

HOUSE BILL 869

IN THE HOUSE

February, 17, 1979	Introduced and referred to Committee on Natural Resources.
February 19, 1979	Rereferred to Committee on Taxation.
March 8, 1979	Committee recommend bill, do not pass.
March 9, 1979	Report adopted.

1 House BILL NO. 869
 2 INTRODUCED BY Theresa Hunsicker Williams

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 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE
 5 RECORDING AND ANNUAL REGISTRATION OF ALL MINERAL RIGHTS;
 6 PROVIDING A PENALTY FOR FAILURE TO PAY THE RECORDING AND
 7 REGISTRATION FEES; PROVIDING FOR THE PUBLICATION OF NOTICE
 8 OF THE FEES; REPEALING THE PROPERTY TAX ON RIGHTS OF ENTRY;
 9 AMENDING SECTIONS 15-6-101 AND 15-8-111, MCA; AND REPEALING
 10 SECTION 15-6-102, MCA."

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

13 NEW SECTION. Section 1. Mineral rights to be recorded
 14 and registered annually. (1) Any instrument by which
 15 ownership of any type of mineral interest is claimed by
 16 either the surface owner or another must be recorded with
 17 the county clerk of the county in which the land overlying
 18 the mineral interest is situated.

19 (2) The owner of a mineral interest shall pay a
 20 recording fee of \$1 to the county clerk and shall thereafter
 21 pay to the county clerk an annual registration fee of 10
 22 cents a surface acre or fraction of surface acre with a
 23 minimum annual fee of \$1 for each single description of land
 24 in which a mineral interest is claimed. The annual fee shall
 25 be paid on or before December 31 of each year. The annual

1 fee need not be paid for the year in which the claim is
 2 first recorded.

- 3 (3) The county clerk shall:
 4 (a) keep a record of all mineral interests recorded,
 5 their owners' addresses, and all registration fees paid; and
 6 (b) deposit all fees collected in the county general
 7 fund to defray the administrative costs of keeping such
 8 records.

9 NEW SECTION. Section 2. Penalty for failure to record
 10 mineral interest and pay fees -- lien. (1) Any owner who
 11 fails to record his mineral interest is liable for a penalty
 12 equal to 10 times the recording fee and registration fees
 13 due.

14 (2) Any delinquent recording or registration fee is a
 15 lien against the mineral interest and may be enforced in the
 16 manner provided in 15-16-401.

17 NEW SECTION. Section 3. Notice of recording and
 18 registration fee. (1) The county treasurer shall include on
 19 each tax notice sent to taxpayers as provided under
 20 15-16-101 and publish in a paper of general circulation in
 21 the county twice each December:

- 22 (a) notice that each mineral interest must be recorded
 23 and an annual registration fee for it paid;
 24 (b) the amount of the fees;
 25 (c) the date on which the fees are due; and

(d) instructions on where the fees may be paid.

Section 4. 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~~ 15-6-103 through 15-6-121."

Section 5. 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 is the percentage of

market value established for each class of property in ~~15-6-102 and~~ 15-6-108 through 15-6-119.

(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

LC 1872/01

1 through six is the percentage of assessed value established
2 in 15-6-103 through 15-6-107 for each class of property.*

3 Section 6. Repealer. Section 15-6-102, MCA, is
4 repealed.

-End-

HB 869

STATE OF MONTANA

REQUEST NO. 412-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 20, 19 79, there is hereby submitted a Fiscal Note for House Bill 869 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 the recording and annual registration of all mineral rights; provides a penalty for failure to pay the recording and registration fees; provides for the publication of notice of the fees; repeals the property tax on rights of entry.

ASSUMPTIONS

- 1) No accurate data exists on mineral rights, so no fiscal impact can be projected for revenues generated from the recording fee and annual registration fee. (See technical note)
- 2) The effective date of this legislation is July 1, 1979, so the repealing of the tax on the rights of entry would have no impact in FY80.
- 3) The taxable value of rights of entry will range from \$1.0 M to \$1.2 M for FY81.
- 4) A rural local government levy of 150 mills.
- 5) A university levy of 6 mills.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
University Levy (6 mills)		
under current law	No Impact	\$6,000 to \$7,200
under proposed law	No Impact	0
Estimated Decrease	<u>No Impact</u>	<u>(\$6,000 to \$7,200)</u>

FUND INFORMATION

University Levy		
under current law	No Impact	\$6,000 to \$7,200
under proposed law	No Impact	0
Estimated Decrease	<u>No Impact</u>	<u>(\$6,000 to \$7,200)</u>

EFFECT ON LOCAL GOVERNMENTS

The repeal of the tax on rights of entry will decrease revenues to local governments by \$150,000 to \$180,000 for FY81.

TECHNICAL NOTE

Although no accurate estimate can be determined for the revenues from fees on mineral rights, the revenues from the tax on rights of entry may provide a lower bound of the revenues that could be anticipated from the fees on mineral rights.

Richard L. Dancy
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4/22/79

PREPARED BY DEPARTMENT OF REVENUE