

House Bill 490

In The House

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| January 26, 1981 | Introduced and referred to Committee on Taxation. |
| January 28, 1981 | Fiscal note requested. |
| February 2, 1981 | Fiscal note returned. |
| February 5, 1981 | Committee recommend bill do not pass. |

HOUSE BILL NO. 490

INTRODUCED BY, *Jacobson, Slaughter, Berlin, Roush, Ellsberg, C. Smith, Conway, K. Lewis, Spitzer, Day, Bengtson, Holliday*

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE RATE AT WHICH AGRICULTURAL IMPLEMENTS AND EQUIPMENT ARE TAXED; AMENDING SECTION 15-6-138, MCA."

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

Section 1. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

- (a) all agricultural implements and equipment;
- (b) all mining machinery, fixtures, equipment, tools, and supplies except:
 - (i) those included in class five; and
 - (ii) coal and ore haulers;
 - (c) all manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;
 - (d) motorcycles;
 - (e) watercraft;
 - (f) light utility and boat trailers;
 - (g) aircraft;
 - (h) snowmobiles and all-terrain vehicles;
 - (i) harness, saddlery, and other tack equipment; and
 - (j) all other machinery except that specifically

included in another class.

(2) Class eight property is taxed as follows:

(a) Property described in subsection (1)(a) is taxed at 4% of its market value.

(b) Property described in subsections (1)(b) through (1)(j) is taxed at 11% of its market value."

-End-

STATE OF MONTANA

REQUEST NO. 242-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 28, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 490 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 revise the rate at which agricultural implements and equipment are taxed.

ASSUMPTIONS

1. Proposed legislation becomes effective for tax year 1982 - no fiscal impact in FY 82.
2. Tax year 1980 assessed value of this type of property - \$622,504,620.
3. Assessed value tax year 1982 - at least \$622,500,000 - tax year 1982 fiscal impact - FY 83.
4. Current tax rate - 11% ; Proposed tax rate 4%.
5. University levy - 6 mills.
6. Average statewide rural levy - 170 mills.

FISCAL IMPACT

| | FY 82 | FY 83 |
|--------------------|-----------|----------------|
| University Levy | | |
| Under current law | NO EFFECT | \$410,850 |
| Under proposed law | | <u>149,400</u> |
| Estimated Decrease | | (\$261,450) |

EFFECT ON LOCAL GOVERNMENT

The proposed legislation would decrease revenues to local governments by about \$7.4 million in FY 83.

LONG-RANGE EFFECTS

The university levy should be decreased by at least \$260,000 each year the proposed legislation is in effect. Local government revenues should decrease by at least \$7.4 million in each subsequent fiscal year.

PREPARED BY THE DEPARTMENT OF REVENUE

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BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-2-81