

HOUSE BILL 524

IN THE HOUSE

February 2, 1979

Introduced and referred to  
Committee on Taxation.

March 6, 1979

Committee recommend bill, do  
not pass.

March 7, 1979

Report adopted.

1 *House* BILL NO. *524*  
 2 INTRODUCED BY *Dassinger* *Pech*  
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLASSIFY RAILROAD  
 5 PROPERTY AS CLASS ELEVEN PROPERTY TO BRING MONTANA PROPERTY  
 6 TAX LAWS INTO COMPLIANCE WITH SECTION 306 OF PUBLIC LAW  
 7 94-210 OF THE 94TH CONGRESS; AMENDING SECTIONS 15-6-108 AND  
 8 15-6-112, MCA."  
 9

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

11 Section 1. Section 15-6-108, MCA, is amended to read:

12 "15-6-108. Class seven property -- description --  
 13 taxable percentage. (1) Class seven property includes:

14 (a) centrally assessed utility allocations after  
 15 deductions of locally assessed properties, except as  
 16 provided in:

- 17 (i) class fourteen for rural telephones; and
- 18 (ii) class eighteen for cooperatives; and
- 19 (iii) class eleven for railroad property;

20 (b) all other property not included in classes one  
 21 through six and classes eight through twenty;

22 (c) large trucks and commercial trailers valued in the  
 23 department of revenue's truck and commercial trailer  
 24 schedule.

25 (2) Class seven property is taxed at 16% of its market

1 value."  
 2 Section 2. Section 15-6-112, MCA, is amended to read:  
 3 "15-6-112. Class eleven property -- description --  
 4 taxable percentage. (1) Class eleven property includes:  
 5 (a) all land except agricultural land meeting the  
 6 qualification of 15-7-202;  
 7 (b) all improvements except those included in classes  
 8 fifteen and eighteen;  
 9 (c) all trailers affixed to land owned, leased, or  
 10 under contract for purchase by the trailer owner; and  
 11 (d) all mobile homes except:  
 12 (i) those held by a distributor or dealer of mobile  
 13 homes as part of his stock-in-trade; and  
 14 (ii) those included in class fifteen; and  
 15 (e) all railroad property as set forth in 15-8-407.  
 16 (2) Class eleven property is taxed at 12% of its  
 17 market value or so much of 12% as is determined under  
 18 15-7-121, whichever is less."

-End-

STATE OF MONTANA

REQUEST NO. 235-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 5, 19 79, there is hereby submitted a Fiscal Note for House Bill 524 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 classifies railroad property as class eleven property to bring Montana property tax laws into compliance with Section 306 of Public Law 94-210 of the 94th Congress.

ASSUMPTIONS

- 1) FY80 will be unaffected because of the date of implementation.
- 2) The taxable value of centrally assessed railroad property will decrease from 16% to 8.55% of market value.
- 3) The market value of centrally assessed railroad property was \$227.4 M for FY79 taxation purposes. The market value is estimated to be \$235.0 M for FY81.
- 4) University Levy of 6 mills.
- 5) Statewide Local Government Levy of 200 mills.
- 6) Administrative costs will remain unchanged.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
University Levy (6 mills)		
under current law	No Impact	\$ .226 M
under proposed law	No Impact	.121 M
Estimated Decrease	<u>No Impact</u>	<u>(\$ .105 M)</u>

FUND INFORMATION

University Levy		
Estimated Decrease	<u>No Impact</u>	<u>(\$105,000)</u>

EFFECT ON LOCAL GOVERNMENTS

Revenues to local governments will be decreased about \$3.5 M for FY 81 and each year this act is in effect.

LONG-RANGE EFFECTS

Revenues from the University Mill Levy should be decreased by more than \$105,000 each year this act is in effect.

*Richard L. Franzen*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/8/79

PREPARED BY DEPARTMENT OF REVENUE