

CHAPTER NO. 702

SENATE BILL NO. 389

INTRODUCED BY TOWE, FRATES, HARPER, TEAGUE, HAGER,
HOLMES, BLAYLOCK, RAMIREZ, DOZIER, KESSLER,
FAGG, PORTER, BENGTON, REGAN, CONOVER

IN THE SENATE

February 6, 1979	Introduced and referred to Committee on Taxation.
February 8, 1979	Fiscal note requested.
February 14, 1979	Fiscal note returned.
March 8, 1979	Committee recommend bill do pass as amended. Report adopted.
March 9, 1979	Printed and placed on members' desks.
March 10, 1979	Second reading, do pass.
March 12, 1979	Considered correctly engrossed.
March 13, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

March 14, 1979	Introduced and referred to Committee on Taxation.
April 13, 1979	Committee recommend bill be concurrent in as amended. Report adopted.
April 16, 1979	Second reading, concurred in. Third reading, concurred in as amended.

IN THE SENATE

April 17, 1979	Returned from second house. Concurrent in as amended.
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April 18, 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 *Seneca* BILL NO. *389* *Blaylock*
 2 INTRODUCED BY *Sen. Frater Hayes Eugene Helms*
 3 *Ramsey Dejea Kuhl Sheri Josten, Bengtson*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW AN OWNER OF
 5 RESIDENTIAL PROPERTY TO FILE AN APPLICATION TO INSURE THAT
 6 HIS PROPERTY WILL BE APPRAISED AS RESIDENTIAL; REQUIRING HIM
 7 TO SIGN A STATEMENT THAT THE PROPERTY WILL BE USED FOR
 8 RESIDENTIAL PURPOSES ONLY; IMPOSING A ROLLBACK TAX UPON A
 9 CHANGE IN USE; AND PROVIDING AN EFFECTIVE DATE."
 10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 Section 1. Purpose. The legislature finds that the
 13 rapid commercial and industrial growth in many Montana
 14 cities and towns is engulfing homes. Owners of these homes
 15 are often forced to pay higher property taxes upon these
 16 homes because their property is appraised on its industrial
 17 or commercial use. The legislature intends that houses and
 18 lots in these areas of changing use shall be appraised on
 19 their value as residential property.
 20 Section 2. Application for residential appraisal of
 21 certain land and improvements. (1) Any person wishing to
 22 insure that his residential land and improvements are
 23 appraised as residential may file a signed application with
 24 the department of revenue or its agents.
 25 (2) If application, the owner must:

1 (a) assert that the property is used only for human
 2 habitation;
 3 (b) sign a statement pledging that the property will
 4 continue to be used as residential property; and
 5 (c) show that this statement has been filed with the
 6 county clerk and recorder of the county in which the
 7 property is located.
 8 (3) When the department has approved an application
 9 for residential use, the department and its agents shall
 10 consider only those indicia of value that the property has
 11 for residential use.
 12 Section 3. Rollback tax -- computation. (1) (a) When
 13 land and improvements appraised as residential are changed
 14 to industrial or commercial use, the property is subject to
 15 a rollback tax in addition to the property tax levied on the
 16 property. This tax is a lien upon the property and is due
 17 and payable by the owner of the property at the time of the
 18 change in use.
 19 (b) As used in this part, "rollback" means the period
 20 preceding the change in use, not to exceed 5 years, during
 21 which the property was appraised as residential.
 22 (2) The department's agent shall determine the amount
 23 of rollback tax due on the property by:
 24 (a) determining the taxable value of the property as
 25 industrial or commercial property;

1 (b) multiplying this value by the sum of the annual
2 mill levies applied in the taxing jurisdiction in which the
3 land is located during the rollback period; and

4 (c) subtracting from this figure the actual property
5 tax paid on the property during this period.

6 Section 4. Effective and applicability date. This act
7 is effective on passage and approval and applies to taxable
8 years beginning after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 294-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 9, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 389 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 allows an owner of residential property to file an application to insure that his property will be appraised as residential; requiring him to sign a statement that the property will be used for residential purposes only; imposing a roll-back tax upon a change in use; and providing an effective date.

ASSUMPTIONS

This proposal should have no fiscal impact on state or local government revenues. Real estate and improvements are not appraised on their use, but rather on their market value.

(Prepared by the Department of Revenue)


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/13/79

Approved by Committee
on Taxation

SENATE BILL NO. 389

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A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW AN OWNER OF RESIDENTIAL PROPERTY TO FILE AN APPLICATION TO INSURE THAT HIS PROPERTY WILL BE APPRAISED AS RESIDENTIAL; REQUIRING HIM TO SIGN A STATEMENT THAT THE PROPERTY WILL BE USED FOR RESIDENTIAL PURPOSES ONLY; ~~IMPOSING A ROLLBACK TAX UPON A CHANGE-IN-USE~~ AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Purpose. The legislature finds that the rapid commercial and industrial growth in many Montana cities and towns is engulfing homes. Owners of these homes are often forced to pay higher property taxes upon these homes because their property is appraised on its industrial or commercial use. The legislature intends that houses and lots in these areas of changing use shall be appraised on their value as residential property.

Section 2. Application for residential appraisal of certain land and improvements. (1) Any person wishing to insure that his residential land and improvements are appraised as residential may file a signed application with

the department of revenue or its agents.

(2) In the application, the owner must:

(a) assert that the property is used only for human habitation;

(b) sign a statement pledging that the property will continue to be used as residential property; and

~~(c) show that this statement has been filed with the county clerk and recorder of the county in which the property is located.~~

(3) When the department has approved an application for residential use, the department and its agents shall consider only those indicia of value that the property has for residential use.

~~(4) FAILURE TO FILE AN APPLICATION UNDER THIS SECTION SHALL NOT RESULT IN RECLASSIFICATION ON REAL PROPERTY UNLESS THERE HAS BEEN AN ACTUAL CHANGE IN USE.~~

~~Section 3. Rollback tax computation. (1) When land and improvements appraised as residential are changed to industrial or commercial use, the property is subject to a rollback tax in addition to the property tax levied on the property. This tax is a lien upon the property and is due and payable by the owner of the property at the time of the change in use.~~

~~(b) As used in this part, "rollback" means the period preceding the change in use, not to exceed 5 years, during~~

1 which the property was appraised as residential;
2 (2) the department's agent shall determine the amount
3 of rotiback tax due on the property by:
4 (a) determining the taxable value of the property as
5 industrial or commercial property;
6 (b) multiplying this value by the sum of the annual
7 mill levies applied in the taxing jurisdiction in which the
8 land is located during the rotiback period; and
9 (c) subtracting from this figure the actual property
10 tax paid on the property during this period.

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

-End-

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certain land and improvements. (1) Any person wishing to
insure that his residential land and improvements are
appraised as residential may file a signed application with

the department of revenue or its agents.

(2) In the application, the owner must:

(a) assert that the property is used only for human
habitation;

(b) sign a statement pledging that the property will
continue to be used as residential property; and

~~(c) show that this statement has been filed with the
county clerk and recorder of the county in which the
property is located.~~

(3) When the department has approved an application
for residential use, the department and its agents shall
consider only those indicia of value that the property has
for residential use.

(4) FAILURE TO FILE AN APPLICATION UNDER THIS SECTION
SHALL NOT RESULT IN RECLASSIFICATION ON REAL PROPERTY UNLESS
THERE HAS BEEN AN ACTUAL CHANGE IN USE.

~~Section 3. RoUback-tax-computation--(1)--(a)--When
land-and-improvements-appraised-as-residential--are--changed
to--industrial-or-commercial--use--the-property-is-subject-to
a--roUback-tax-in-addition-to-the-property-tax--levied-on-the
property--this-tax-is-a--lien-upon-the-property--and--is--due
and--payable-by-the-owner-of-the-property-at-the-time-of-the
change-in-use.~~

~~(b)--As-used-in-this-part--"roUback"--means-the--period
preceding--the--change-in-use--not-to-exceed-5-years--during~~

1 which the property was appraised as residential
2 (2) The department's agent shall determine the amount
3 of rollback tax due on the property by
4 (a) determining the taxable value of the property as
5 industrial or commercial property
6 (b) multiplying this value by the sum of the annual
7 mill levies applied in the taxing jurisdiction in which the
8 land is located during the rollback period and
9 (c) subtracting from this figure the actual property
10 tax paid on the property during this period
11 Section 3. Effective and applicability date. This act
12 is effective on passage and approval and applies to taxable
13 years beginning after December 31, 1978.

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Section 2. Application for residential appraisal of certain land and improvements. (1) Any person wishing to insure that his residential land and improvements are

appraised as residential may file a signed application with the department of revenue or its agents.

(2) In the application, the owner must:

(a) assert that the property is used only for human habitation AND IS THE PRINCIPAL RESIDENCE OF THE OWNER;

(b) sign a statement pledging that the property will continue to be used as residential property; and

~~(c) show that this statement has been filed with the county clerk and recorder of the county in which the property is located.~~

(C) SHOW THAT THE STATEMENT HAS BEEN FILED WITH THE COUNTY CLERK AND RECORDER OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED.

(3) When the department has approved an application for residential use, the department and its agents shall consider only those indicia of value that the property has for residential use.

(4) FAILURE TO FILE AN APPLICATION UNDER THIS SECTION SHALL NOT RESULT IN RECLASSIFICATION ON REAL PROPERTY UNLESS THERE HAS BEEN AN ACTUAL CHANGE IN USE.

~~Section 3. Rollback tax computation. (1) (a) When land and improvements appraised as residential are changed to industrial or commercial use, the property is subject to a rollback tax in addition to the property tax levied on the property. This tax is a lien upon the property and is due~~

1 ~~and payable by the owner of the property at the time of the~~
2 ~~change in use.~~

3 ~~(b) As used in this act, "rollback" means the period~~
4 ~~preceding the change in use, not to exceed 5 years, during~~
5 ~~which the property was appraised as residential.~~

6 ~~(2) The department's agent shall determine the amount~~
7 ~~of rollback tax due on the property by:~~

8 ~~(a) determining the taxable value of the property as~~
9 ~~industrial or commercial property;~~

10 ~~(b) multiplying this value by the sum of the annual~~
11 ~~mill levies applied in the taxing jurisdiction in which the~~
12 ~~land is located during the rollback period; and~~

13 ~~(c) subtracting from this figure the actual property~~
14 ~~tax paid on the property during this period.~~

15 SECTION 3. THERE IS A NEW HCA SECTION THAT READS:

16 Rollback tax -- computation. (1) (a) If land and
17 improvements appraised as residential as a result of an
18 application filed under [section 2] are changed to
19 industrial or commercial use, the property is subject to a
20 rollback tax in addition to the property tax levied on the
21 property. The rollback tax is a lien on the property and is
22 due and payable by the owner of the property at the time of
23 the change in use.

24 (b) As used in [this act], "rollback" means the period
25 preceding the change in use, not to exceed 5 years, during

1 which the property was appraised as residential.

2 (2) The department's agent shall determine the amount
3 of rollback tax due on the property by:

4 (a) determining the taxable value of the property as
5 industrial or commercial property;

6 (b) multiplying this value by the sum of the annual
7 mill levies applied in the taxing jurisdiction in which the
8 land is located during the rollback period; and

9 (c) subtracting from this figure the actual property
10 tax paid on the property during this period.

11 Section 4. Effective and applicability date. This act
12 is effective on passage and approval and applies to taxable
13 years beginning after December 31, 1978.

-End-

March 8, 1979

SENATE STANDING COMMITTEE REPORT
(Taxation)

That Senate Bill No. 389 be amended as follows:

1. Title, lines 8 and 9.

Following: "ONLY;"

Strike: "IMPOSING A ROLLBACK TAX UPON A CHANGE IN USE;"

2. Page 2, lines 5 through 7.

Following: line 4

Strike: subsection (c) in its entirety

3. Page 2, line 12.

Following: line 11

Insert: "(4) Failure to file an application under this section shall not result in reclassification on real property unless there has been an actual change in use."

4. Page 2, lines 12 through 25 and through line 5 on page 3.

Following: line 12

Strike: Section 3 in its entirety

Renumber: subsection section

HOUSE OF REPRESENTATIVES

April 11, 1979

Committee on Taxation amendments to Senate Bill No. 389, third reading copy as follows:

1. Title, line 11.

Following: "USE,"

Insert: "IMPOSING A ROLLBACK TAX UPON A CHANGE IN USE;"

2. Page 2, line 4.

Following: "habitation"

Insert: "and is the principal residence of the owner"

3. Page 2.

Following: line 9.

Insert: "(c) show that the statement has been filed with the county clerk and recorder of the county in which the property is located."

4. Page 3.

Following: line 10.

Insert: "SECTION 3. THERE IS A NEW MCA SECTION THAT READS:

Rollback tax -- computation. (1)(a) If land and improvements appraised as residential as a result of an application filed under [section 2] are changed to industrial or commercial use, the property is subject to a rollback tax in addition to the property tax levied on the property. The rollback tax is a lien on the property and is due and payable by the owner of the property at the time of the change in use.

(b) As used in [this act], "rollback" means the period preceding the change in use, not to exceed 5 years, during which the property was appraised as residential.

(2) The department's agent shall determine the amount of rollback tax due on the property by:

(a) determining the taxable value of the property as industrial or commercial property;

(b) multiplying this value by the sum of the annual mill levies applied in the taxing jurisdiction in which the land is located during the rollback period; and

(c) subtracting from this figure the actual property tax paid on the property during this period."

Renumber: subsequent section.

AND AS AMENDED
BE CONCURRED IN