

SENATE BILL 312

IN THE SENATE

January 31, 1979	Introduced and referred to Committee on Taxation.
February 5, 1979	Fiscal note requested.
February 8, 1979	Fiscal note returned.
March 22, 1979	Committee recommend bill, as amended.
March 23, 1979	Printed and placed on members' desks.
March 24, 1979	Second reading, do pass.
March 26, 1979	Considered correctly engrossed.
March 27, 1979	Third reading, passed.

IN THE HOUSE

March 28, 1979	Introduced and referred to Committee on Taxation.
April 9, 1979	Committee recommend bill, not concurred.
April 11, 1979	Report adopted.

IN THE SENATE

April 11, 1979	Returned from House, not concurred.
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1 *Senate* BILL NO. *312*
 2 INTRODUCED BY *Norman*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH THE
 5 PROPERTY TAX RATES IN CLASSES ELEVEN, FIFTEEN, AND EIGHTEEN;
 6 AMENDING SECTIONS 15-6-112, 15-6-116, AND 15-6-119;
 7 REPEALING SECTIONS 15-7-121 AND 15-7-122, MCA; AND PROVIDING
 8 AN EFFECTIVE AND APPLICABILITY DATE."

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

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

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

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

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

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

20 (d) all mobile homes except:

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

23 (ii) those included in class fifteen.

24 (2) Class eleven property is taxed at ~~12%~~ 8.55% of its
 25 market value ~~or so much of 12% as is determined under~~

1 ~~15-7-121, whichever is less."~~

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

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

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

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

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

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

25 (i) his income, if applicable;

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

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

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

20 (3) Class fifteen property is taxed at 6% ~~4.275%~~ of
 21 its market value ~~or so much of 6% as is determined under~~
 22 ~~15-7-121, whichever is less."~~

23 Section 3. Section 15-6-119, MCA, is amended to read:

24 "15-6-119. Class eighteen property -- description --
 25 taxable percentage. (1) Class eighteen property includes:

1 (a) a dwelling house and the lot on which it is
 2 erected, owned and occupied by a resident of the state who:
 3 (i) has been honorably discharged from active service
 4 in any branch of the armed services; and
 5 (ii) is rated 100% disabled due to a service-connected
 6 disability by the United States veterans' administration or
 7 its successor. In the event of the veteran's death, the
 8 dwelling house and the lot on which it is erected shall
 9 remain in this class as long as the surviving spouse remains
 10 unmarried and the owner and occupant of the property.

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

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

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

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

25 (b) "Air pollution control equipment" means

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

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

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

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

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

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

1 (ii) New industrial property does not include:

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

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

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

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

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

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

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

17 (5) ~~(a) Class eighteen property shall be listed in~~
 18 ~~subsection (1)(a) is taxed at 2.8% 1.995% of its market~~
 19 ~~value or, in the case of property classified under (1)(c) of~~
 20 ~~this section, so much of 2.8% as is determined under~~
 21 ~~15-7-121, whichever is less.~~

22 (b) Class eighteen property listed in subsections
 23 (1)(b) through (1)(d) is taxed at 2.8% of its market value."

24 Section 4. Repealer. Sections 15-7-121 and 15-7-122,
 25 MCA, are repealed.

1 Section 5. Effective and applicability date. This act
 2 is effective on passage and approval and applies to taxable
 3 years beginning after December 31, 1978.

-End-

Approved by Committee
on Taxation

1 SENATE BILL NO. 312
 2 INTRODUCED BY NORMAN
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 6 disability by the United States veterans' administration or
 7 its successor. In the event of the veteran's death, the
 8 dwelling house and the lot on which it is erected shall
 9 remain in this class as long as the surviving spouse remains
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11 (b) all property used and owned by cooperative rural
 12 electrical and cooperative rural telephone associations as
 13 provided in (2)(a) of this section;

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 15 section; and

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

18 (2) (a) The property of all cooperative rural
 19 electrical and cooperative rural telephone associations
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 23 of a city or town are served by the cooperative
 24 organization, the property is included in class eighteen.

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 16 and statement to the department of revenue. This signed
 17 statement shall be treated as a statement under oath or
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 19 relating to the criminal offense of false swearing.

20 (3) Class fifteen property is taxed at ~~68 42258 42258~~
 21 of its market value or so much of 68-03-15-determined-under
 22 45-7-121-~~whichever-is-less.~~"

23 Section 3. Section 15-6-119, MCA, is amended to read:

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 25 taxable percentage. (1) Class eighteen property includes:

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-End-

STATE OF MONTANA

REQUEST NO. 215-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 5, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 312 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 property tax rates in classes eleven, fifteen, and eighteen; and provides an effective and applicability date.

FISCAL IMPACT

No Fiscal Impact.

EFFECT ON LOCAL GOVERNMENTS

With the exception of the technical note, this bill codifies the existing practice and will have no fiscal impact.

TECHNICAL NOTE

If it is so desired to codify the existing practice then Section 3 paragraph 5(a) line 18 should be changed from 1.995% to 2%.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drangor

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/8/79