

HOUSE BILL NO. 36

INTRODUCED BY BRAND, HANSON, MANNING

IN THE HOUSE

January 6, 1981	Introduced and referred to Committee on Taxation.
	On motion by chief sponsor, Representatives Hanson, Manning were added as authors to the prefiled bill.
January 7, 1981	Fiscal note requested.
January 9, 1981	Fiscal note returned.
January 13, 1981	Fiscal note requested.
January 16, 1981	Fiscal note returned.
January 27, 1981	Committee recommend bill do pass as amended. Report adopted.
January 28, 1981	Bill printed and placed on members' desks.
January 29, 1981	Second reading, do pass.
January 30, 1981	Correctly engrossed.
February 2, 1981	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 3, 1981	Introduced and referred to Committee on Taxation.
March 25, 1981	Committee recommend bill be concurrred in as amended. Report adopted.
March 27, 1981	Second reading, concurrred in.
March 30, 1981	Third reading, concurrred in as amended. Ayes, 49; Noes, 0.

IN THE HOUSE

March 31, 1981

Returned from Senate with amendments.

April 8, 1981

Second reading, amendments concurred in.

April 9, 1981

Third reading, amendments concurred in. Ayes, 97; Noes, 0. Sent to enrolling.

Reported correctly enrolled.

1 owner for personal and domestic purposes or for furnishing
2 or equipping the family residence;

3 (i) a truck canopy cover or topper weighing less than
4 300 pounds and having no accommodations attached. Such
5 property is also exempt from the fee in lieu of tax.

6 (j) a bicycle, as defined in 61-1-123, used by the
7 owner for personal transportation purposes.

8 (2) (a) The term "institutions of purely public
9 charity" includes organizations owning and operating
10 facilities for the care of the retired or aged or
11 chronically ill, which are not operated for gain or profit.

12 (b) The terms "public art galleries" and "public
13 observatories" include only those art galleries and
14 observatories, whether of public or private ownership, that
15 are open to the public without charge at all reasonable
16 hours and are used for the purpose of education only.

17 (3) The following portions of the appraised value of a
18 capital investment made after January 1, 1979, in a
19 recognized nonfossil form of energy generation, as defined
20 in 15-32-102, are exempt from taxation for a period of 10
21 years following installation of the property:

22 (a) \$20,000 in the case of a single family residential
23 dwelling;

24 (b) \$100,000 in the case of a multifamily residential
25 dwelling or a nonresidential structure."

1 Section 2. Section 15-6-141, MCA, is amended to read:

2 "15-6-141. Class eleven property -- description --
3 taxable percentage. (1) Class eleven property includes:

4 (a) centrally assessed electric power companies'
5 allocations, including allocations of properties
6 constructed, owned, or operated by a public entity created
7 by the congress to transmit or distribute electric energy
8 produced at privately owned generating facilities;

9 (b) allocations for centrally assessed natural gas
10 companies having a major distribution system in this state;
11 and

12 (c) centrally assessed companies' allocations except:

13 (i) electric power and natural gas companies' property;

14 (ii) property owned by cooperative rural electric and
15 cooperative rural telephone associations and classified in
16 class five; and

17 (iii) property owned by organizations providing
18 telephone communications to rural areas and classified in
19 class seven.

20 (2) Class eleven property is taxed as follows:

21 (a) Property described in subsection (1)(a) and (b) is
22 taxed at 12% of market value.

23 (b) Property described in subsection (1)(c) is taxed at
24 15% of market value."

25 Section 3. Section 15-23-101, MCA, is amended to read:

1 *15-23-101. Properties centrally assessed. The
2 department of revenue shall centrally assess each year:

3 (1) the franchise, roadway, roadbeds, rails, rolling
4 stock, and all other operating property of railroads
5 operating in more than one county in the state or more than
6 one state;

7 (2) property owned by a corporation or other person
8 operating a single and continuous property operated in more
9 than one county or more than one state, including telegraph,
10 telephone, microwave, electric power or transmission lines,
11 natural gas or oil pipelines, canals, ditches, flumes, or
12 like properties and including property constructed, owned,
13 or operated by a public entity created by the congress to
14 transmit or distribute electric energy produced at privately
15 owned generating facilities;

16 (3) all property of scheduled airlines;

17 (4) the net proceeds of mines and of oil and gas wells;

18 and

19 (5) the gross proceeds of coal mines."

-End-

STATE OF MONTANA

REQUEST NO. 3681

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, 19 81, there is hereby submitted a Fiscal Note for House Bill 36 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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

An act to provide for taxation as class eleven property of certain electric transmission and distribution property constructed, owned, or operated by a public entity, to eliminate tax exemption of such property, and to include such property among properties centrally assessed.

ASSUMPTION

1. Transmission lines cost approximately \$456,000 per mile. (Lines similar to the proposed BPA lines from Colstrip).
2. Approximately 50 miles of line would be affected under the bill (from Hot Springs to Idaho border).
3. No other lines would be affected (BPA lines would not be built in this biennium).
4. Mill levies that apply are 170 mills for counties & 6 mills for the state.

FISCAL IMPACT

University Levy	FY 82	FY 83
Under current law	-	-
Under proposed law	NO EFFECT	\$16,416
Estimated Increase	-	\$16,416

AFFECT ON COUNTY OR LOCAL REVENUE

\$465,120 in fiscal year 1983 revenue accruing to Sanders County.

LONG RANGE EFFECTS

Revenues would substantially increase with the completion of the Proposed BPA lines from Colstrip to Hot Springs.

PREPARED BY THE DEPARTMENT OF REVENUE

David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/9/81

STATE OF MONTANA

REQUEST NO. 86-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 15, 19 81, there is hereby submitted a Fiscal Note for House Bill 36 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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.

Revised Fiscal Note

A previous fiscal note was prepared for this measure, however, upon the request of the House Taxation Committee, assumption 2 was changed and the following note was prepared.

Description of Proposed Legislation

An act to provide for taxation as class eleven property of certain electric transmission and distribution property constructed, owned, or operated by a public entity, to eliminate tax exemption of such property, and to include such property among properties centrally assessed.

Assumption

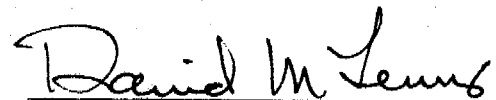
1. Transmission lines cost approximately \$456,000 per mile. (Lines similar to the proposed BPA lines, 500 KV)
2. Approximately 250 miles of line would be affected under the bill (from Townsend to the Idaho border). (See technical note)
3. No other lines would be affected.
4. Mill levies that apply are 170 mills for counties and 6 mills for the state.

Fiscal Impact

County tax revenue would increase by approximately \$2,325,600 in FY 1983. This revenue would accrue to the counties along the route.

Technical Note

It is felt that assumption 2 above may not hold due to possible difficulties that BPA could experience in obtaining right-of-way for their line. If this is the case, only 50 miles of line would be affected (from Hot Springs to Idaho) and the university levy would increase by \$16,416 in FY 1983. Sanders county would experience a \$465,120 increase in revenue.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-16-81

Approved by Committee
on Taxation

HOUSE BILL NO. 36

INTRODUCED BY BRAND, HANSON, MANNING

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTIONS 15-6-141, 15-6-201, AND 15-23-101, MCA, TO PROVIDE FOR TAXATION AS CLASS ELEVEN PROPERTY OF CERTAIN ELECTRIC TRANSMISSION AND DISTRIBUTION PROPERTY CONSTRUCTED, OWNED, OR OPERATED BY A PUBLIC ENTITY AGENCY, TO ELIMINATE TAX EXEMPTION OF SUCH PROPERTY, AND TO INCLUDE SUCH PROPERTY AMONG PROPERTIES CENTRALLY ASSESSED."

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

Section 1. Section 15-6-201, MCA, is amended to read:

"15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation:

(a) the property of:

(i) the United States, the state, counties, cities, towns, school districts, except property constructed, owned, or operated by a public entity AGENCY created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (NOT INCLUDING RURAL ELECTRIC COOPERATIVES);

(ii) irrigation districts organized under the laws of Montana and not operating for profit;

(iii) municipal corporations; and

(iv) public libraries;

(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for hospitals;

(d) property that meets the following conditions:

(i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) is devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) is not maintained and operated for private or corporate profit;

(e) institutions of purely public charity;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public art galleries and public observatories not used or held for private or corporate profit;

(h) all household goods and furniture, including but

1 not limited to clocks, musical instruments, sewing machines,
2 and wearing apparel of members of the family, used by the
3 owner for personal and domestic purposes or for furnishing
4 or equipping the family residence;

5 (i) a truck canopy cover or topper weighing less than
6 300 pounds and having no accommodations attached. Such
7 property is also exempt from the fee in lieu of tax.

8 (j) a bicycle, as defined in 61-1-123, used by the
9 owner for personal transportation purposes.

10 (2) (a) The term "institutions of purely public
11 charity" includes organizations owning and operating
12 facilities for the care of the retired or aged or
13 chronically ill, which are not operated for gain or profit.

14 (b) The terms "public art galleries" and "public
15 observatories" include only those art galleries and
16 observatories, whether of public or private ownership, that
17 are open to the public without charge at all reasonable
18 hours and are used for the purpose of education only.

19 (3) The following portions of the appraised value of a
20 capital investment made after January 1, 1979, in a
21 recognized nonfossil form of energy generation, as defined
22 in 15-32-102, are exempt from taxation for a period of 10
23 years following installation of the property:

24 (a) \$20,000 in the case of a single family residential
25 dwelling;

1 (b) \$100,000 in the case of a multifamily residential
2 dwelling or a nonresidential structure."

3 Section 2. Section 15-6-141, MCA, is amended to read:
4 "15-6-141. Class eleven property -- description --
5 taxable percentage. (1) Class eleven property includes:

6 (a) centrally assessed electric power companies'
7 allocations, including allocations of properties
8 constructed, owned, or operated by a public entity AGENCY
9 created by the congress to transmit or distribute electric
10 energy produced at privately owned generating facilities
11 (NOT INCLUDING RURAL ELECTRIC COOPERATIVES);

12 (b) allocations for centrally assessed natural gas
13 companies having a major distribution system in this state;
14 and

15 (c) centrally assessed companies' allocations except:
16 (i) electric power and natural gas companies'
17 property;

18 (ii) property owned by cooperative rural electric and
19 cooperative rural telephone associations and classified in
20 class five; and

21 (iii) property owned by organizations providing
22 telephone communications to rural areas and classified in
23 class seven.

24 (2) Class eleven property is taxed as follows:

25 (a) Property described in subsection (1)(a) and (b) is

1 taxed at 12% of market value.

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3 at 15% of market value."

4 Section 3. Section 15-23-101, MCA, is amended to read:

5 "15-23-101. Properties centrally assessed. The
6 department of revenue shall centrally assess each year:

7 (1) the franchise, roadway, roadbeds, rails, rolling
8 stock, and all other operating property of railroads
9 operating in more than one county in the state or more than
10 one state;

11 (2) property owned by a corporation or other person
12 operating a single and continuous property operated in more
13 than one county or more than one state, including telegraph,
14 telephone, microwave, electric power or transmission lines,
15 natural gas or oil pipelines, canals, ditches, flumes, or
16 like properties and including property constructed, owned,
17 or operated by a public entity AGENCY created by the
18 congress to transmit or distribute electric energy produced
19 at privately owned generating facilities (NOT INCLUDING
20 RURAL ELECTRIC COOPERATIVES);

21 (3) all property of scheduled airlines;

22 (4) the net proceeds of mines and of oil and gas
23 wells; and

24 (5) the gross proceeds of coal mines."

-End-

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTIONS
5 15-6-141, 15-6-201, AND 15-23-101, MCA, TO PROVIDE FOR
6 TAXATION AS CLASS ELEVEN PROPERTY OF CERTAIN ELECTRIC
7 TRANSMISSION AND DISTRIBUTION PROPERTY CONSTRUCTED, OWNED,
8 OR OPERATED BY A PUBLIC ENTITY AGENCY, TO ELIMINATE TAX
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24 Montana and not operating for profit;

25 (iii) municipal corporations; and

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2 (b) buildings, with land they occupy and furnishings
3 therein, owned by a church and used for actual religious
4 worship or for residences of the clergy, together with
5 adjacent land reasonably necessary for convenient use of
6 such buildings;

7 (c) property used exclusively for agricultural and
8 horticultural societies, for educational purposes, and for
9 hospitals;

10 (d) property that meets the following conditions:

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12 corporation organized under Title 35, chapter 2, 3, 20, or
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15 cemetery or cemeteries for which a permanent care and
16 improvement fund has been established as provided for in
17 Title 35, chapter 20, part 3; and

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19 corporate profit;

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21 (f) evidence of debt secured by mortgages of record
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24 wells; and

25 (5) the gross proceeds of coal mines."

1 SECTION 4. EFFECTIVE DATE -- CONTINGENT ON
2 CONGRESSIONAL ACTION. THIS ACT IS NOT EFFECTIVE UNTIL
3 CONGRESS PASSES LEGISLATION THAT ALLOWS THE STATE TO TAX
4 PROPERTY OWNED BY AN AGENCY CREATED BY CONGRESS TO TRANSMIT
5 OR DISTRIBUTE ELECTRIC ENERGY.

-End-

March 25, 1981

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 36 be amended as follows:

1. TITLE, Line 9.

Following: "OF SUCH PROPERTY,"

Strike: "AND"

2. TITLE, line 10.

Following: "ASSESSED"

Insert: ", AND PROVIDING AN EFFECTIVE DATE CONTINGENT ON CONGRESSIONAL ACTION"

3. Page 5, line 25.

Following: line 24

Insert: "Section 4. Effective date -- contingent on congressional action. This act is not effective until congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electric energy."