

SENATE BILL 198

IN THE SENATE

January 23, 1979	Introduced and referred to Committee on Taxation.
January 29, 1979	Fiscal note requested.
February 1, 1979	Fiscal note returned.
April 20, 1979	Died in Committee.

1 *Senate* BILL NO. *198*
 2 INTRODUCED BY *Fasbender, Blaylock*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH THE
 5 CURRENT TAX RATES FOR REAL PROPERTY, AMENDING SECTIONS
 6 15-6-112, 15-6-116, AND 15-6-119, MCA; REPEALING SECTION
 7 15-7-121, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

10 Section 1. Section 15-6-112, MCA, is amended to read:

11 "15-6-112. Class eleven property -- description --
 12 taxable percentage. (1) Class eleven property includes:

13 (a) all land except agricultural land meeting the
 14 qualification of 15-7-202;

15 (b) all improvements except those included in classes
 16 fifteen and eighteen;

17 (c) all trailers affixed to land owned, leased, or
 18 under contract for purchase by the trailer owner; and

19 (d) all mobile homes except:

20 (i) those held by a distributor or dealer of mobile
 21 homes as part of his stock-in-trade; and

22 (ii) those included in class fifteen.

23 (2) Class eleven property is taxed at ~~12%~~ 8.55% of its
 24 market value ~~or so much of 12% as is determined under~~
 25 ~~15-7-121, whichever is less."~~

1 Section 2. Section 15-6-116, MCA, is amended to read:

2 "15-6-116. Class fifteen property -- description --
 3 taxable percentage. (1) Class fifteen property includes so
 4 much of the market value of any improvement on real
 5 property, a trailer affixed to land, or mobile home and
 6 appurtenant land not exceeding 5 acres as does not exceed
 7 \$35,000, when such dwelling and land are owned or under
 8 contract for deed and are actually occupied for at least 10
 9 months per year as the primary residential dwelling of:

10 (a) a widow or widower 62 years of age or older who
 11 qualifies under the income limitations of (c) of this
 12 subsection;

13 (b) a widow or widower of any age with dependent
 14 children who qualifies under the income limitations of (c)
 15 of this subsection; or

16 (c) a recipient or recipients of retirement or
 17 disability benefits whose total income from all sources is
 18 not more than \$7,000 for a single person or \$8,000 for a
 19 married couple.

20 (2) (a) A person applying for classification of
 21 property under this class must make an affidavit to the
 22 department of revenue on a form provided by the department
 23 without cost as to:

24 (i) his income, if applicable;

25 (ii) his retirement benefits, if applicable;

1 (iii) his marital status, if applicable;
 2 (iv) the fact that he maintains the land and
 3 improvements as his primary residential dwellings; and
 4 (v) such other information as is relevant to the
 5 applicant's eligibility.

6 (b) This application must be made before March 1 of
 7 the year after the applicant becomes eligible under this
 8 classification.

9 (c) For the purpose of the affidavit required for
 10 classification of property under this class, it shall be
 11 sufficient if the applicant signs a statement swearing to or
 12 affirming the correctness of the information supplied,
 13 whether or not the statement is signed before a person
 14 authorized to administer oaths, and mails the application
 15 and statement to the department of revenue. This signed
 16 statement shall be treated as a statement under oath or
 17 equivalent affirmation for the purposes of 45-7-202,
 18 relating to the criminal offense of false swearing.

19 (3) Class fifteen property is taxed at 6% ~~4.275%~~ of
 20 its market value ~~or so much of 6% as is determined under~~
 21 ~~15-7-121y-whichever-is-less."~~

22 Section 3. Section 15-6-119, MCA, is amended to read:
 23 "15-6-119. Class eighteen property -- description --
 24 taxable percentage. (1) Class eighteen property includes:

25 (a) a dwelling house and the lot on which it is

1 erected, owned and occupied by a resident of the state who:

2 (i) has been honorably discharged from active service
 3 in any branch of the armed services; and

4 (ii) is rated 100% disabled due to a service-connected
 5 disability by the United States veterans' administration or
 6 its successor. In the event of the veteran's death, the
 7 dwelling house and the lot on which it is erected shall
 8 remain in this class as long as the surviving spouse remains
 9 unmarried and the owner and occupant of the property.

10 (b) all property used and owned by cooperative rural
 11 electrical and cooperative rural telephone associations as
 12 provided in (2)(a) of this section;

13 (c) air pollution control equipment as defined in this
 14 section; and

15 (d) new industrial property as defined in this
 16 section.

17 (2) (a) The property of all cooperative rural
 18 electrical and cooperative rural telephone associations
 19 organized under the laws of Montana is included in this
 20 class, except that when less than 95% of the electricity
 21 consumers or telephone users within the incorporated limits
 22 of a city or town are served by the cooperative
 23 organization, the property is included in class eighteen.

24 (b) "Air pollution control equipment" means
 25 facilities, machinery, or equipment, attached or unattached

1 to real property, utilized to reduce, eliminate, control, or
2 prevent air pollution. The department of health and
3 environmental sciences determines if such utilization is
4 being made.

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

11 (i) New industrial property is limited to industries
12 that:

13 (A) manufacture, mill, mine, produce, process, or
14 fabricate materials;

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

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

25 (ii) New industrial property does not include:

1 (A) property used by retail or wholesale merchants,
2 commercial services of any type, agriculture, trades, or
3 professions;

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

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

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

15 (3) The department of revenue shall promulgate rules
16 for the determination of what constitutes an adverse impact,
17 taking into consideration the number of people to be
18 employed and the size of the community in which the location
19 is contemplated. Any person, firm, or other group seeking to
20 qualify its property for inclusion in this class shall make
21 application to the department in such a manner and form as
22 the department requires. Once the department has made an
23 initial determination that the industrial facility qualifies
24 as new industrial property, the department shall then, upon
25 proper notice, hold a hearing to determine if the new

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1 industrial classification should be retained by the
 2 property. The local taxing authority may appear at the
 3 hearing and may waive its objection to retention of this
 4 classification if the industry agrees to the prepayment of
 5 taxes sufficient to satisfy tax requirements created by the
 6 location and construction of the facility during the
 7 construction period. When a prepayment of taxes is required,
 8 the maximum amount of prepayment shall be the amount of tax
 9 the industry would have paid without the application of the
 10 class seven percentage to such property.

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

16 (5) ~~(a) Class eighteen property listed in subsection~~
 17 ~~(1)(a) is taxed at .65% of its market value.~~

18 ~~(b) Class eighteen property listed in subsection~~
 19 ~~(1)(b) through (1)(d) is shall--be taxed at 2.8% of its~~
 20 ~~market value or--in-the-case-of-property-classified-under~~
 21 ~~(1)(e) of this section--so much of--2.8%--as--is--determined~~
 22 ~~under 15-7-121, whichever is less."~~

23 Section 4. Repealer. Section 15-7-121, MCA, is
 24 repealed.

25 Section 5. Effective date. This act is effective on

1 passage and approval and applies to taxable years beginning
 2 after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 161-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 29, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 198 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 establishes the current tax rates for real property; and provides an effective date.

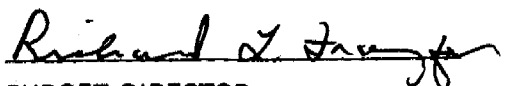
ASSUMPTIONS

1) This legislation places the tax rates currently used for property classes eleven, fifteen, and eighteen in the Montana Code.

FISCAL IMPACT

No Fiscal Impact

PREPARED BY DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/1/79