

CHAPTER NO. 659

SENATE BILL NO. 325

INTRODUCED BY S. BROWN

BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE SENATE

February 1, 1979	Introduced and referred to Committee on Taxation.
February 5, 1979	Fiscal note requested.
February 8, 1979	Fiscal note returned.
February 12, 1979	Committee recommend bill do pass. Report adopted.
February 13, 1979	Printed and placed on members' desks.
February 14, 1979	Motion pass consideration.
February 15, 1979	Second reading, do pass.
February 16, 1979	Considered correctly engrossed.
February 17, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

February 19, 1979	Introduced and referred to Committee on Taxation.
April 9, 1979	Committee recommend bill be concurred in. Report adopted.
April 10, 1979	Second reading, concurred in.
April 12, 1979	Third reading, concurred in.

IN THE SENATE

April 12, 1979	Returned from second house. Concurred in. Sent to enrolling. Reported correctly enrolled.
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 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH AN APPEAL
 6 PROCEDURE FOR CLASSIFICATION OF PROPERTY AS AIR POLLUTION
 7 CONTROL EQUIPMENT FOR PROPERTY TAX PURPOSES; AMENDING
 8 SECTION 15-6-119, MCA."

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

11 Section 1. Section 15-6-119, MCA, is amended to read:

12 "15-6-119. 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;

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. ~~The department's determination may be appealed~~
 19 ~~to the board of health and environmental sciences and may~~
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25 (c) "New industrial property" means any new industrial

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 INTRODUCED BILL

1 plant, including land, buildings, machinery, and fixtures,
2 except mobile machinery, which is used by a new industry
3 during the first 3 years of its operation. The property may
4 not have been assessed prior to July 1, 1961, within the
5 state of Montana.

6 (i) New industrial property is limited to industries
7 that:

8 (A) manufacture, mill, mine, produce, process, or
9 fabricate materials;

10 (B) do similar work, employing capital and labor, in
11 which materials unserviceable in their natural state are
12 extracted, processed, or made fit for use or are
13 substantially altered or treated so as to create commercial
14 products or materials; or

15 (C) engage in the mechanical or chemical
16 transformation of materials or substances into new products
17 in the manner defined as manufacturing in the 1972 Standard
18 Industrial Classification Manual prepared by the United
19 States office of management and budget.

20 (ii) New industrial property does not include:

21 (A) property used by retail or wholesale merchants,
22 commercial services of any type, agriculture, trades, or
23 professions;

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

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

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

10 (3) The department of revenue shall promulgate rules
11 for the determination of what constitutes an adverse impact,
12 taking into consideration the number of people to be
13 employed and the size of the community in which the location
14 is contemplated. Any person, firm, or other group seeking to
15 qualify its property for inclusion in this class shall make
16 application to the department in such a manner and form as
17 the department requires. Once the department has made an
18 initial determination that the industrial facility qualifies
19 as new industrial property, the department shall then, upon
20 proper notice, hold a hearing to determine if the new
21 industrial classification should be retained by the
22 property. The local taxing authority may appear at the
23 hearing and may waive its objection to retention of this
24 classification if the industry agrees to the prepayment of
25 taxes sufficient to satisfy tax requirements created by the

1 location and construction of the facility during the
2 construction period. When a prepayment of taxes is required,
3 the maximum amount of prepayment shall be the amount of tax
4 the industry would have paid without the application of the
5 class seven percentage to such property.

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

11 (5) Class eighteen property shall be taxed at 2.8% of
12 its market value or, in the case of property classified
13 under (1)(a) of this section, so much of 2.8% as is
14 determined under 15-7-121, whichever is less."

-End-

STATE OF MONTANA

Request No. 216-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 5, 1979, there is hereby submitted a Fiscal Note for Senate Bill 325 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 an appeal procedure for classification of property as air pollution control equipment for property tax purposes.

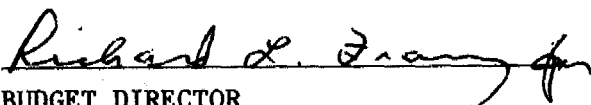
ASSUMPTION:

1. The Department of Health will continue to determine the use of certain air pollution control equipment. Any determination may be appealed to the Borad of Health and Environmental Sciences.
2. Approximately 10 hearings per year will be necessary.
3. The Department of Health will require increased engineering review and legal services.
4. The Department of Revenue will incur no additional costs.

FISCAL IMPACT:

Additional cost of proposed legislation:	<u>FY 80</u>	<u>FY 81</u>
Personal services	\$4,877	\$5,170
Operating expenses	3,200	3,390
Total	<u>\$8,077</u>	<u>\$8,560</u>

The additional cost must be funded from the State General Fund.


BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 2/8/79

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 10 consumers or telephone users within the incorporated limits
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25 (c) "New industrial property" means any new industrial

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