

SENATE BILL 285

IN THE SENATE

January 29, 1979	Introduced and referred to Committee on Taxation.
January 30, 1979	Fiscal note requested.
February 2, 1979	Fiscal note returned.
April 20, 1979	Died in Committee.

1 *Senate* BILL NO. *285*
 2 INTRODUCED BY *Watt Palmer*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO END THE SPECIAL
 5 PROPERTY TAX CLASSIFICATION AND TAX RATE GIVEN TO NEW
 6 INDUSTRIAL PROPERTY; AMENDING SECTIONS 15-6-119, 15-24-1308,
 7 AND 20-1-208, MCA; REPEALING SECTION 20-9-407, MCA; AND
 8 PROVIDING AN EFFECTIVE AND APPLICABILITY DATE."

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

11 Section 1. Section 15-6-19, MCA, is amended to read:
 12 "15-6-19. Class eighteen property -- description --
 13 taxable percentage. (1) Class eighteen property includes:

14 (a) a dwelling house and the lot on which it is
 15 erected, owned and occupied by a resident of the state who:
 16 (i) has been honorably discharged from active service
 17 in any branch of the armed services; and

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

24 (b) all property used and owned by cooperative rural
 25 electrical and cooperative rural telephone associations as

1 provided in (2)(a) of this section; and

2 (c) air pollution control equipment as defined in this
 3 section; and

4 ~~(d) new industrial property as defined in this~~
 5 ~~section;~~

6 (2) (a) The property of all cooperative rural
 7 electrical and cooperative rural telephone associations
 8 organized under the laws of Montana is included in this
 9 class, except that when less than 95% of the electricity
 10 consumers or telephone users within the incorporated limits
 11 of a city or town are served by the cooperative
 12 organization, the property is included in class eighteen.

13 (b) "Air pollution control equipment" means
 14 facilities, machinery, or equipment, attached or unattached
 15 to real property, utilized to reduce, eliminate, control, or
 16 prevent air pollution. The department of health and
 17 environmental sciences determines if such utilization is
 18 being made.

19 ~~(c) "New industrial property" means any new industrial~~
 20 ~~plant, including land, buildings, machinery, and fixtures,~~
 21 ~~except mobile machinery which is used by a new industry~~
 22 ~~during the first 3 years of its operation. The property may~~
 23 ~~not have been assessed prior to July 1, 1961, within the~~
 24 ~~state of Montana.~~

25 ~~(d) New industrial property is limited to industries~~

1 that

2 ~~(A) manufacture, mine, produce, process, or~~
 3 ~~fabricate materials;~~

4 ~~(B) do similar work employing capital and labor in~~
 5 ~~which materials unserviceable in their natural state are~~
 6 ~~extracted, processed, or made fit for use or are~~
 7 ~~substantially altered or treated so as to create commercial~~
 8 ~~products or materials; or~~

9 ~~(C) engage in the mechanical or chemical~~
 10 ~~transformation of materials or substances into new products~~
 11 ~~in the manner defined as manufacturing in the 1972 Standard~~
 12 ~~Industrial Classification Manual prepared by the United~~
 13 ~~States office of management and budget;~~

14 ~~(ii) New industrial property does not include:~~

15 ~~(A) property used by retail or wholesale merchants,~~
 16 ~~commercial services of any type, agriculture, trades, or~~
 17 ~~professions;~~

18 ~~(B) a plant that will create adverse impact on~~
 19 ~~existing state, county, or municipal services; or~~

20 ~~(C) property used or employed in any industrial plant~~
 21 ~~that has been in operation in this state for 3 years or~~
 22 ~~longer;~~

23 ~~(d) "New industry" means any person, corporation,~~
 24 ~~firm, partnership, association, or other group that~~
 25 ~~establishes a new plant or plants in Montana for the~~

1 operation of a new industrial endeavor as distinguished
 2 from a mere expansion, reorganization, or merger of an
 3 existing industry or industries.

4 (3) The department of revenue shall promulgate rules
 5 for the determination of what constitutes an adverse impact
 6 taking into consideration the number of people to be
 7 employed and the size of the community in which the location
 8 is contemplated. Any person, firm, or other group seeking to
 9 qualify its property for inclusion in this class shall make
 10 application to the department in such a manner and form as
 11 the department requires. Once the department has made an
 12 initial determination that the industrial facility qualifies
 13 as new industrial property, the department shall then, upon
 14 proper notice, hold a hearing to determine if the new
 15 industrial classification should be retained by the
 16 property. The local taxing authority may appear at the
 17 hearing and may waive its objection to retention of the
 18 classification if the industry agrees to the prepayment of
 19 taxes sufficient to satisfy tax requirements created by the
 20 location and construction of the facility during the
 21 construction period. When a prepayment of taxes is required,
 22 the maximum amount of prepayment shall be the amount of tax
 23 the industry would have paid without the application of the
 24 class seven percentage to such property.

25 (4) If a major new industrial facility qualifies under

1 class eighteen, the reduction of its yearly payment of
 2 property taxes for reimbursement of its prepaid taxes as
 3 provided for in 15-16-201 does not begin until the class
 4 eighteen qualification expires.

5 ~~(5)(3)~~ Class eighteen property shall be taxed at 2.8%
 6 of its market value or, in the case of property classified
 7 under (1)(c), of this section, so much of 2.8% as is
 8 determined under 15-7-121, whichever is less."

9 Section 2. Section 15-24-1308, MCA, is amended to
 10 read:

11 "15-24-1308. Land classified as industrial --
 12 assessment provisions. (1) The governing body shall identify
 13 those lands within its jurisdiction whose highest and best
 14 purpose is determined to be industrial. Owners of existing
 15 industrial buildings and grounds under construction or
 16 undergoing expansion that increases the taxable value of the
 17 property 10% shall receive tax benefits or penalties based
 18 on their compliance with the land use categories established
 19 by the governing body. ~~Improvements classified as new~~
 20 ~~industrial property under 15-6-119 may not qualify for~~
 21 ~~benefits under this section.~~ Industrial land and buildings
 22 shall be classified as Class A, B, C, or D for purposes of
 23 new construction or expansion of existing facilities.

24 (2) Tax benefits and penalties for new construction or
 25 expansion shall apply to the land and the improvements

1 thereon in accordance with these classifications, determined
 2 by the governing body, based on compliance with the
 3 following environmental criteria. Construction of or
 4 expansion of industrial buildings and grounds:

5 (a) would not place unreasonable burden on existing
 6 public services, such as highways, schools, and police and
 7 fire protection;

8 (b) would have sufficient water available for
 9 foreseeable needs;

10 (c) would meet existing air and water pollution
 11 requirements or that through reclamation the natural
 12 environment could be returned substantially to its original
 13 condition;

14 (d) would have adequate sewage and solid waste
 15 disposal facilities.

16 (3) Classes A, B, C, and D shall be determined and
 17 taxed as follows:

18 Class A--complies with criteria (2)(a) through (2)(d).

19 Class B--complies with criteria (2)(c) through (2)(d).

20 Class C--complies with criteria (2)(b) and (2)(d).

21 Class D--other than Class A, B, or C.

LAND CLASSIFICATION	INDUSTRIAL CLASSIFICATION			
	CLASS A	CLASS B	CLASS C	CLASS D
22 Residential	+ 50%	+100%	+150%	+200%
23 Commercial	- 25%	- 15%	-0-	+ 50%

1 Industrial - 50% - 30% - 10% + 25%

2 The percentages above reflect the amount in addition

3 (+) to the taxable value or less than (-) the taxable value.

4 These percentages of taxable value shall be continuously

5 applied to the land and the buildings for 10 consecutive

6 years following their construction. The construction period

7 may not be taxed for new industrial construction or

8 expansion of an existing industry except as provided in

9 15-24-1307(3) and (5). Beginning with the 11th year

10 following construction, the percentage of taxable value

11 shall be adjusted in equal increments until taxable value is

12 attained in the 20th year. Thereafter, the property shall be

13 taxed at 100% of taxable value."

14 Section 3. Section 20-1-208, MCA, is amended to read:

15 "20-1-208. Educational impact statements. When a

16 county superintendent of schools finds that a person intends

17 to ~~construct--or--locate--a--major--industrial--facility--as~~

18 ~~defined in 20-9-407, or intends to~~ open a new strip mine, as

19 defined by 82-4-103, within the county, the superintendent

20 may require such person to file with the county an

21 educational impact statement. An educational impact

22 statement is a report estimating the increased demands on

23 public schools in the county as a consequence of the ~~major~~

24 ~~industrial--facility--or~~ strip mine. The statement shall

25 indicate:

1 (1) the number of persons to be employed during the

2 construction or preparation and during the operation of the

3 ~~major--industrial--facility--or~~ strip mine and their

4 anticipated residential distribution;

5 (2) the number and anticipated distribution of persons

6 employed in providing goods and services to the persons

7 enumerated in the preceding category;

8 (3) the number of school age children anticipated to

9 be living with the persons enumerated in the preceding

10 categories; and

11 (4) the time periods covered by each preceding

12 estimate."

13 Section 4. Repealer. Section 20-9-407, MCA, is

14 repealed.

15 Section 5. Effective and applicability date. This act

16 is effective on passage and approval and applies to taxable

17 years beginning after December 31, 1978.

-End-