

CHAPTER NO. 686

HOUSE BILL NO. 643

INTRODUCED BY FABREGA

BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE HOUSE

February 8, 1979	Introduced and referred to Committee on Taxation.
March 26, 1979	Committee recommend bill do pass as amended. Report adopted.
March 27, 1979	Printed and placed on members' desks. Second reading, do pass as amended. Correctly engrossed. Third reading, passed. Transmitted to second house.

IN THE SENATE

March 27, 1979	Introduced and referred to Committee on Taxation.
April 7, 1979	Statement of Intent adopted. Committee recommend bill be concurred in as amended. Report adopted.
April 9, 1979	Second reading, concurred in.
April 11, 1979	Third reading, concurred in as amended.

IN THE HOUSE

April 12, 1979	Returned from second house. Concurred in as amended with Intent statement.
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April 13, 1979

Second reading, amendments
adopted.

April 16, 1979

Third reading, amendments
adopted. Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 643
 2 INTRODUCED BY Falberg
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT ALL
 6 OPERATING PROPERTY OWNED BY CENTRALLY ASSESSED COMPANIES BE
 7 ASSESSED BY THE DEPARTMENT OF REVENUE AND TO APPLY A SINGLE
 8 PROPERTY TAX RATE TO THAT PROPERTY; AMENDING SECTIONS
 9 15-6-108, 15-6-115, 15-8-407, 15-23-101, 15-23-105,
 10 15-23-202, 15-23-403, MCA; AND REPEALING SECTION 15-23-302,
 11 MCA."
 12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 14 Section 1. Section 15-6-108, MCA, is amended to read:
 15 "15-6-108. Class seven property -- description --
 16 taxable percentage. (1) Class seven property includes:
 17 (a) centrally assessed utility allocations ~~after~~
 18 ~~deductions--of--locally--assessed--properties,~~ except as
 19 provided in:
 20 (i) class fourteen for rural telephones; and
 21 (ii) class eighteen for cooperatives;
 22 (b) all other property not included in classes one
 23 through six and classes eight through twenty;
 24 (c) large trucks and commercial trailers valued in the
 25 department of revenue's truck and commercial trailer

1 schedule.
 2 (2) Class seven property is taxed at 16% of its market
 3 value."
 4 Section 2. Section 15-6-115, MCA, is amended to read:
 5 "15-6-115. Class fourteen property -- description --
 6 taxable percentage. (1) Class fourteen property includes:
 7 (a) all ~~poles,--lines,--transformers,--transformer~~
 8 ~~stations,--meters,--tools,--improvements,--machinery,--and--other~~
 9 ~~property,~~ except that included in class eighteen, used and
 10 owned by persons, firms, corporations, or other
 11 organizations that are engaged in the business of furnishing
 12 telephone communications exclusively to rural areas or to
 13 rural areas and cities and towns of 800 persons or less. The
 14 average circuit miles for each station on the telephone
 15 communications system must be more than 1 1/4 miles to
 16 qualify for this classification.
 17 (b) tools, implements, and machinery used to repair
 18 and maintain machinery not used for manufacturing and mining
 19 purposes; and
 20 (c) ~~electric transformers and meters,--electric light~~
 21 ~~and--power--substation--machinery,--and--natural--gas--measuring~~
 22 ~~and--regulating--station--equipment,--meters,--and--compressor~~
 23 ~~station--machinery--owned--by--centrally--assessed--public~~
 24 ~~utilities--and--tools--used--in--the--repair--and--maintenance--of~~
 25 ~~the property included in this subsection; and~~

~~(d)(c)~~ livestock, poultry, and unprocessed products of both.

(2) Class fourteen property is taxed at 8% of its market value."

Section 3. Section 15-8-407, MCA, is amended to read:

"15-8-407. Railroads and other franchises. (1) The franchise, roadway, roadbed, rails, and rolling stock, and all other operating property of all railroads operated in more than one county ~~in this or more than one~~ state must be assessed by the department of revenue as hereinafter provided.

(2) Other franchises, if granted by the authorities of a county or city, must be assessed in the county or city within which they were granted; if granted by any other authority, they must be assessed in the county in which the corporations, firms, or persons owning or holding them have their principal place of business."

Section 4. Section 15-23-101, MCA, is amended to read:

"15-23-101. Properties centrally assessed. The department of revenue shall centrally assess each year:

(1) the franchise, roadway, roadbeds, rails, rolling stock, and all other operating property of railroads operated operating in more than one county in the state or ~~more than one state; but--buildings--on--right-of-way--and~~ ~~outside--the--right-of-way--and--improvements--thereon;~~

~~furniture, machinery, and other personal property situated within a county shall be assessed in that county;~~

(2) property owned by a corporation or other person constituting operating a single and continuous property operated in more than one county or more than one state, including telegraph, telephone, microwave, electric power or transmission lines, natural gas or oil pipelines, canals, ditches, flumes, or like properties, ~~but--buildings--on right-of-way--and--outside--the--right-of-way--and--improvements thereon; dams--and--powerhouses;--furniture--machinery--and other--personal--property--situated--within--a--county--shall--be assessed--in--that--county;~~

(3) all property of scheduled airlines;

(4) the net proceeds of mines and of oil and gas wells; and

(5) the gross proceeds of coal mines."

Section 5. Section 15-23-105, MCA, is amended to read:

"15-23-105. Apportionment among counties. The department shall apportion the value of property assessed under 15-23-202, ~~15-23-302,~~ or 15-23-403 among the counties in which such property is located. Apportionment shall be on a mileage basis or if the property is of such a character that its value cannot reasonably be apportioned on the basis of mileage, the department may adopt such other method or basis of apportionment as may be just or proper."

Section 6. Section 15-23-202, MCA, is amended to read:

"15-23-202. Assessment -- how made. The department must assess the franchise, roadway, roadbed, rails, and rolling stock, and all other operating properties of all railroads operated in more than one county or more than one state. All rolling stock must be assessed in the name of the person owning, leasing, or using the same. Assessment must be made to the person owning or leasing or using the same and must be made upon the entire railroad within the state. The depots, stations, shops, and buildings erected upon the space covered by the right-of-way and all other property owned or leased by such person, except as above provided, shall be assessed by ~~an agent of the department in the county where they are located.~~"

Section 7. Section 15-23-403, MCA, is amended to read:

"15-23-403. Determination of value -- notice. (1) The department of revenue shall determine the full and true valuation of all property of all airlines operating in this state or used by every scheduled airline company in air commerce. This valuation may be ascertained by:

(a) determining the full and true valuation of all property owned and operated by every scheduled airline company; and

(b) allocating to the state of Montana from this total valuation a valuation which represents this state's proper

share of the valuation of the property, through the application of ratios which are indicated in subsections (8), (9), (10), and (11) of 15-23-402 against the total valuation; and

~~(c) assessing by the agent of the department in the county where they are located, buildings, furniture, and other personal property. These values shall be subtracted from the total state share to arrive at the value to be allocated.~~

(2) After making such assessment, the department shall give written notice thereof to the person or persons to whom the assessment is made."

Section 8. Repealer. Section 15-23-302, MCA, is repealed.

-End-

HB 643

STATE OF MONTANA

REQUEST NO. 303-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 12, 19 79, there is hereby submitted a Fiscal Note for House Bill 643 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 requires that all operating property owned by centrally assessed companies be assessed by the Department of Revenue and to apply a single property tax rate to that property.

ASSUMPTIONS

Locally assessed utility property varies in taxable percentage. The values were calculated for tax year 1979 to give an estimate of the impact of this proposal if it had been in effect. The taxable value of these properties is \$168 million. The increase as a result of this proposal would increase this value to \$203 million, an increase of \$35 million in taxable value. Assuming 200 mills would mean an increase in revenues to local governments of \$7 million. Assuming 6 mills would mean an increase in revenues to the state of \$210,000.

FISCAL IMPACT

If the 1979 estimates continue through the biennium the state could receive an additional \$210,000 each year from the 6 mill levy.

EFFECTS ON LOCAL GOVERNMENTS

If the values calculated for tax year 1979 continue through the biennium local governments could have an additional \$7 million in revenue each year.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drayton
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/13/79

STATE OF MONTANA

REQUEST NO. 303-79

FISCAL NOTE

Form BD-15

In compliance with a written request received April 2, 19 79, there is hereby submitted a Fiscal Note for House Bill 643 (Third Reading version) 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 require that all operating property owned by centrally assessed companies be assessed by the Department of Revenue and to apply a single property tax rate to that property; providing that this act applies to taxable years after December 31, 1979.

ASSUMPTIONS

Locally assessed utility property varies in taxable percentage. The values were calculated for tax year 1979 to give an estimate of the impact of this proposal if it had been in effect. The taxable value of these properties is \$168 million. If this proposal were in effect the taxable value of these properties would increase \$3.65 million to \$171.65 million. Assuming 200 mills would mean an increase in local government revenues of \$730,000. Assuming 6 mills would mean an increase in revenues to the state of \$22,000.

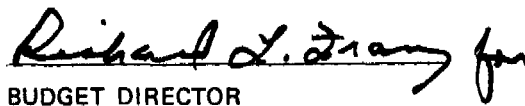
FISCAL IMPACT

If the 1979 estimates continue through the biennium the state could receive an additional \$22,000 each year from the 6 mill levy.

EFFECTS ON LOCAL GOVERNMENTS

If the 1979 values continue through the biennium local governments could receive an additional \$730,000 in revenue each year.

PREPARED BY DEPARTMENT OF REVENUE


BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 7/12/79

Approved by Committee
on Taxation

HOUSE BILL NO. 643

INTRODUCED BY FABREGA

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT ALL OPERATING PROPERTY OWNED BY CENTRALLY ASSESSED COMPANIES BE ASSESSED BY THE DEPARTMENT OF REVENUE AND TO APPLY A SINGLE PROPERTY TAX RATE TO THAT PROPERTY; PROVIDING THAT THIS ACT APPLIES TO TAXABLE YEARS AFTER DECEMBER 31, 1979; AMENDING SECTIONS 15-6-108, 15-6-111, 15-6-115, 15-8-111, 15-8-407, 15-23-101, 15-23-105, 15-23-202, 15-23-403, MCA; AND REPEALING SECTION 15-23-302, MCA."

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

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

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

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

~~(i) class fourteen for rural telephones; and~~

~~(ii) class eighteen for cooperatives;~~

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

~~(c) (B) large trucks and commercial trailers valued in~~

the department of revenue's truck and commercial trailer schedule.

(2) Class seven property is taxed at 16% of its market value."

Section 2. Section 15-6-115, MCA, is amended to read:

"15-6-115. Class fourteen property -- description -- taxable percentage. (1) Class fourteen property includes:

(a) ~~all poles, lines, transformers, transformer stations, meters, tools, improvements, machinery, and other property, except that included in class eighteen, used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less. The average circuit miles for each station on the telephone communications system must be more than 1 1/4 miles to qualify for this classification.~~

(b) tools, implements, and machinery used to repair and maintain machinery not used for manufacturing and mining purposes; and

~~(c) electric transformers and meters, electric light and power substation, machinery, and natural gas measuring and regulating station, equipment, meters, and compressor station, machinery, owned by centrally assessed public utilities and tools used in the repair and maintenance of~~

1 the-property-included-in-this-subsection-and

2 {d} livestock, poultry, and unprocessed products of
3 both.

4 (2) Class fourteen property is taxed at 8% of its
5 market value."

6 Section 3. Section 15-8-407, MCA, is amended to read:

7 "15-8-407. Railroads and other franchises. (1) The
8 franchise, roadway, roadbed, rails, and rolling stocks, ~~and~~
9 ~~all other operating property~~ of all railroads operated in
10 more than one county in this or more than one state must be
11 assessed by the department of revenue as hereinafter
12 provided.

13 (2) Other franchises, if granted by the authorities of
14 a county or city, must be assessed in the county or city
15 within which they were granted; if granted by any other
16 authority, they must be assessed in the county in which the
17 corporations, firms, or persons owning or holding them have
18 their principal place of business."

19 Section 4. Section 15-23-101, MCA, is amended to read:

20 "15-23-101. Properties centrally assessed. The
21 department of revenue shall centrally assess each year:

22 (1) the franchise, roadway, roadbeds, rails, rolling
23 stock, and all other ~~operating~~ property of railroads
24 operated ~~operating~~ in more than one county in the state or
25 more than one state; ~~but--buildings--on--right-of-way--and~~

1 outside---the---right-of-way---and---improvements---thereon;
2 furniture, machinery, and other personal--property--situated
3 within-a-county-shall-be-assessed-in-that-county;

4 (2) property owned by a corporation or other person
5 constituting ~~operating~~ a single and continuous property
6 operated in more than one county or more than one state,
7 including telegraph, telephone, microwave, electric power or
8 transmission lines, natural gas or oil pipelines, canals,
9 ditches, flumes, or like properties, ~~but--buildings--on~~
10 ~~right-of-way,--and--outside-the-right-of-way--and--improvements~~
11 ~~thereon,--dams--and--powerhouses,--furniture,--machinery,--and~~
12 ~~other--personal--property--situated-within-a-county-shall-be~~
13 ~~assessed-in-that-county;~~

14 (3) all property of scheduled airlines;

15 (4) the net proceeds of mines and of oil and gas
16 wells; and

17 (5) the gross proceeds of coal mines."

18 Section 5. Section 15-23-105, MCA, is amended to read:

19 "15-23-105. Apportionment among counties. The
20 department shall apportion the value of property assessed
21 under 15-23-202, ~~15-23-302,~~ or 15-23-403 among the counties
22 in which such property is located. Apportionment shall be on
23 a mileage basis or ~~if~~ ON THE BASIS OF THE ORIGINAL INSTALLED
24 COST OF THE CENTRALLY ASSESSED PROPERTY LOCATED IN THE
25 RESPECTIVE COUNTIES. ~~IF~~ the property is of such a character

1 that its value cannot reasonably be apportioned on the basis
 2 of mileage ~~OR ON THE BASIS OF THE ORIGINAL INSTALLED COST OF~~
 3 ~~THE CENTRALLY ASSESSED PROPERTY LOCATED IN THE RESPECTIVE~~
 4 ~~COUNTIES~~, the department may adopt such other method or
 5 basis of apportionment as may be just or proper."

6 Section 6. Section 15-23-202, MCA, is amended to read:

7 "15-23-202. Assessment -- how made. The department
 8 must assess the franchise, roadway, roadbed, rails, and
 9 rolling stock, ~~and all other operating properties~~ of all
 10 railroads operated in more than one county ~~or more than one~~
 11 ~~state~~. All rolling stock must be assessed in the name of the
 12 person owning, leasing, or using the same. Assessment must
 13 be made to the person owning or leasing or using the same
 14 and must be made upon the entire railroad within the state.
 15 The depots, stations, shops, and buildings erected upon the
 16 space covered by the right-of-way and all other property
 17 owned or leased by such person, except as above provided,
 18 shall be assessed by ~~an agent of the department in the~~
 19 ~~county where they are located.~~"

20 Section 7. Section 15-23-403, MCA, is amended to read:

21 "15-23-403. Determination of value -- notice. (1) The
 22 department of revenue shall determine the full and true
 23 valuation of all property of all airlines operating in this
 24 state or used by every scheduled airline company in air
 25 commerce. This valuation may be ascertained by:

1 (a) determining the full and true valuation of all
 2 property owned and operated by every scheduled airline
 3 company; and

4 (b) allocating to the state of Montana from this total
 5 valuation a valuation which represents this state's proper
 6 share of the valuation of the property, through the
 7 application of ratios which are indicated in subsections
 8 (8), (9), (10), and (11) of 15-23-402 against the total
 9 valuation; and

10 ~~(c) assessing by the agent of the department in the~~
 11 ~~county where they are located, buildings, furniture, and~~
 12 ~~other personal property. These values shall be subtracted~~
 13 ~~from the total state share to arrive at the value to be~~
 14 ~~allocated.~~

15 (2) After making such assessment, the department shall
 16 give written notice thereof to the person or persons to whom
 17 the assessment is made."

18 ~~SECTION 8. SECTION 15-6-111, MCA, IS AMENDED TO READ:~~

19 "15-6-111. Class ten property -- description --
 20 taxable percentage. (1) Class ten property includes:

21 (a) aerial, surface, and portable ski lifts and ski
 22 tows, including the towers, cables, ropes, sheave
 23 assemblies, conveying devices, power units, and all
 24 , accessories;

25 (b) manufacturing and mining machinery, fixtures, and

supplies, except those included in class eighteen; and

~~(c) centrally assessed power and gas utility allocations, except pipelines; and~~

~~(e) camper trailers and truck campers valued in the "N.A.D.A. Recreational Vehicle Appraisal Guide".~~

(2) Class ten property is taxed at 12% of market value."

SECTION 9. THERE IS A NEW MCA SECTION THAT READS:

Class twenty-one property -- description -- taxable percentage. (1) Class twenty-one property includes centrally assessed utility allocations except:

(a) class ten for power and gas property other than pipelines;

(b) class fourteen for rural telephones; and

(c) class eighteen for cooperatives.

(2) Class twenty-one property is taxed at 15% of its market value.

SECTION 10. SECTION 15-8-111, MCA, IS AMENDED TO READ:

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

(2) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and

both having reasonable knowledge of relevant facts.

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

(4) The taxable value for all property in class one, and classes seven through eighteen, ~~class twenty, and class twenty-one~~ is the percentage of market value established for each class of property in 15-6-102, and 15-6-108 through 15-6-119, ~~15-6-121, and (section 2).~~

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

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

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

(c) Properties in 15-6-104, 15-6-105, and 15-6-120, under classes three, four, and nineteen are assessed at 100% of the annual gross proceeds.

(d) Properties in 15-6-107, under class six, are assessed at 100% of the productive capacity of the lands

1 when valued for agricultural purposes. All lands that meet
2 the qualifications of 15-7-202 are valued as agricultural
3 lands for tax purposes.

4 (6) Land and the improvements thereon are separately
5 assessed when any of the following conditions occur:

6 (a) ownership of the improvements is different from
7 ownership of the land;

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

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

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

13 Section 11. Repealer. Section 15-23-302, MCA, is
14 repealed.

15 ~~SECTION 12. APPLICABILITY. THIS ACT APPLIES TO~~
16 ~~TAXABLE YEARS AFTER DECEMBER 31, 1979.~~

-End-

HOUSE BILL NO. 643

INTRODUCED BY FABREGA

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT ALL OPERATING PROPERTY OWNED BY CENTRALLY ASSESSED COMPANIES BE ASSESSED BY THE DEPARTMENT OF REVENUE AND TO APPLY A SINGLE PROPERTY TAX RATE TO THAT PROPERTY; PROVIDING THAT THIS ACT APPLIES TO TAXABLE YEARS AFTER DECEMBER 31, 1979; AMENDING SECTIONS 15-6-108, ~~15-6-111~~, 15-6-115, ~~15-8-111~~, 15-8-407, 15-23-101, 15-23-105, 15-23-202, 15-23-403, MCA; AND REPEALING SECTION 15-23-302, MCA."

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

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

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

(a) ~~centrally--assessed--utility--allocations--after deductions--of--locally--assessed--properties--except--as provided--in~~

~~(i) class fourteen for rural telephones and~~

~~(ii) class eighteen for cooperatives~~

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

(c) ~~(B)~~ large trucks and commercial trailers valued in

the department of revenue's truck and commercial trailer schedule.

(2) Class seven property is taxed at 16% of its market value."

Section 2. Section 15-6-115, MCA, is amended to read:

"15-6-115. Class fourteen property -- description -- taxable percentage. (1) Class fourteen property includes:

(a) ~~all poles,--lines,--transformers,--transformer stations,--meters,--tools,--improvements,--machinery,--and other~~ property, except that included in class eighteen, used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less. The average circuit miles for each station on the telephone communications system must be more than 1 1/4 miles to qualify for this classification.

(b) tools, implements, and machinery used to repair and maintain machinery not used for manufacturing and mining purposes; and

(c) ~~electric transformers and meters,--electric--light and--power--substation--machinery,--and natural--gas--measuring and--regulating--station--equipment,--meters,--and--compressor station--machinery--owned--by--centrally--assessed--public utilities--and--tools--used--in--the--repair--and--maintenance--of~~

1 ~~the property included in this subsection and~~

2 ~~(d)(1)~~ livestock, poultry, and unprocessed products of
3 both.

4 (2) Class fourteen property is taxed at 8% of its
5 market value."

6 Section 3. Section 15-8-407, MCA, is amended to read:

7 "15-8-407. Railroads and other franchises. (1) The
8 franchise, roadway, roadbed, rails, and rolling stock, ~~and~~
9 ~~all other operating property~~ of all railroads operated in
10 more than one county in this ~~or more than one~~ state must be
11 assessed by the department of revenue as hereinafter
12 provided.

13 (2) Other franchises, if granted by the authorities of
14 a county or city, must be assessed in the county or city
15 within which they were granted; if granted by any other
16 authority, they must be assessed in the county in which the
17 corporations, firms, or persons owning or holding them have
18 their principal place of business."

19 Section 4. Section 15-23-101, MCA, is amended to read:

20 "15-23-101. Properties centrally assessed. The
21 department of revenue shall centrally assess each year:

22 (1) the franchise, roadway, roadbeds, rails, rolling
23 stock, and all other ~~operating~~ property of railroads
24 operated ~~operating~~ in more than one county in the state or
25 more than one state; ~~but--buildings--on--right-of-ways--and~~

1 ~~outside--the--right-of-way--and--improvements--thereon;~~
2 ~~furniture, machinery, and other personal property situated~~
3 ~~within a county shall be assessed in that county;~~

4 (2) property owned by a corporation or other person
5 constituting ~~operating~~ a single and continuous property
6 operated in more than one county or more than one state,
7 including telegraph, telephone, microwave, electric power or
8 transmission lines, natural gas or oil pipelines, canals,
9 ditches, flumes, or like properties; ~~but--buildings--on~~
10 ~~right-of-ways, land outside the right-of-way and improvements~~
11 ~~thereon, dams and powerhouses, furniture, machinery, and~~
12 ~~other personal property situated within a county shall be~~
13 ~~assessed in that county;~~

14 (3) all property of scheduled airlines;

15 (4) the net proceeds of mines and of oil and gas
16 wells; and

17 (5) the gross proceeds of coal mines."

18 Section 5. Section 15-23-105, MCA, is amended to read:

19 "15-23-105. Apportionment among counties. The
20 department shall apportion the value of property assessed
21 under 15-23-202, ~~15-23-302,~~ or 15-23-403 among the counties
22 in which such property is located. Apportionment shall be on
23 a mileage basis or ~~if~~ ON THE BASIS OF THE ORIGINAL INSTALLED
24 COST OF THE CENTRALLY ASSESSED PROPERTY LOCATED IN THE
25 RESPECTIVE COUNTIES. ~~IF~~ the property is of such a character

1 that its value cannot reasonably be apportioned on the basis
 2 of mileage ~~OR ON THE BASIS OF THE ORIGINAL INSTALLED COST OF~~
 3 ~~THE CENTRALLY ASSESSED PROPERTY LOCATED IN THE RESPECTIVE~~
 4 ~~COUNTIES~~, the department may adopt such other method or
 5 basis of apportionment as may be just or proper."

6 Section 6. Section 15-23-202, MCA, is amended to read:

7 "15-23-202. Assessment -- how made. The department
 8 must assess the franchise, roadway, roadbed, rails, and
 9 rolling stock, ~~and all other operating properties~~ of all
 10 railroads operated in more than one county ~~or more than one~~
 11 ~~state~~. All rolling stock must be assessed in the name of the
 12 person owning, leasing, or using the same. Assessment must
 13 be made to the person owning or leasing or using the same
 14 and must be made upon the entire railroad within the state.
 15 The depots, stations, shops, and buildings erected upon the
 16 space covered by the right-of-way and all other property
 17 owned or leased by such person, except as above provided,
 18 shall be assessed by ~~an agent of the department in the~~
 19 ~~county where they are located.~~"

20 Section 7. Section 15-23-403, MCA, is amended to read:

21 "15-23-403. Determination of value -- notice. (1) The
 22 department of revenue shall determine the full and true
 23 valuation of all property of all airlines operating in this
 24 state or used by every scheduled airline company in air
 25 commerce. This valuation may be ascertained by:

1 (a) determining the full and true valuation of all
 2 property owned and operated by every scheduled airline
 3 company; and

4 (b) allocating to the state of Montana from this total
 5 valuation a valuation which represents this state's proper
 6 share of the valuation of the property, through the
 7 application of ratios which are indicated in subsections
 8 (8), (9), (10), and (11) of 15-23-402 against the total
 9 valuation; and

10 ~~(c) -- assessing, by the agent of the department, in the~~
 11 ~~county where they are located, buildings, furniture, and~~
 12 ~~other personal property. These values shall be subtracted~~
 13 ~~from the total state share to arrive at the value to be~~
 14 ~~allocated.~~

15 (2) After making such assessment, the department shall
 16 give written notice thereof to the person or persons to whom
 17 the assessment is made."

18 SECTION 8. SECTION 15-6-111, MCA, IS AMENDED TO READ:

19 "15-6-111. Class ten property -- description --
 20 taxable percentage. (1) Class ten property includes:

21 (a) aerial, surface, and portable ski lifts and ski
 22 tows, including the towers, cables, ropes, sheave
 23 assemblies, conveying devices, power units, and all
 24 accessories;

25 (b) manufacturing and mining machinery, fixtures, and

1 supplies, except those included in class eighteen; and
 2 ~~(c) centrally assessed power and gas utility~~
 3 ~~allocations, except pipelines OTHER THAN NATURAL GAS~~
 4 ~~PIPELINES; and~~

5 ~~(d) camper trailers and truck campers valued in the~~
 6 ~~"N.A.D.A. Recreational Vehicle Appraisal Guide".~~

7 (2) Class ten property is taxed at 12% of market
 8 value."

9 SECTION 9. THERE IS A NEW MCA SECTION THAT READS:

10 Class twenty-one property -- description -- taxable
 11 percentage. (1) Class twenty-one property includes centrally
 12 assessed utility allocations except:

13 (a) class ten for power and gas property other--than
 14 INCLUDING NATURAL GAS pipelines;

15 (b) class fourteen for rural telephones; and

16 (c) class eighteen for cooperatives.

17 (2) Class twenty-one property is taxed at 15% of its
 18 market value.

19 SECTION 10. SECTION 15-8-111, MCA, IS AMENDED TO READ:

20 "15-8-111. Assessment -- market value standard --
 21 exceptions. (1) All taxable property must be assessed at
 22 100% of its market value except as provided in subsection
 23 (5) of this section and in 15-7-111 through 15-7-114.

24 (2) Market value is the value at which property would
 25 change hands between a willing buyer and a willing seller,

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

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

9 (4) The taxable value for all property in class one,
 10 and classes seven through eighteen, class twenty, and class
 11 twenty-one is the percentage of market value established for
 12 each class of property in 15-6-102, and 15-6-108 through
 13 15-6-119, 15-6-121, and (section 9).

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

16 (a) Property in 15-6-106, under class five, is
 17 assessed at 100% of book value by the method established in
 18 15-6-106 and the sections cited therein.

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

22 (c) Properties in 15-6-104, 15-6-105, and 15-6-120,
 23 under classes three, four, and nineteen are assessed at 100%
 24 of the annual gross proceeds.

25 (d) Properties in 15-6-107, under class six, are

1 assessed at 100% of the productive capacity of the lands
2 when valued for agricultural purposes. All lands that meet
3 the qualifications of 15-7-202 are valued as agricultural
4 lands for tax purposes.

5 (6) Land and the improvements thereon are separately
6 assessed when any of the following conditions occur:

7 (a) ownership of the improvements is different from
8 ownership of the land;

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

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

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

14 Section 11. Repealer. Section 15-23-302, MCA, is
15 repealed.

16 SECTION 12. APPLICABILITY. THIS ACT APPLIES TO
17 TAXABLE YEARS AFTER DECEMBER 31, 1979.

-End-

1 STATEMENT OF INTENT RE: HB 643
2
3

4 Section 5 of House Bill 643 requires the department of
5 revenue to apportion the value of certain centrally assessed
6 property among the counties in which such property is
7 located. This apportionment shall be made on a mileage basis
8 or on the basis of the original installed cost of the
9 centrally assessed property located in the respective
10 counties. If the property is of such a character that its
11 value cannot be apportioned on either of these bases, then
12 the department may adopt such other method or basis of
13 apportionment as may be just or proper. It is the intent of
14 the legislature that apportionments made under this act
15 shall substantially correspond with the location of such
16 property.

HB 643

1 HOUSE BILL NO. 643
 2 INTRODUCED BY FABREGA
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT ALL
 6 OPERATING PROPERTY OWNED BY CENTRALLY ASSESSED COMPANIES BE
 7 ASSESSED BY THE DEPARTMENT OF REVENUE AND TO APPLY A SINGLE
 8 PROPERTY TAX RATE TO THAT PROPERTY; PROVIDING THAT THIS ACT
 9 APPLIES TO TAXABLE YEARS AFTER DECEMBER 31, 1979; AMENDING
 10 SECTIONS 15-6-108, 15-6-111, 15-6-115, 15-8-111, 15-8-407,
 11 15-23-101, 15-23-105, 15-23-202, 15-23-403, MCA; AND
 12 REPEALING SECTION 15-23-302, MCA; AND PROVIDING FOR
 13 COORDINATION WITH HOUSE BILL 213."
 14
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 16 Section 1. Section 15-6-108, MCA, is amended to read:
 17 "15-6-108. Class seven property -- description --
 18 taxable percentage. (1) Class seven property includes:
 19 ~~(a) centrally assessed utility allocations after~~
 20 ~~deductions of locally assessed properties except as~~
 21 ~~provided in:~~
 22 ~~(i) class fourteen for rural telephone and~~
 23 ~~(ii) class eighteen for cooperatives~~
 24 ~~(b) (A) all other property not included in classes one~~
 25 ~~through six and classes eight through twenty;~~

1 ~~(c) (B) large trucks and commercial trailers valued in~~
 2 ~~the department of revenue's truck and commercial trailer~~
 3 ~~schedule.~~
 4 (2) Class seven property is taxed at 16% of its market
 5 value."
 6 Section 2. Section 15-6-115, MCA, is amended to read:
 7 "15-6-115. Class fourteen property -- description --
 8 taxable percentage. (1) Class fourteen property includes:
 9 (a) ~~all poles, lines, transformers, transformer~~
 10 ~~stations, meters, tools, improvements, machinery, and other~~
 11 ~~property, except that included in class eighteen, used and~~
 12 ~~owned by persons, firms, corporations, or other~~
 13 ~~organizations that are engaged in the business of furnishing~~
 14 ~~telephone communications exclusively to rural areas or to~~
 15 ~~rural areas and cities and towns of 800 persons or less. The~~
 16 ~~average circuit miles for each station on the telephone~~
 17 ~~communications system must be more than 1 1/4 miles to~~
 18 ~~qualify for this classification.~~
 19 (b) tools, implements, and machinery used to repair
 20 and maintain machinery not used for manufacturing and mining
 21 purposes; and
 22 ~~(c) electric transformers and meters, electric light~~
 23 ~~and power substation machinery, and natural gas measuring~~
 24 ~~and regulating station equipment, meters, and compressor~~
 25 ~~station machinery owned by centrally assessed public~~

1 utilities--and--tools--used-in-the-repair-and-maintenance-of
2 the-property-included-in-this-subsection; and

3 ~~(d)(1).~~ livestock, poultry, and unprocessed products of
4 both.

5 (2) Class fourteen property is taxed at 8% of its
6 market value."

7 Section 3. Section 15-6-407, MCA, is amended to read:

8 "15-6-407. Railroads and other franchises. (1) The
9 franchise, roadway, roadbed, rails, and rolling stocks and
10 all other operating property of all railroads operated in
11 more than one county in this or more than one state must be
12 assessed by the department of revenue as hereinafter
13 provided.

14 (2) Other franchises, if granted by the authorities of
15 a county or city, must be assessed in the county or city
16 within which they were granted; if granted by any other
17 authority, they must be assessed in the county in which the
18 corporations, firms, or persons owning or holding them have
19 their principal place of business."

20 Section 4. Section 15-23-101, MCA, is amended to read:

21 "15-23-101. Properties centrally assessed. The
22 department of revenue shall centrally assess each year:

23 (1) the franchise, roadway, roadbeds, rails, rolling
24 stock, and all other operating property of railroads
25 operated operating in more than one county in the state or

1 more than one state;--but--buildings--on--right-of-way;--and
2 outside--the--right-of-way--and--improvements--thereon;
3 furniture;--machinery;--and--other--personal--property--situated
4 within-a-county--shall--be--assessed--in--that--county;

5 (2) property owned by a corporation or other person
6 constituting operating a single and continuous property
7 operated in more than one county or more than one state,
8 including telegraph, telephone, microwave, electric power or
9 transmission lines, natural gas or oil pipelines, canals,
10 ditches, flumes, or like properties;--but--buildings--on
11 right-of-way;--and--outside--the--right-of-way--and--improvements
12 thereon;--dams;--and--powerhouses;--furniture;--machinery;--and
13 other--personal--property--situated--within-a--county--shall--be
14 assessed--in--that--county;

15 (3) all property of scheduled airlines;

16 (4) the net proceeds of mines and of oil and gas
17 wells; and

18 (5) the gross proceeds of coal mines."

19 Section 5. Section 15-23-105, MCA, is amended to read:

20 "15-23-105. Apportionment among counties. The
21 department shall apportion the value of property assessed
22 under 15-23-101, 15-23-202, ~~15-23-902~~, or 15-23-403 among
23 the counties in which such property is located.
24 Apportionment shall be on a mileage basis or if ON THE BASIS
25 OF THE ORIGINAL INSTALLED COST OF THE CENTRALLY ASSESSED

1 PROPERTY LOCATED IN THE RESPECTIVE COUNTIES. IF the property
 2 is of such a character that its value cannot reasonably be
 3 apportioned on the basis of mileage OR ON THE BASIS OF THE
 4 ORIGINAL INSTALLED COST OF THE CENTRALLY ASSESSED PROPERTY
 5 LOCATED IN THE RESPECTIVE COUNTIES the department may adopt
 6 such other method or basis of apportionment as may be just
 7 or proper."

8 Section 6. Section 15-23-202, MCA, is amended to read:

9 "15-23-202. Assessment -- how made. The department
 10 must assess the franchise, roadway, roadbed, rails, and
 11 rolling stock, and all other operating properties of all
 12 railroads operated in more than one county or more than one
 13 state. All rolling stock must be assessed in the name of the
 14 person owning, leasing, or using the same. Assessment must
 15 be made to the person owning or leasing or using the same
 16 and must be made upon the entire railroad within the state.
 17 The depots, stations, shops, and buildings erected upon the
 18 space covered by the right-of-way and all other property
 19 owned or leased by such person, except as above provided,
 20 shall be assessed by ~~an agent of~~ the department ~~in the~~
 21 ~~county where they are located.~~"

22 Section 7. Section 15-23-403, MCA, is amended to read:

23 "15-23-403. Determination of value -- notice. (1) The
 24 department of revenue shall determine the full and true
 25 valuation of all property of all airlines operating in this

1 state or used by every scheduled airline company in air
 2 commerce. This valuation may be ascertained by:

3 (a) determining the full and true valuation of all
 4 property owned and operated by every scheduled airline
 5 company; and

6 (b) allocating to the state of Montana from this total
 7 valuation a valuation which represents this state's proper
 8 share of the valuation of the property, through the
 9 application of ratios which are indicated in subsections
 10 (8), (9), (10), and (11) of 15-23-402 against the total
 11 valuation, and

12 ~~(c) assessing, by the agent of the department in the~~
 13 ~~county where they are located, buildings, furniture, and~~
 14 ~~other personal property. These values shall be subtracted~~
 15 ~~from the total state share to arrive at the value to be~~
 16 ~~allocated.~~

17 (2) After making such assessment, the department shall
 18 give written notice thereof to the person or persons to whom
 19 the assessment is made."

20 SECTION 8. SECTION 15-6-111, MCA, IS AMENDED TO READ:

21 "15-6-111. Class ten property -- description --
 22 taxable percentage. (1) Class ten property includes:

23 (a) aerial, surface, and portable ski lifts and ski
 24 tows, including the towers, cables, ropes, sheave
 25 assemblies, conveying devices, power units, and all

accessories;

(b) manufacturing and mining machinery, fixtures, and supplies, except those included in class eighteen; and

~~(c) centrally assessed ELECTRIC power and gas utility COMPANIES' allocations, except pipelines OTHER THAN NATURAL GAS PIPELINES; and~~

~~(d) ALLOCATIONS FOR CENTRALLY ASSESSED NATURAL GAS COMPANIES HAVING A MAJOR DISTRIBUTION SYSTEM IN THIS STATE; AND~~

~~(e) (E) camper trailers and truck campers valued in the "N.A.D.A. Recreational Vehicle Appraisal Guide".~~

(2) Class ten property is taxed at 12% of market value."

SECTION 9. THERE IS A NEW MCA SECTION THAT READS:

Class twenty-one property -- description -- taxable percentage. (1) Class twenty-one property includes centrally assessed utility ~~COMPANIES'~~ allocations except:

(a) class ten for ELECTRIC power and NATURAL gas ~~COMPANIES'~~ property other than ~~INCLUDING NATURAL GAS~~ pipelines;

(b) class fourteen for rural telephones; and

(c) class eighteen for cooperatives.

(2) Class twenty-one property is taxed at 15% of its market value.

SECTION 10. SECTION 15-8-111, MCA, IS AMENDED TO READ:

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

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

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

(4) The taxable value for all property in class one, and classes seven through eighteen, ~~class twenty, and class twenty-one~~ is the percentage of market value established for each class of property in 15-6-102, and 15-6-108 through 15-6-119, 15-6-121, and [section 9].

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

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

(b) Properties in 15-6-103, under class two, are

1 assessed at 100% of the annual net proceeds after deducting
2 the expenses specified and allowed by 15-23-503.

3 (c) Properties in 15-6-104, 15-6-105, and 15-6-120,
4 under classes three, four, and nineteen are assessed at 100%
5 of the annual gross proceeds.

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

11 (6) Land and the improvements thereon are separately
12 assessed when any of the following conditions occur:

13 (a) ownership of the improvements is different from
14 ownership of the land;

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

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

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

20 Section 11. Repealer. Section 15-23-302, MCA, is
21 repealed.

22 SECTION 12. APPLICABILITY. THIS ACT APPLIES TO
23 TAXABLE YEARS AFTER DECEMBER 31, 1979.

24 SECTION 13. COORDINATION WITH HOUSE BILL 213. IF
25 HOUSE BILL 213, INTRODUCED IN THE 46TH LEGISLATURE, IS

1 SIGNED BY THE GOVERNOR:

2 (A) SECTIONS 8 AND 9 OF THIS ACT ARE REPLACED WITH THE
3 FOLLOWING SECTION:

4 Section 8. Class [eleven] property -- description --
5 taxable percentage. (1) Class [eleven] property includes:

6 (a) centrally assessed electric power companies'
7 allocations;

8 (b) allocations for centrally assessed natural gas
9 companies having a major distribution system in this state;
10 and

11 (c) centrally assessed companies' allocations except:

12 (i) electric power and natural gas companies'
13 property;

14 (ii) property owned by cooperative rural electric and
15 cooperative rural telephone associations and classified in
16 class five; and

17 (iii) property owned by organizations providing
18 telephone communications to rural areas and classified in
19 class seven.

20 (2) Class [eleven] property is taxed as follows:

21 (a) Property described in subsection (1)(a) and (b) is
22 taxed at 12% of market value.

23 (b) Property described in subsection (1)(c) is taxed
24 at 15% of market value.

25 (B) THE FOLLOWING ADDITIONAL SECTION OF STATUTE IS

1 AMENDED AS FOLLOWS:2 SECTION 11. SECTION 15-6-101, MCA, IS AMENDED TO READ:3 "15-6-101. Property subject to taxation --
4 classification. (1) All property in this state is subject to
5 taxation, except as provided otherwise.6 (2) For the purpose of taxation, the taxable property
7 in the state shall be classified in accordance with 15-6-102
8 through 15-6-121 AND [SECTION 8]."9 (C) SECTION 10 OF HOUSE BILL 643, THIRD READING COPY,
10 IS AMENDED AS FOLLOWS:11 SECTION 10. SECTION 15-8-111, MCA, IS AMENDED TO READ:12 "15-8-111. Assessment -- market value standard --
13 exceptions. (1) All taxable property must be assessed at
14 100% of its market value except as provided in subsection
15 (5) of this section and in 15-7-111 through 15-7-114.16 (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 eighteen, CLASS TWENTY, AND CLASS
3 TWENTY-ONE is the percentage of market value established for
4 each class of property in 15-6-102, and 15-6-108 through
5 15-6-119, 15-6-121, and [section 28].6 (5) The assessed value of properties in 15-6-103
7 through 15-6-107 and 15-6-120 is as follows:8 (a) Property in 15-6-106, under class five, is
9 assessed at 100% of book value by the method established in
10 15-6-106 and the sections cited therein.11 (b) Properties in 15-6-103, under class two, are
12 assessed at 100% of the annual net proceeds after deducting
13 the expenses specified and allowed by 15-23-503.14 (c) Properties in 15-6-104, 15-6-105, and 15-6-120,
15 under classes three, four, and nineteen are assessed at 100%
16 of the annual gross proceeds.17 (d) Properties in 15-6-107, under class six, are
18 assessed at 100% of the productive capacity of the lands
19 when valued for agricultural purposes. All lands that meet
20 the qualifications of 15-7-202 are valued as agricultural
21 lands for tax purposes.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;

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- 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."

April 7, 1979

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 643, third reading bill, be amended as follows:

1. Title, line 11.

Strike: "AND"

2. Title, line 12.

Following: "MCA"

Insert: "; AND PROVIDING FOR COORDINATION WITH HOUSE BILL 213 "

3. Page 4, line 21.

Following: "under"

Insert: "15-23-101,"

4. Page 7, line 2.

Following: "assessed"

Insert: "electric"

Following: "power"

Strike: "and gas utility"

Insert: "companies'"

5. Page 7, line 3.

Strike: ", except pipelines OTHER THAN NATURAL GAS PIPELINES"

6. Page 7.

Following: line 4

Insert: "(d) allocations for centrally assessed natural gas companies having a major distribution system in this state; and"

Reletter: subsequent subsection

7. Page 7, line 12.

Following: "assessed"

Strike: "utility"

Insert: "companies'"

8. Page 7, line 13.

Following: "for"

Insert: "electric"

Following: "and"

Insert: "natural"

Following: "gas"

Insert: "companies'"

9. Page 7, line 14.

Strike: "INCLUDING NATURAL GAS"

10. Page 9.

Following: line 17

Insert: "Section 13. Coordination with House Bill 213. If House Bill 213, introduced in the 46th legislature, is signed by the governor :

(a) sections 8 and 9 of this act are replaced with the following section:

"Section 8. Class [eleven] property - description - taxable percentage. (1) Class [eleven] property includes:

- (a) centrally assessed electric power companies' allocations;
- (b) allocations for centrally assessed natural gas companies having a major distribution system in this state; and
- (c) centrally assessed companies' allocations except:
 - (i) electric power and natural gas companies' property;
 - (ii) property owned by cooperative rural electric and cooperative rural telephone associations and classified in class five; and
 - (iii) property owned by organizations providing telephone communications to rural areas and classified in class seven.

(2) Class [eleven] property is taxed as follows:

- (a) Property described in subsection (1)(a) and (b) is taxed at 12% of market value.
- (b) Property described in subsection (1)(c) is taxed at 15% of market value."

Renumber: subsequent sections

(b) the following additional section of statute is amended as follows:

"Section 11. Section 15-6-101, MCA, is amended to read:
15-6-101. Property subject to taxation - classification. (1) All property in this state is subject to taxation, except as provided otherwise.

(2) For the purpose of taxation, the taxable property in the state shall be classified in accordance with 15-6-102 through 15-6-121 and [section 8].

(c) Section 10 of House Bill 643, third reading copy, is amended as follows:

SECTION 10. SECTION 15-8-111, MCA, IS AMENDED TO READ:

"15-8-111. Assessment -- market value standard -- exceptions.

(1) All taxable property must be assessed at 100% of its market value except as provided in subsection (5) of this section and in 15-7-111 through 15-7-114.

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

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

(4) The taxable value for all property in class one, and classes seven through eighteen, class twenty, and class twenty-one is the percentage of market value established for each class of property in 15-6-102, and 15-6-108 through 15-6-119, 15-6-121, and [section 98].

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

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

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

(c) Properties in 15-6-104, 15-6-105, and 15-6-120, under classes three, four, and nineteen are assessed at 100% of the annual gross proceeds.

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

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

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

(b) the taxpayer makes a written request; or

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

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