House Bill 279

In The House

January 16, 1981	Introduced and referred to Committee on Taxation.
January 17, 1981	Fiscal note requested.
January 21, 1981	Fiscal note returned.
February 9, 1981	Fiscal note revised.
April 23, 1981	Died in committee.

HOUSE BILL NO. 279

INTRODUCED BY [illegible] Menahan

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 15-6-134, MCA, TO PROVIDE A GRADUATED TAX FOR CERTAIN CLASS FOUR PROPERTY, BASED ON GROSS INCOME OF THE OWNER; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICATION DATE."

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

Section 1. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land except that specifically included in another class;

(b) all improvements except those specifically included in another class;

(c) all trailers and mobile homes used as permanent dwellings except:

(i) those held by a distributor or dealer of trailers or mobile homes as his stock in trade; and

(ii) those specifically included in another class;

(d) the first $35,000 or less of the market value of any improvement on real property or a trailer or mobile home used as a permanent dwelling and appurtenant land not exceeding 5 acres owned or under contract for deed and

actually occupied for at least 10 months a year as the primary residential dwelling of:

(i) a widow or widower 62 years of age or older who qualifies under the income limitations of (iii) of this subsection;

(ii) a widow or widower of any age with dependent children who qualifies under the income limitations of (iii) of this subsection; or

(iii) a recipient or recipients of retirement or disability benefits whose total income from all sources is not more than $7,000 for a single person or $8,000 for a married couple;

(e) all golf courses, including land and improvements actually and necessarily used for that purpose, that:

(i) consist of at least 9 holes and not less than 3,000 lineal yards; and

(ii) were used as a golf course on January 1, 1979, and were owned by a nonprofit Montana corporation.

(2) Class four property is taxed as follows:

(a) Property described in subsections (1)(a) through (1)(c) is taxed at 8.55% of its market value.

(b) Property described in (1)(d) is taxed at 6% of its market value multiplied by a percentage figure based on gross income and determined from the following table:

Gross Income	Gross Income	Percentage

INTRODUCED BILL
HB 279

Single Person	Married Couple	Multiplier
$ 0 - 2,000	$ 0 - 3,000	0%
2,001 - 3,000	3,001 - 4,000	10%
3,001 - 4,000	4,001 - 5,000	20%
4,001 - 5,000	5,001 - 6,000	30%
5,001 - 6,000	6,001 - 7,000	40%
6,001 - 7,000	7,001 - 8,000	50%
7,001 - 8,000	8,001 - 9,000	60%
8,001 - 9,000	9,001 - 10,000	70%
9,001 - 10,000	10,001 - 11,000	80%
10,001 - 11,000	11,001 - 12,000	90%

~~(b)~~(c) Property described in subsection ~~(1)(d) and~~ (1)(e) is taxed at one-half the taxable percentage established in subsection (2)(a), or 4.275%."

Section 2. Effective date -- application date. This act is effective on passage and approval and applies to taxable years beginning after December 31, 1980.

-End-

STATE OF MONTANA

REQUEST NO. 145-81 ~~REVISED~~

FISCAL NOTE

Form BD-15

In compliance with a written request received February 9, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 279 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 a graduated tax for certain class four property based on gross income of the owner and providing an effective date and an application date.

ASSUMPTIONS

1. The income limitations in 15-6-134 1(d)(iii) are actually intended to be $11,000 for a single person and $12,000 for a married couple. (See Technical Note)
2. All homeowners over 62 years of age are considered to be retired and could potentially benefit from the proposal.
3. There are 110,936 individuals aged 62 or over or 33,600 married couples and 27,000 single individuals.
4. No attempt is made to include widows and widowers with dependent children due to the unavailability of data.
5. The average assessed home value is $11,580 (estimated from county assessor information on class 4 property).
6. Mill levies are 220 mills for counties and 6 mills for the university levy.
7. Homeowners are 64% of total family units.
8. The following income distribution is used for homeowners aged 62 years and over:

INCOME	NUMBER OF MARRIED	INCOME	NUMBER OF SINGLES
$ - 2,000	904	$ - 3,000	6859
2,000- 3,000	1206	3,001- 4,000	4296
3,000- 4,000	1206	4,001- 5,000	2411
4,001- 5,000	1658	5,001- 6,000	2411
5,001- 6,000	1658	6,001- 7,000	828
6,001- 7,000	1658	7,001- 8,000	828
7,001- 8,000	1658	8,001- 9,000	452
8,001- 9,000	1733	9,001- 10,000	452
9,001- 10,000	1733	10,001- 11,000	377
10,001- 11,000	1356	11,001- 12,000	377

9. All homeowners who met the income limitations received the current special property treatment (taxable value is 4.275% of assessed). All others face a taxable value that is 8.55% of assessed.

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: ____________

STATE OF MONTANA

REQUEST NO. 145-81
REVISED

FISCAL NOTE

Form BD-15

In compliance with a written request received February 9, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 279 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.

FISCAL IMPACT

University Levy	FY 82	FY 83
Under current law	$121,523	$121,523
Under proposed law	44,995	44,995
Estimated Decrease	($ 76,528)	($ 76,528)

EFFECT ON LOCAL GOVERNMENT

County tax revenues would decrease by $2,808,316 in FY 82 and remain at that level in FY 83.

LONG RANGE EFFECTS

Increases in income would decrease the fiscal impact, all other things being equal. Increases in the retired population would increase the fiscal impact all other things being equal.

TECHNICAL NOTE

The income limitations in 15-6-134 1(d)(iii) of the proposal are not consistent with the table in 2(b). The calculations presented assumed that the income limitations were consistent with the table.

PREPARED BY THE DEPARTMENT OF REVENUE

David M Lewis
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 2-9-81

STATE OF MONTANA

REQUEST NO. 145-81

FISCAL NOTE

Form BD-15

compliance with a written request received January 19, , 19 81 , there is hereby submitted a Fiscal Note r HOUSE BILL 279 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. ackground information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members f the Legislature upon request.

ESCRIPTION

ı act to provide a graduated tax for certain class four property based on gross income of ıe owner and providing an effective date and an application date.

SSUMPTIONS

. The income limitations in 15-6-134 1(d)(iii) are actually intended to be $11,000 for a single person and $12,000 for a married couple. (see Technical Note)
. All homeowners over 62 years of age are considered to be retired and could potentially benefit from the proposal.
. There are 110,936 individuals aged 62 or over or 33,600 married couples and 27,000 single individuals.
. No attempt is made to include widows and widowers with dependent children due to the unavailability of data.
. The average assessed home value is $28,552.
. Mill levies are 220 mills for counties and 6 mills for the university levy.
. Homeowners are 64% of total family units.
. The following income distribution is used for homeowners aged 62 years and over:

INCOME	NUMBER OF MARRIED	INCOME	NUMBER OF SINGLES
-$ 2,000	904	$ -$ 3,000	6859
,000- 3,000	1206	3,001- 4,000	4296
,000- 4,000	1206	4,001- 5,000	2411
,001- 5,000	1658	5,001- 6,000	2411
,001- 6,000	1658	6,001- 7,000	828
,001- 7,000	1658	7,001- 8,000	828
,001- 8,000	1658	8,001- 9,000	452
,001- 9,000	1733	9,001- 10,000	452
,001- 10,000	1733	10,001- 11,000	377
,001- 11,000	1356	11,001- 12,000	377

. All homeowners who met the income limitations received the current special property treatment (taxable value is 4.275% of assessed). All others face a taxable value that is 8.55% of assessed.

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: __________

STATE OF MONTANA

REQUEST NO. ~~145-81~~

FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 279 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.

FISCAL IMPACT

University levy	FY 82	FY 83
Under current law	$284,964	$284,964
Under proposed law	$110,721	$110,721
Estimated Decrease	($174,243)	($174,243)

EFFECT ON LOCAL GOVERNMENT

County tax revenues would decrease by $7,720,303 in Fy 82 and remain at that level in FY 83.

LONG RANGE EFFECTS

Increases in income would decrease the fiscal impact, all other things being equal. Increases in the retired population would increase the fiscal impact all other things equal.

TECHNICAL NOTE

The income limitations in 15-6-134 1(d)(iii) of the proposal are not consistent with the table in 2(b). The calculations presented assumed that the income limitations were consistent with the table.

PREPARED BY THE DEPARTMENT OF REVENUE

David M Lewis
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 1-21-81