

CHAPTER NO. 660

SENATE BILL NO. 523

INTRODUCED BY SENATE NATURAL RESOURCES COMMITTEE
BY REQUEST OF THE SENATE NATURAL RESOURCES COMMITTEE

IN THE SENATE

March 22, 1979	Introduced and referred to Committee on Taxation.
March 24, 1979	Committee recommend bill do pass as amended. Report adopted.
March 26, 1979	Printed and placed on members' desks.
March 27, 1979	Second reading, do pass. On motion rules suspended. Bill placed on Calendar for third reading this day. Third reading, passed. Transmitted to second house.

IN THE HOUSE

March 28, 1979	Introduced and referred to Committee on Taxation.
April 16, 1979	Committee recommend bill be concurred in as amended. Report adopted.
April 18, 1979	Second reading, concurred in as amended. Third reading, concurred in as amended.

IN THE SENATE

April 19, 1979	Returned from second house. Concurred in as amended.
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April 19, 1979

On motion rules suspended.
Bill referred to second reading
for consideration this day.

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 *Sen. Bill No. 523*
 2 INTRODUCED BY *Senate Natural Resources Committee*
 3 BY REQUEST OF THE SENATE NATURAL RESOURCES COMMITTEE
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A SPECIAL
 6 PROPERTY TAX CLASSIFICATION FOR PROPERTY USED IN THE
 7 PRODUCTION OF GASOHOL; AMENDING SECTION 15-8-111, MCA; AND
 8 PROVIDING A DATE OF APPLICABILITY."
 9

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

11 NEW SECTION. Section 1. Class twenty-two property --
 12 description -- taxable percentage. (1) Class twenty-two
 13 property includes any personal or real property used in the
 14 production of gasohol for the first 5 years after the
 15 property is used for this purpose.

16 (2) Class twenty-two property is taxed at 2% of its
 17 market value.

18 Section 2. Section 15-8-111, MCA, is amended to read:

19 "15-8-111. Assessment -- market value standard --
 20 exceptions. (1) All taxable property must be assessed at
 21 100% of its market value except as provided in subsection
 22 (5) of this section and in 15-7-111 through 15-7-114.

23 (2) Market value is the value at which property would
 24 change hands between a willing buyer and a willing seller,
 25 neither being under any compulsion to buy or to sell and

1 both having reasonable knowledge of relevant facts.

2 (3) The department of revenue or its agents may not
 3 adopt a lower or different standard of value from market
 4 value in making the official assessment and appraisal of the
 5 value of property in class one, and classes seven through
 6 ~~eighteen, class twenty, and class twenty-two.~~ For purposes
 7 of taxation, assessed value is the same as appraised value.

8 (4) The taxable value for all property in class one
 9 and classes seven through eighteen is the percentage of
 10 market value established for each class of property in
 11 15-6-102 and 15-6-108 through 15-6-119.

12 (5) The assessed value of properties in 15-6-103
 13 through 15-6-107 and 15-6-120 is as follows:

14 (a) Property in 15-6-106, under class five, is
 15 assessed at 100% of book value by the method established in
 16 15-6-106 and the sections cited therein.

17 (b) Properties in 15-6-103, under class two, are
 18 assessed at 100% of the annual net proceeds after deducting
 19 the expenses specified and allowed by 15-23-503.

20 (c) Properties in 15-6-104, 15-6-105, and 15-6-120,
 21 under classes three, four, and nineteen are assessed at 100%
 22 of the annual gross proceeds.

23 (d) Properties in 15-6-107, under class six, are
 24 assessed at 100% of the productive capacity of the lands
 25 when valued for agricultural purposes. All lands that meet

1 the qualifications of 15-7-202 are valued as agricultural
2 lands for tax purposes.

3 (6) Land and the improvements thereon are separately
4 assessed when any of the following conditions occur:

5 (a) ownership of the improvements is different from
6 ownership of the land;

7 (b) the taxpayer makes a written request; or

8 (c) the land is outside an incorporated city or town.

9 (7) The taxable value of all property in classes two
10 through six is the percentage of assessed value established
11 in 15-6-103 through 15-6-107 for each class of property."

12 Section 3. Applicability date. This act applies to
13 taxable years beginning after December 31, 1979.

-End-

Approved by Committee
on Taxation

1 SENATE BILL NO. 523

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3 BY REQUEST OF THE SENATE NATURAL RESOURCES COMMITTEE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A SPECIAL
6 PROPERTY TAX CLASSIFICATION FOR PROPERTY USED IN THE
7 PRODUCTION OF GASOHOL; AMENDING SECTION 15-8-111, MCA; AND
8 PROVIDING A DATE OF APPLICABILITY."
9

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

11 NEW SECTION. Section 1. Class ~~twenty-two~~ TWENTY-ONE
12 property -- description -- taxable percentage. (1) Class
13 ~~twenty-two~~ TWENTY-ONE property includes any personal or real
14 property used PRIMARILY in the production of gasohol DURING
15 CONSTRUCTION AND for the first 5 1/2 years ~~after the~~ property
16 ~~is used for this purpose~~ OF ITS OPERATION.

17 (2) Class ~~twenty-two~~ TWENTY-ONE property is taxed at
18 2% of its market value.

19 Section 2. Section 15-8-111, MCA, is amended to read:

20 "15-8-111. Assessment -- market value standard --
21 exceptions. (1) All taxable property must be assessed at
22 100% of its market value except as provided in subsection
23 (5) of this section and in 15-7-111 through 15-7-114.

24 (2) Market value is the value at which property would
25 change hands between a willing buyer and a willing seller,

1 neither being under any compulsion to buy or to sell and
2 both having reasonable knowledge of relevant facts.

3 (3) The department of revenue or its agents may not
4 adopt a lower or different standard of value from market
5 value in making the official assessment and appraisal of the
6 value of property in class one, and classes seven through
7 ~~eighteen, class twenty, and class twenty-two~~ TWENTY-ONE. For
8 purposes of taxation, assessed value is the same as
9 appraised value.

10 (4) The taxable value for all property in class one
11 and classes seven through eighteen is the percentage of
12 market value established for each class of property in
13 15-6-102 and 15-6-108 through 15-6-119.

14 (5) The assessed value of properties in 15-6-103
15 through 15-6-107 and 15-6-120 is as follows:

16 (a) Property in 15-6-106, under class five, is
17 assessed at 100% of book value by the method established in
18 15-6-106 and the sections cited therein.

19 (b) Properties in 15-6-103, under class two, are
20 assessed at 100% of the annual net proceeds after deducting
21 the expenses specified and allowed by 15-23-503.

22 (c) Properties in 15-6-104, 15-6-105, and 15-6-120,
23 under classes three, four, and nineteen are assessed at 100%
24 of the annual gross proceeds.

25 (d) Properties in 15-6-107, under class six, are

1 assessed at 100% of the productive capacity of the lands
2 when valued for agricultural purposes. All lands that meet
3 the qualifications of 15-7-202 are valued as agricultural
4 lands for tax purposes.

5 (6) Land and the improvements thereon are separately
6 assessed when any of the following conditions occur:

7 (a) ownership of the improvements is different from
8 ownership of the land;

9 (b) the taxpayer makes a written request; or

10 (c) the land is outside an incorporated city or town.

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12 through six is the percentage of assessed value established
13 in 15-6-103 through 15-6-107 for each class of property."

14 Section 3. Applicability date. This act applies to
15 taxable years beginning after December 31, 1979.

-End-

SENATE BILL NO. 523

INTRODUCED BY SENATE NATURAL RESOURCES COMMITTEE

BY REQUEST OF THE SENATE NATURAL RESOURCES COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A SPECIAL PROPERTY TAX CLASSIFICATION FOR PROPERTY USED IN THE PRODUCTION OF GASOHOL; AMENDING SECTION 15-8-111, MCA; AND PROVIDING A DATE OF APPLICABILITY."

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

NEW SECTION. Section 1. Class ~~twenty-two~~ TWENTY-ONE property -- description -- taxable percentage. (1) Class ~~twenty-two~~ TWENTY-ONE property includes any personal or real property used PRIMARILY in the production of gasohol DURING CONSTRUCTION AND for the first 5 3 years after ~~the~~ property is used for this purpose OF ITS OPERATION.

(2) Class ~~twenty-two~~ TWENTY-ONE property is taxed at 2% of its market value.

Section 2. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as provided in subsection (5) of this section and in 15-7-111 through 15-7-114.

(2) Market value is the value at which property would change hands between a willing buyer and a willing seller,

neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in class one, and classes seven through eighteen, ~~class twenty, and class twenty-two~~ TWENTY-ONE. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in class one and classes seven through eighteen is the percentage of market value established for each class of property in 15-6-102 and 15-6-108 through 15-6-119.

(5) The assessed value of properties in 15-6-103 through 15-6-107 and 15-6-120 is as follows:

(a) Property in 15-6-106, under class five, is assessed at 100% of book value by the method established in 15-6-106 and the sections cited therein.

(b) Properties in 15-6-103, under class two, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.

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(d) Properties in 15-6-107, under class six, are

1 assessed at 100% of the productive capacity of the lands
2 when valued for agricultural purposes. All lands that meet
3 the qualifications of 15-7-202 are valued as agricultural
4 lands for tax purposes.

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6 assessed when any of the following conditions occur:

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8 ownership of the land;

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12 through six is the percentage of assessed value established
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6 PROPERTY TAX CLASSIFICATION FOR PROPERTY USED IN THE
7 PRODUCTION OF GASOHOL; AMENDING SECTION 15-8-111, MCA; AND
8 PROVIDING A DATE OF APPLICABILITY; AND PROVIDING FOR
9 COORDINATION WITH HOUSE BILL 213."

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12 NEW SECTION. Section 1. Class ~~twenty-two~~ TWENTY-ONE
13 property -- description -- taxable percentage. (1) Class
14 ~~twenty-two~~ TWENTY-ONE property includes any personal or real
15 property used PRIMARILY in the production of gasohol DURING
16 CONSTRUCTION AND for the first 5 1/2 years ~~after the property~~
17 ~~is used for this purpose~~ OF ITS OPERATION.

18 (2) Class ~~twenty-two~~ TWENTY-ONE property is taxed at
19 ~~2% 3%~~ of its market value.

20 Section 2. Section 15-8-111, MCA, is amended to read:

21 "15-8-111. Assessment -- market value standard --
22 exceptions. (1) All taxable property must be assessed at
23 100% of its market value except as provided in subsection
24 (5) of this section and in 15-7-111 through 15-7-114.

25 (2) Market value is the value at which property would

1 change hands between a willing buyer and a willing seller,
2 neither being under any compulsion to buy or to sell and
3 both having reasonable knowledge of relevant facts.

4 (3) The department of revenue or its agents may not
5 adopt a lower or different standard of value from market
6 value in making the official assessment and appraisal of the
7 value of property in class one, and classes seven through
8 eighteen, class twenty, and class twenty-two TWENTY-ONE. For
9 purposes of taxation, assessed value is the same as
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12 and classes seven through eighteen is the percentage of
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14 15-6-102 and 15-6-108 through 15-6-119.

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4 the qualifications of 15-7-202 are valued as agricultural
5 lands for tax purposes.

6 (6) Land and the improvements thereon are separately
7 assessed when any of the following conditions occur:

8 (a) ownership of the improvements is different from
9 ownership of the land;

10 (b) the taxpayer makes a written request; or

11 (c) the land is outside an incorporated city or town.

12 (7) The taxable value of all property in classes two
13 through six is the percentage of assessed value established
14 in 15-6-103 through 15-6-107 for each class of property."

15 Section 3. Applicability date. This act applies to
16 taxable years beginning after December 31, 1979.

17 ~~SECTION 1. COORDINATION WITH HOUSE BILL 213. IF HOUSE
18 BILL 213, INTRODUCED IN THE 46TH LEGISLATURE, IS PASSED AND
19 SIGNED BY THE GOVERNOR:~~

20 ~~(A) SECTION 1 OF THIS ACT IS REPLACED WITH THE
21 FOLLOWING SECTION:~~

22 ~~"Section 1. Class [eleven] property description
23 taxable percentage. (1) Class [eleven] property includes
24 any personal or real property used primarily in the
25 production of gasoline during construction and for the first~~

1 3-years-of-its-operation

2 ~~(2) Class [eleven] property is taxed at 2% of its
3 market value."~~

4 ~~SECTION 15-1-101. MCAY IS AMENDED TO READ:~~

5 ~~15-1-101. Definitions. (1) When terms mentioned in
6 this section are used in connection with taxation, they are
7 defined in the following manner:~~

8 ~~(a) The term "assessed value" means the value of
9 property as defined in 15-8-111.~~

10 ~~(b) The term "credit" means solvent debts, secured or
11 unsecured, owing to a person.~~

12 ~~(c) The term "improvements" includes all buildings,
13 structures, fixtures, fences, and improvements situated
14 upon, erected upon, or affixed to lands when the department
15 of revenue or its agent determines that the permanency of
16 location of a mobile home or housetrailer has been
17 established, the mobile home or housetrailer is presumed to
18 be an improvement to real property. If the mobile home or
19 housetrailer is an improvement located on land not owned by
20 the owner of such improvement, the improvement is assessed
21 as a leasehold improvement to real property and delinquent
22 taxes can be a lien only on the leasehold improvements.~~

23 ~~(d) The term "mobile home" means forms of housing
24 known as "trailers," "housetrailers," or "trailer coaches,"
25 exceeding 8 feet in width or 32 feet in length, designed to~~

1 be--moved--from--one--piece--to--another--by--an--independent--power
2 connected--to--them;

3 (e)--The--term--"personal--property"--includes--everything
4 that--is--the--subject--of--ownership--but--that--is--not--included
5 within--the--meaning--of--the--terms--"real--estate"--and
6 "improvements";

7 (f)--The--term--"property"--includes--moneys,--credits,
8 bonds,--stocks,--franchises,--and--all--other--matters--and--things,
9 real,--personal,--and--mixed,--capable--of--private--ownership.
10 This--definition--must--not--be--construed--to--authorize--the
11 taxation--of--the--stocks--of--any--company--or--corporation--when
12 the--property--of--such--company--or--corporation--represented--by
13 the--stocks--is--within--the--state--and--has--been--taxed;

14 (g)--The--term--"real--estate"--includes:
15 (i)--the--possession--of,--claim--to,--ownership--of,--or
16 right--to--the--possession--of--land;

17 (ii)--all--mines,--minerals,--and--quarries--in--and--under--the
18 land--subject--to--the--provisions--of--15-23-501--and--15-23-001;
19 all--timber--belonging--to--individuals--or--corporations--growing
20 or--being--on--the--lands--of--the--United--States;--and--all--rights
21 and--privileges--appertaining--thereto;

22 (h)--The--term--"taxable--value"--means--the--percentage--of
23 assessed--value--as--provided--for--in--chapter--6,--part--1,--and
24 [section--1];

25 (i)--The--phrase--"municipal--corporation"--or

1 "municipality"--or--"taxing--unit"--shall--be--deemed--to--include--a
2 county,--city,--incorporated--town,--township,--school--district,
3 irrigation--district,--drainage--district,--or--any--person,
4 person,--or--organized--body--authorized--by--law--to--establish
5 tax--levies--for--the--purpose--of--raising--public--revenue;

6 (j)--The--term--"state--board"--or--"board"--when--used
7 without--other--qualification--shall--mean--the--state--tax--appeal
8 board;

9 ~~(k)--SECTION--15-6-101,--MCA,--IS--AMENDED--TO--READ:~~

10 "15-6-101--Property--subject--to--taxation--
11 classification--(1)--All--property--in--this--state--is--subject
12 to--taxation,--except--as--provided--otherwise;

13 (2)--For--the--purpose--of--taxation,--the--taxable--property
14 in--the--state--shall--be--classified--in--accordance--with--15-6-102
15 through--15-6-121--and--[section--1];

16 ~~(l)--SECTION--2--OF--THIS--ACT--IS--REPLACED--WITH--THE~~
17 ~~FOLLOWING--SECTION:~~

18 Section--2,--Section--15-8-111,--MCA,--is--amended--to--read:
19 "15-8-111--Assessment--market--value--standard--
20 exceptions--(1)--All--taxable--property--must--be--assessed--at
21 100%--of--its--market--value--except--as--provided--in--subsection
22 (5)--of--this--section--and--in--15-7-111--through--15-7-114;

23 (2)--Market--value--is--the--value--at--which--property--would
24 change--hands--between--a--willing--buyer--and--a--willing--seller,
25 neither--being--under--any--compulsion--to--buy--or--to--sell--and

1 both having reasonable knowledge of relevant facts

2 (3) ~~The department of revenue or its agents may not~~
3 ~~adopt a lower or different standard of value from market~~
4 ~~value in making the official assessment and appraisal of the~~
5 ~~value of property in class one and classes seven through~~
6 ~~eighteen for purposes of taxation; assessed value is the~~
7 ~~same as appraised value~~

8 (4) ~~The taxable value for all property in class one~~
9 ~~and classes seven through eighteen, and class [eleven] is~~
10 ~~the percentage of market value established for each class of~~
11 ~~property in 15-6-102 and 15-6-100 through 15-6-119 and~~
12 ~~[section 1]~~

13 (5) ~~The assessed value of properties in 15-6-103~~
14 ~~through 15-6-107 and 15-6-120 is as follows:~~

15 (a) ~~Property in 15-6-106 under class five is~~
16 ~~assessed at 100% of book value by the method established in~~
17 ~~15-6-106 and the sections cited therein~~

18 (b) ~~Properties in 15-6-103 under class two are~~
19 ~~assessed at 100% of the annual net proceeds after deducting~~
20 ~~the expenses specified and allowed by 15-23-503~~

21 (c) ~~Properties in 15-6-104, 15-6-105, and 15-6-120~~
22 ~~under classes three, four, and nineteen are assessed at 100%~~
23 ~~of the annual gross proceeds~~

24 (d) ~~Properties in 15-6-107 under class six are~~
25 ~~assessed at 100% of the productive capacity of the lands~~

1 when valued for agricultural purposes. All lands that meet
2 the qualifications of 15-7-202 are valued as agricultural
3 lands for tax purposes.

4 (6) Land and the improvements thereon are separately
5 assessed when any of the following conditions occur:

6 (a) ownership of the improvements is different from
7 ownership of the land;

8 (b) the taxpayer makes a written request; or

9 (c) the land is outside an incorporated city or town.

10 (7) The taxable value of all property in classes two
11 through six is the percentage of assessed value established
12 in 15-6-103 through 15-6-107 for each class of property."

13 ~~(E) THE GORE COMMISSIONER MAY CHANGE THE NUMBER OF THE~~
14 ~~NEW CLASS IF MORE THAN ONE BILL CREATING NEW PROPERTY TAX~~
15 ~~CLASSES IS SIGNED BY THE GOVERNOR.~~

16 SECTION 4. COORDINATION WITH HOUSE BILL 213. IF HOUSE
17 BILL 213, INTRODUCED IN THE 46TH LEGISLATURE, IS PASSED AND
18 SIGNED BY THE GOVERNOR:

19 (A) SECTION 1 OF THIS ACT IS REPLACED WITH THE
20 FOLLOWING SECTION (SECTION 5 OF HOUSE BILL 213 WITH THE
21 INDICATED CHANGE):

22 Section 5. Class five property -- description --
23 taxable percentage. (1) Class five property includes:

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

1 organized under the laws of Montana, except property owned
2 by cooperative organizations described in subsection (1)(c)
3 of [section 7 of House Bill 213];

4 (b) air and water pollution control equipment as
5 defined in this section;

6 (c) truck campers, motor homes, and camping and travel
7 trailers, including fifth-wheel trailers, owned by and
8 actually used primarily by a person 60 years of age or older
9 who:

10 (i) is retired from full employment; and

11 (ii) whose total income from all sources is not more
12 than \$7,000 for a single person or \$8,000 for a married
13 couple;

14 (d) new industrial property as defined in this
15 section;

16 (e) any personal or real property used primarily in
17 the production of gasoline during construction and for the
18 first 3 years of its operation.

19 (2) "Air and water pollution equipment" means
20 facilities, machinery, or equipment used to reduce or
21 control water or atmospheric pollution or contamination by
22 removing, reducing, altering, disposing, or storing
23 pollutants, contaminants, wastes, or heat. The department of
24 health and environmental sciences shall determine if such
25 utilization is being made.

1 (3) "New industrial property" means any new industrial
2 plant, including land, buildings, machinery, and fixtures,
3 used by new industries during the first 3 years of their
4 operation. The property may not have been assessed within
5 the state of Montana prior to July 1, 1961.

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

12 (b) New Industry includes only those industries that:

13 (i) manufacture, mill, mine, produce, process, or
14 fabricate materials;

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

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

25 (5) New industrial property does not include:

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

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

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

9 (6) Class five property is taxed at 3% of its market
10 value.

11 ~~(B) SECTION 2 OF THIS ACT IS STRICKEN.~~

-End-

HOUSE OF REPRESENTATIVES
April 13, 1979

Committee on Taxation Amendments to Senate Bill 523,
3rd Reading copy, as follows:

1. Title, line 7.
Following: "MCA;"
Strike: "AND"

2. Title, line 8.
Following: "APPLICABILITY"
Insert: "; AND PROVIDING FOR COORDINATION WITH HOUSE BILL 213"

3. Page 3.
Following: line 15
Insert: "Section 4. Coordination with House Bill 213. If House
Bill 213, introduced in the 46th legislature, is passed and
signed by the governor:
(a) section 1 of this act is replaced with the following
section:

(Continued)

SENATE BILL NO. 523

Page 2

"Section 1. Class [eleven] property--description--taxable percentage. (1) Class [eleven] property includes any personal or real property used primarily in the production of gasohol during construction and for the first 3 years of its operation.

(2) Class [eleven] property is taxed at 2% of its market value."

(b) section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) When terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "assessed value" means the value of property as defined in 15-8-111.

(b) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(c) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. If the mobile home or housetrailer is an improvement located on land not owned by the owner of such improvement, the improvement is assessed as a leasehold improvement to real property and delinquent taxes can be a lien only on the leasehold improvement.

(d) The term "mobile home" means forms of housing known as "trailers", "housetrailer", or "trailer coaches", exceeding 8 feet in width or 32 feet in length, designed to be moved from one place to another by an independent power connected to them.

(e) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

(f) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

(g) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and 15-23-801; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

(h) The term "taxable value" means the percentage of assessed value as provided for in chapter 6, part 1, and [section 1].

(CONTINUED)

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

(c) section 15-6-101, MCA, is amended to read:

"15-6-101. Property subject to taxation--classification. (1) all property in this state is subject to taxation, except as provided otherwise.

(2) For the purpose of taxation, the taxable property in the state shall be classified in accordance with 15-6-102 through 15-6-121 and [section 1]."

(d) section 2 of this act is replaced with the following section:

"Section 2. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment--market value standard--exceptions. (1) All taxable property must be assessed at 100% of its market value except as provided in subsection (5) of this section and in 15-7-111 through 15-7-114.

(2) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in class one and classes seven through eighteen. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in class one, and classes seven through eighteen, and class [eleven] is the percentage of market value established for each class of property in 15-6-102 and 15-6-108 through 15-6-119 and [section 1].

(5) The assessed value of properties in 15-6-103 through 15-6-107 and 15-6-120 is as follows:

(a) Property in 15-6-106, under class five, is assessed at 100% of book value by the method established in 15-6-106 and the sections cited therein.

(b) Properties in 15-6-103, under class two, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.

(CONTINUED)

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(c) Properties in 15-6-104, 15-6-105, and 15-6-120, under classes three, four, and nineteen are assessed at 100% of the annual gross proceeds.

(d) Properties in 15-6-107, under class six, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(6) Land and the improvements thereon are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town.

(7) The taxable value of all property in classes two through six is the percentage of assessed value established in 15-6-103 through 15-6-107 for each class of property."

(e) the code commissioner may change the number of the new class if more than one bill creating new property tax classes is signed by the governor."

AND AS AMENDED BE CONCURRED IN

HOUSE OF REPRESENTATIVES
April 18, 1979

Committee of the Whole amendment to Committee on Taxation amendment to Senate Bill No. 523, third reading copy, dated April 13, 1979, as follows:

1. Amendment no. 3.

Strike: amendment no. 3 in its entirety

Insert: "3. Page 3.

Following: line 15

Insert: "Section 4. Coordination with House Bill 213. If House Bill 213, introduced in the 46th legislature, is passed and signed by the governor:

(a) section 1 of this act is replaced with the following section (section 5 of House Bill 213 with the indicated change):

"Section 1. Class five property -- description -- taxable percentage. (1) Class five property includes:

(a) all property used and owned by cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana, except property owned by cooperative organizations described in subsection (1)(c) of [section 7 of House Bill 213];

(b) air and water pollution control equipment as defined in this section;

(c) truck campers, motor homes, and camping and travel trailers, including fifth-wheel trailers, owned by and actually used primarily by a person 60 years of age or older who:

(i) is retired from full employment; and

(ii) whose total income from all sources is not more than \$7,000 for a single person or \$8,000 for a married couple;

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

(e) any personal or real property used primarily in the production of gasohol during construction and for the first 3 years of its operation.

(2) "Air and water pollution equipment" means facilities, machinery, or equipment used to reduce or control water or atmospheric pollution or contamination by removing, reducing, altering, disposing, or storing pollutants, contaminants, wastes, or heat. The department of health and environmental sciences shall determine if such utilization is being made.

(3) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, used by new industries during the first 3 years of their operation. The property may not have been assessed within the state of Montana prior to July 1, 1961.

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

(b) New industry includes only those industries that:

(i) manufacture, mill, mine, produce, process, or fabricate materials;

(ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or

(Continued)

treated so as to create commercial products or materials; or
(iii) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget.

(5) New industrial property does not include:

(a) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions;

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

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

(6) Class five property is taxed at 3% of its market value."

(b) section 2 of this act is stricken."

MR. CHAIRMAN, I FURTHER MOVE TO AMEND Senate Bill No. 523, third reading copy, as follows:

1. Page 1, line 18.
Following: line 17
Strike: "2%"
Insert: "3%"

AND AS AMENDED
BE CONCURRED IN.