

CHAPTER NO. 695

SENATE BILL NO. 67

INTRODUCED BY MANLEY, GRAHAM, BOYLAN, CONOVER, GALT

IN THE SENATE

January 5, 1979	Introduced and referred to Committee on Taxation. Fiscal note requested.
January 10, 1979	Fiscal note returned.
January 22, 1979	Committee recommend bill do pass as amended. Report adopted.
January 23, 1979	Printed and placed on members' desks.
January 24, 1979	Second reading, do pass.
January 25, 1979	Considered correctly engrossed.
January 26, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

January 27, 1979	Introduced and referred to Committee on Taxation.
April 16, 1979	Committee recommend bill be concurrred in. Report adopted.
April 17, 1979	Second reading, concurrred in as amended. Third reading, concurrred in as amended.

IN THE SENATE

April 18, 1979	Returned from second house. Concurrred in as amended.
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April 19, 1979

Second reading, amendments
adopted.

On motion rules suspended.
Bill placed on Calendar for
third reading this day.

Third reading, amendments
adopted. Sent to enrolling.

Reported correctly enrolled.

1 *Sen. Bill No. 67*
 2 INTRODUCED BY *Manly Graham Boyer*
 3 *Max Corover*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT SPRINKLER
 5 IRRIGATION FACILITIES FROM TAXATION; AMENDING SECTION
 6 15-6-206, MCA."

7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 15-6-206, MCA, is amended to read:

10 "15-6-206. Irrigation and drainage facilities -- when
 11 exeapt. (1) All irrigation and drainage facilities,
 12 including bonds, rights-of-way, ditches, flumes, pipelines,
 13 dams, water rights, reservoirs, and other property of like
 14 character shall be taxed as like facilities of the federal
 15 and state government; in cases where property taxes apply
 16 and where an increase in land value results, such facilities
 17 shall be taxed as such land is improved and such land shall
 18 be classified for tax purposes as the tax classification law
 19 provides.

20 ~~(2) Sprinkler irrigation systems are exempt from~~
 21 ~~taxation. Such systems include all pipes, hoses, rollers,~~
 22 ~~spray attachments, connectors, pumps, and other items~~
 23 ~~integral to the functioning of a sprinkler irrigation system~~
 24 ~~installed and used on a farm or ranch but exclude~~
 25 ~~underground water distribution lines and other elements of~~

1 ~~the system sufficiently affixed to land that they become~~
 2 ~~real property."~~

-End-

STATE OF MONTANA

REQUEST NO. 4-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 5, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 67 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

An act to exempt sprinkler irrigation facilities from taxation; amending section 15-6-206, MCA.

ASSUMPTIONS

It is necessary to use two scenarios because the fiscal impact will depend on the outcome of litigation currently pending in the Montana Supreme Court.

Scenario A. (1) There will be no fiscal impact because all sprinkler systems will be ruled tax exempt by the Supreme Court.

Scenario B. (1) Sprinkler systems will not be declared tax exempt by the Supreme Court and sprinkler systems will continue to be taxed like other property.

(2) There are 3500 private individuals who own sprinkler systems which have an average market value of \$15,000 each and are currently classified as Class 8 (13%).

(3) The state levy is 6 mills.

(4) The local government levy is 150 mills (assuming the property is located in rural areas and not in cities and towns).

(5) There will be no fiscal impact in FY 80 because of effective date.

FISCAL IMPACT

	<u>1980</u>	<u>1981</u>
6 mill university levy Scenario A		
under current law	none	none
under proposed law	none	none
6 mill university levy Scenario B		
under current law	none	\$40,950
under proposed law	<u>none</u>	<u>0</u>
		No impact to
6 mill university levy - estimated decrease	<u>none</u>	<u>(\$40,950)</u>

(continued on page 2)

on second sheet

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

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EFFECT ON LOCAL REVENUE

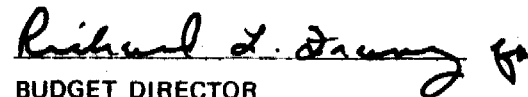
Scenario A. - no change

Scenario B. - Slightly over \$1 million in property taxes on sprinkler systems would not be collected in FY 81.

LONG RANGE EFFECTS

Over \$1 million in property taxes would not be collected by local governments and over \$40,000 would not be collected by the state each year the bill is in effect.

PREPARED BY THE DEPARTMENT OF REVENUE

Richard L. Drury 

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/10/79

Approved by Committee
on Taxation

SENATE BILL NO. 67

INTRODUCED BY MANLEY, GRAHAM, BOYLAN, CONOVER, GALT

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT IRRIGATION,
DRAINAGE, AND SPRINKLER IRRIGATION FACILITIES FROM TAXATION;
AMENDING SECTION 15-6-206-MEA."

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

Refer to Introduced Bill

(Strike everything after the enacting clause and insert:)

Section 1. Irrigation and drainage facilities -- when
exempt. (1) All irrigation and drainage facilities,
including bonds, rights-of-way, ditches, flumes, pipelines,
dams, water rights, reservoirs, and other property of like
character shall be taxed as like facilities of the federal
and state government; in cases where property taxes apply
and where an increase in land value results, such facilities
shall be taxed as such land is improved and such land shall
be classified for tax purposes as the tax classification law
provides.

(2) Sprinkler irrigation systems are exempt from
taxation. Such systems include all pipes, hoses, rollers,
spray attachments, connectors, pumps, and other items
integral to the functioning of a sprinkler irrigation system
installed and used on a farm or ranch but exclude

underground water distribution lines and other elements of
the system sufficiently affixed to land that they become
real property.

-End-

1 SENATE BILL NO. 67
 2 INTRODUCED BY HANLEY, GRAHAM, BOYLAN, CONOVER, GALT
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT IRRIGATION,
 5 DRAINAGE, AND SPRINKLER IRRIGATION FACILITIES FROM TAXATION;
 6 AMENDING SECTION 15-6-206-MGA."

7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 9 Refer to Introduced Bill

10 (Strike everything after the enacting clause and insert:)
 11 Section 1. Irrigation and drainage facilities -- when
 12 exempt. (1) All irrigation and drainage facilities,
 13 including bonds, rights-of-way, ditches, flumes, pipelines,
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 15 character shall be taxed as like facilities of the federal
 16 and state government; in cases where property taxes apply
 17 and where an increase in land value results, such facilities
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21 (2) Sprinkler irrigation systems are exempt from
 22 taxation. Such systems include all pipes, hoses, rollers,
 23 spray attachments, connectors, pumps, and other items
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 25 installed and used on a farm or ranch but exclude

1 underground water distribution lines and other elements of
 2 the system sufficiently affixed to land that they become
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-End-

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 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT IRRIGATION,
 5 DRAINAGE, AND SPRINKLER IRRIGATION FACILITIES FROM TAXATION,
 6 AMENDING ~~SECTION 15-6-206, MCA; AND REPEALING SECTION~~
 7 15-7-216, MCA."
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Refer to Introduced Bill

11 (Strike everything after the enacting clause and insert:)

12 Section 1. Irrigation and drainage facilities -- when
 13 exempt. (1) All irrigation and drainage facilities,
 14 including bonds, rights-of-way, ditches, flumes, pipelines,
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 16 character shall be taxed as like facilities of the federal
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1 installed and used on a farm or ranch but exclude
 2 underground water distribution lines and other elements of
 3 the system sufficiently affixed to land that they become
 4 real property.
 5 ~~SECTION 2, REPEALER. SECTION 15-7-216, MCA, IS~~
 6 ~~REPEALED.~~

-End-

HOUSE OF REPRESENTATIVES

April 17, 1979

Committee of the Whole amendments to Senate Bill No. 67, third reading copy, as follows:

1. Title, line 6.

Following: "MCA"

Insert: "; AND REPEALING SECTION 15-7-216, MCA"

2. Page 2.

Following: line 3

Insert: "Section 2. Repealer. Section 15-7-216, MCA, is repealed."

AND AS AMENDED,
BE CONCURRED IN