sciences determines if such utilization is
4 being made.

5 (c) "New industrial property" means any new industrial
6 plants, including land, buildings, machinery, and fixtures,
7 except mobile machinery which is used by a new industry
8 during the first 3 years of its operation. The property may
9 not have been assessed prior to July 1, 1961, within the
10 state of Montana.

11 (i) New industrial property is limited to industries
12 that:

13 (A) manufacture, mine, or produce, process, or
14 fabricate materials;

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

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

25 (ii) New industrial property does not include:

1 (A) property used by retail or wholesale merchants,
2 commercial services of any type, agriculture, trades, or
3 professions;

4 (B) a plant that will create adverse impact on
5 existing state, county, or municipal services; or

6 (E) property used or employed in any industrial plant
7 that has been in operation in this state for 3 years or
8 longer.

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

15 (3) The department of revenue shall promulgate rules
16 for the determination of what constitutes an adverse impact,
17 taking into consideration the number of people to be
18 employed and the size of the community in which the location
19 is contemplated. Any person, firm, or other group seeking to
20 qualify its property for inclusion in this class shall make
21 application to the department in such a manner and form as
22 the department requires. Once the department has made an
23 initial determination that the industrial facility qualifies
24 as new industrial property, the department shall then, upon
25 proper notice, hold a hearing to determine if the new

1 industrial classification should be retained by the
 2 property. The local taxing authority may appear at the
 3 hearing and may waive its objection to retention of this
 4 classification if the industry agrees to the prepayment of
 5 taxes sufficient to satisfy tax requirements created by the
 6 location and construction of the facility during the
 7 construction period. When a prepayment of taxes is required,
 8 the maximum amount of prepayment shall be the amount of tax
 9 the industry would have paid without the application of the
 10 class seven percentage to such property.

11 (4) If a major new industrial facility qualifies under
 12 class eighteen, the reduction of its yearly payment of
 13 property taxes for reimbursement of its prepaid taxes as
 14 provided for in 15-16-201 does not begin until the class
 15 eighteen qualification expires.

16 (5) Class eighteen property shall be taxed at 2.8% of
 17 its market value or, in the case of property classified
 18 under (1)(a) of this section, so much of 2.8% as is
 19 determined under 15-7-121, whichever is less.

20 Section 6, Section 15-6-121, MEA, is amended to read
 21 "15-6-121. Class twenty property description
 22 taxable percentage (1) There is a class of property which
 23 includes a pickup camper, travel trailer, including a fifth
 24 wheel trailer, or motor home which is owned by and is
 25 actually used primarily by a person 60 years of age or older

1 who is retired from full employment and whose total income
 2 each year from all sources does not exceed the income
 3 limitations set in class fifteen [section 2111e] for a
 4 single person or married couple, whichever is applicable.

5 (2) A person who applies for this classification must
 6 file an affidavit with the department of revenue as to his
 7 income as set forth in class fifteen [section 2121].

8 (3) This class of property is taxed at 6% of market
 9 value.

10 Section 7, Section 15-8-111, MEA, is amended to read
 11 "15-8-111. Assessment market value standard
 12 exceptions (1) All taxable property must be assessed at
 13 100% of its market value except as provided in subsection
 14 (5) of this section, and in 15-7-111 through 15-7-114, and
 15 in [section 1].

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

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

1 {4}--The--taxable--value--for--all--property--in--class--one
 2 and--classes--seven--through ~~fourteen~~--and--classes--~~sixteen~~
 3 through ~~eighteen~~--is--the--percentage--of--market--value
 4 established--for--each--class--of--property--in--15-6-102~~x~~ and
 5 15-6-100--through ~~15-6-115~~--and--~~15-6-117~~--through 15-6-119.
 6 {5}--The--assessed--value--of--properties--in--15-6-103
 7 through 15-6-107~~x~~ and--15-6-120~~x~~--and--~~[section--13]~~ is--as
 8 follows:
 9 {a}--Property--in--15-6-106~~v~~--under--class--five--is
 10 assessed--at--100%--of--book--value--by--the--method--established--in
 11 15-6-106--and--the--sections--cited--therein.
 12 {b}--Properties--in--15-6-103~~v~~--under--class--two--are
 13 assessed--at--100%--of--the--annual--net--proceeds--after--deducting
 14 the--expenses--specified--and--allowed--by--15-23-503~~v~~.
 15 {c}--Properties--in--15-6-104~~v~~--15-6-105~~v~~--and--15-6-120~~v~~
 16 under--classes--three--four--and--nineteen--are--assessed--at--100%
 17 of--the--annual--gross--proceeds.
 18 {d}--Properties--in--15-6-107~~v~~--under--class--six--are
 19 assessed--at--100%--of--the--productive--capacity--of--the--lands
 20 when--valued--for--agricultural--purposes. All--lands--that--meet
 21 the--qualifications--of--15-7-202--are--valued--as--agricultural
 22 lands--for--tax--purposes.
 23 {e}--Property--in--~~[section--13]~~--under--class--twenty--one
 24 is--assessed--at--100%--of--its--true--market--value--as--defined--in
 25 ~~[section--13]~~.

1 {6}--Land--and--the--improvements--thereon--are--separately
 2 assessed--when--any--of--the--following--conditions--occur:
 3 {a}--ownership--of--the--improvements--is--different--from
 4 ownership--of--the--land;
 5 {b}--the--taxpayer--makes--a--written--request--or
 6 {c}--the--land--is--outside--an--incorporated--city--or--town.
 7 {7}--The--taxable--value--of--all--property--in--classes--two
 8 through--six--is--the--percentage--of--assessed--value--established
 9 in--15-6-103--through--15-6-107--for--each--class--of--property.
 10 Section--8~~v~~--Repeater~~s~~--Sections--15-6-116--and--15-7-121~~v~~
 11 MEAs--are--repeated.
 12 Section 2. Effective date. This act is effective on
 13 passage and approval and applies to taxable years beginning
 14 after December 31, 1978.

-End-