

SENATE BILL 507

IN THE SENATE

February 14, 1979

Introduced and referred to  
Committee on Taxation.

February 15, 1979

Fiscal note requested.

February 21, 1979

Fiscal note returned.

April 20, 1979

Died in Committee.

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*Senate* BILL NO. 507  
INTRODUCED BY *Conner*

A BILL FOR AN ACT ENTITLED: "AN ACT TO LOWER AND EVENTUALLY ELIMINATE THE TAXABLE PERCENTAGE APPLIED TO AGRICULTURAL MACHINERY, LIVESTOCK, AND UNPROCESSED AGRICULTURAL PRODUCTS IN DETERMINING PROPERTY TAX DUE ON THIS PROPERTY; AMENDING SECTIONS 15-6-109, 15-6-113, 15-6-115, AND 15-6-118, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
Section 1. Section 15-6-109, MCA, is amended to read:  
"15-6-109. Class eight property -- description -- taxable percentage. (1) Class eight property includes:  
(a) all agricultural and other tools, implements, and machinery except:  
(i) large farm machinery included in class twelve; and  
(ii) tools, implements and machinery included in class fourteen;  
(b) gas and other engines and boilers and threshing machines and outfits used therewith;  
(c) harness, saddlery, and robes.  
(2) (a) Class eight property listed in subsection (1)(a) is taxed at:  
(i) 13% of market value for the taxable year beginning

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January 1, 1979;  
(iii) 11% of market value for the taxable year beginning  
January 1, 1980;  
(iii) 9% of market value for the taxable year beginning  
January 1, 1981;  
(iv) 8% of market value for the taxable year beginning  
January 1, 1982;  
(v) 7% of market value for the taxable year beginning  
January 1, 1983;  
(vi) 6% of market value for the taxable year beginning  
January 1, 1984;  
(vii) 5% of market value for the taxable year beginning  
January 1, 1985;  
(viii) 4% of market value for the taxable year  
beginning January 1, 1986;  
(ix) 3% of market value for the taxable year beginning  
January 1, 1987;  
(x) 2% of market value for the taxable year beginning  
January 1, 1988; and  
(xi) 0% of market value for all taxable years beginning  
after December 31, 1988.  
(b) Class eight property listed in subsections (1)(b)  
and (1)(c) is taxed at 13% of its market value."  
Section 2. Section 15-6-113, MCA, is amended to read:  
"15-6-113. Class twelve property -- description --

1 taxable percentage. (1) Class twelve property includes:  
 2 (a) boats and all watercraft;  
 3 (b) aircraft;  
 4 (c) motorcycles; and  
 5 (d) large farm machinery valued in the official guide  
 6 tractors and farm implements and department valuation  
 7 schedules.  
 8 (2) (a) Class twelve property listed in subsections  
 9 (i)(a) through (i)(c) is taxed at 11% of its market value.  
 10 (b) Class twelve property listed in subsection (i)(d)  
 11 is taxed at:  
 12 (i) 11% of market value for the taxable year beginning  
 13 January 1, 1979;  
 14 (ii) 10% of market value for the taxable year beginning  
 15 January 1, 1980;  
 16 (iii) 9% of market value for the taxable year beginning  
 17 January 1, 1981;  
 18 (iv) 8% of market value for the taxable year beginning  
 19 January 1, 1982;  
 20 (v) 7% of market value for the taxable year beginning  
 21 January 1, 1983;  
 22 (vi) 6% of market value for the taxable year beginning  
 23 January 1, 1984;  
 24 (vii) 5% of market value for the taxable year beginning  
 25 January 1, 1985;

1 (viii) 4% of market value for the taxable year  
 2 beginning January 1, 1986;  
 3 (ix) 3% of market value for the taxable year beginning  
 4 January 1, 1987;  
 5 (x) 2% of market value for the taxable year beginning  
 6 January 1, 1988;  
 7 (xi) 0% of market value for all taxable years beginning  
 8 after December 31, 1988."  
 9 Section 3. Section 15-6-115, MCA, is amended to read:  
 10 "15-6-115. Class fourteen property -- description --  
 11 taxable percentage. (1) Class fourteen property includes:  
 12 (a) all poles, lines, transformers, transformer  
 13 stations, meters, tools, improvements, machinery, and other  
 14 property, except that included in class eighteen, used and  
 15 owned by persons, firms, corporations, or other  
 16 organizations that are engaged in the business of furnishing  
 17 telephone communications exclusively to rural areas or to  
 18 rural areas and cities and towns of 800 persons or less. The  
 19 average circuit miles for each station on the telephone  
 20 communications system must be more than 1 1/4 miles to  
 21 qualify for this classification.  
 22 (b) tools, implements, and machinery used to repair  
 23 and maintain machinery not used for manufacturing and mining  
 24 purposes;  
 25 (c) electric transformers and meters, electric light

1 and power substation machinery, and natural gas measuring  
2 and regulating station equipment, meters, and compressor  
3 station machinery owned by centrally assessed public  
4 utilities and tools used in the repair and maintenance of  
5 the property included in this subsection; and

6 (d) livestock, poultry, and unprocessed products of  
7 both.

8 (2) (a) Class fourteen property listed in subsections  
9 (1)(a) through (1)(c) is taxed at 8% of its market value.

10 (b) Class fourteen property listed in subsection  
11 (1)(d) is taxed at:

12 (i) 8% of market value for the taxable year beginning  
13 January 1, 1979;

14 (ii) 7% of market value for the taxable year beginning  
15 January 1, 1980;

16 (iii) 6% of market value for the taxable year beginning  
17 January 1, 1981;

18 (iv) 5% of market value for the taxable year beginning  
19 January 1, 1982;

20 (v) 4% of market value for the taxable year beginning  
21 January 1, 1983;

22 (vi) 3% of market value for the taxable year beginning  
23 January 1, 1984;

24 (vii) 2% of market value for the taxable year beginning  
25 January 1, 1985;

1 (viii) 1% of market value for the taxable year  
2 beginning January 1, 1986; and

3 (ix) 0% of market value for all taxable years beginning  
4 after December 31, 1986."

5 Section 4. Section 15-6-118, MCA, is amended to read:

6 "15-6-118. Class seventeen property -- description --  
7 taxable percentage. (1) Class seventeen property includes  
8 all unprocessed agricultural products on the farm or in  
9 storage except:

10 (a) all perishable fruits and vegetables in farm  
11 storage and owned by the producer; and

12 (b) livestock and poultry and the unprocessed products  
13 of both.

14 (2) Class seventeen property is taxed at:

15 (a) 3.5% of market value for the taxable year  
16 beginning January 1, 1979;

17 (b) 2.5% of market value for the taxable year  
18 beginning January 1, 1980;

19 (c) 1.5% of market value for the taxable year  
20 beginning January 1, 1981; and

21 (d) 0% of market value for all taxable years beginning  
22 after December 31, 1981."

23 Section 5. Effective date. This act is effective on  
24 passage and approval.

STATE OF MONTANA

REQUEST NO. 389-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 15, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 507 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 lowers and eventually eliminates the taxable percentage applied to agricultural machinery, livestock, and unprocessed agricultural products in determining property tax due on this property; provides an effective date.

ASSUMPTIONS

Estimated market value for taxable years -

		<u>1980</u>	<u>1981</u>
1) Market value for taxable year 1979			
a) ag. tools, class 8, (13%) -	\$104,227,961	\$106 M	\$108 M
b) large farm mach., class 12, (11%)	394,785,888	396 M	400 M
c) livestock, class 14, (8%) -	547,139,346	550 M	550 M
d) unprocessed ag. products, class 17, (3.5%)	92,340,998	94 M	96 M
2) Under current law the tax rates would remain unchanged			
3) Under the proposed law, the tax rates would remain the same for FY 80 and would be 11%, 10%, 7% and 2.5% respectively for FY 81.			
4) A statewide rural local levy of 150 mills.			
5) A university levy of 6 mills.			

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
University Levy (6 mills)		
under current law	\$628,000	\$632,000
under proposed law	628,000	556,000
Estimated Decrease	<u>\$ 0</u>	<u>(\$ 76,000)</u>

FUND INFORMATION

University Levy		
under current law	\$628,000	\$632,000
under proposed law	628,000	556,000
Estimated Decrease	<u>\$ 0</u>	<u>(\$ 76,000)</u>

PREPARED BY DEPARTMENT OF REVENUE

EFFECT ON LOCAL GOVERNMENTS

There will be no change in revenues to counties for FY80, but revenues will be decreased by about \$1,893,000 in FY81. The effect of this legislation will be felt mainly in rural counties.

LONG-RANGE EFFECTS

The long-range effect of this legislation would be to gradually eliminate almost 6.5% of the statewide property tax base.

*Richard L. ...*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4/2/79