

HOUSE BILL 433

IN THE HOUSE

January 27, 1979

Introduced and referred to  
Committee on Taxation.

February 6, 1979

Committee recommend bill,  
do not pass.

February 7, 1979

Report adopted.



1 being made.

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

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

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

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

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

22 (ii) New industrial property does not include:

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

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

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

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

12 (3) 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 is contemplated. Any person, firm, or other group seeking to  
17 qualify its property for inclusion in this class shall make  
18 application to the department in such a manner and form as  
19 the department requires. Once the department has made an  
20 initial determination that the industrial facility qualifies  
21 as new industrial property, the department shall then, upon  
22 proper notice, hold a hearing to determine if the new  
23 industrial classification should be retained by the  
24 property. The local taxing authority may appear at the  
25 hearing and may waive its objection to retention of this

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

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

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

17 Section 2. Effective date and applicability. This act  
18 is effective on passage and approval and applies to taxable  
19 years after December 31, 1978.

-End-

HB 433

## STATE OF MONTANA

REQUEST NO. 173-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 30, 19 79, there is hereby submitted a Fiscal Note for House Bill 433 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 a dwelling house and the lot on which it is erected, owned, and occupied by an active member of a volunteer fire company is classified as class eighteen property for property tax purposes; and providing an effective date.

ASSUMPTIONS

- 1) There are 2,500 volunteer fire fighters that will take advantage of the provision.
- 2) The average appraised value of a dwelling house and lot is \$21,000.
- 3) The tax rate under current law is 8.55%.
- 4) The proposed tax rate is 2.8%.
- 5) A statewide local levy of 200 mills.
- 6) A university levy of 6 mills.
- 7) Effective date applies to taxable years after December 31, 1978.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
University Mill Levy (6 mills)		
under current law	\$26,932	\$26,932
under proposed law	8,820	8,820
Estimated Decrease	<u>(\$18,112)</u>	<u>(\$18,112)</u>

FUND INFORMATION

University Levy		
under current law	\$26,932	\$26,932
under proposed law	8,820	8,820
Estimated Decrease	<u>(\$18,112)</u>	<u>(\$18,112)</u>

EFFECT ON LOCAL GOVERNMENTS

This legislation would decrease revenues to local governments by approximately \$603,750 per year for both FY80 and FY81.

LONG-RANGE EFFECTS

Providing no other changes, it should decrease revenues to local governments by about \$600,000 per year for the next few years.

*Richard L. Drayton*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/2/79

PREPARED BY DEPARTMENT OF REVENUE