

House Bill 541

In The House

January 28, 1981	Introduced and referred to Committee on Taxation.
January 31, 1981	Fiscal note requested.
February 5, 1981	Fiscal note returned.
February 18, 1981	Committee recommend bill do pass.
February 19, 1981	Bill printed and placed on members' desks.
February 21, 1981	Second reading do pass.
February 24, 1981	Considered correctly engrossed.
February 25, 1981	Third reading passed.

In The Senate

March 3, 1981	Introduced and referred to Committee on Taxation.
April 23, 1981	Died in Committee.

1 HOUSE BILL NO. 541
 2 INTRODUCED BY *Harold Meyer* *Harold Meyer* *Harold Meyer*
 3 *Harold Meyer* *Harold Meyer* *Harold Meyer*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
 5 15-6-134, MCA, TO PROVIDE A GRADUATED TAX FOR CLASS FOUR
 6 PROPERTY, BASED ON THE INCOME OF THE OWNER; PROVIDING AN
 7 IMMEDIATE EFFECTIVE DATE."

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

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

11 "15-6-134. Class four property -- description --
 12 taxable percentage. (1) Class four property includes:

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

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

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

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

21 (ii) those specifically included in another class;

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

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

3 (i) a widow or widower 62 ~~60~~ years of age or older who
 4 qualifies under the income limitations of (iii) of this
 5 subsection;

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

9 (iii) a recipient or recipients of retirement or
 10 disability-benefits 60 years of age or older whose total
 11 income from all sources, including disability income, is not
 12 more than ~~\$7,000~~ \$10,000 for a single person or ~~\$8,000~~
 13 \$12,000 for a married couple;

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

16 (i) consist of at least 9 holes and not less than
 17 3,000 lineal yards; and

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

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

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

23 (b) Property described in subsection (1)(d) is taxed
 24 at 8.55% of its market value multiplied by a percentage
 25 figure based on total income and determined from the

1 following table:

2	Total	Total	Percentage
3	Income	Income	
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15 ~~(b)(c)~~ Property described in subsection ~~(i)(d)~~ and
 16 (1)(e) is taxed at one-half the taxable percentage
 17 established in subsection (2)(a), or 4.275%."

18 Section 2. Coordination. If Senate Bill 33 passes and
 19 is approved, section 63 of Senate Bill 33 or such other
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4 Section 3. Effective date. This act is effective on
5 passage and approval and applies to taxable years beginning
6 after December 31, 1980.

-End-

STATE OF MONTANA

REQUEST NO. 268-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 3, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 541 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 class four property, based on the income of the owner; providing an immediate effective date.

ASSUMPTIONS

1. The average home is assessed at \$11,584. (This figure was estimated from a sample of Class Four property.)
2. Mill levies are 220 for county purposes and 6 mills for the university levy.
3. All homeowners who meet the income requirements are taxed at 4.275%, all others are taxed at 8.55%.
4. The income distributions of the individuals over 60 years are as follows:

INCOME	# OF MARRIED HOMEOWNERS	INCOME	# OF SINGLE HOMEOWNERS
\$ 0 - 3000	2251	\$ 0 - 1000	1304
3001 - 4000	1351	1001 - 2000	1304
4001 - 5000	1802	2001 - 3000	4781
5001 - 6000	1802	3001 - 4000	4781
6001 - 7000	1801	4001 - 5000	2607
7001 - 8000	1801	5001 - 6000	2607
8001 - 9000	1884	6001 - 7000	897
9001 - 10000	1884	7001 - 8000	897
10001 - 11000	1471	8001 - 9000	487
11001 - 12000	1471	9001 - 10000	487

FISCAL IMPACT

	FY 82	FY 83
University Levy		
Under current law	\$137,365	\$137,365
Under proposed law	<u>85,974</u>	<u>85,974</u>
Estimated Decrease	\$ 51,391	\$ 51,391

EFFECT ON LOCAL GOVERNMENT

This proposal would decrease county revenue by \$1,886,448 in each fiscal year. (current-\$5,039,047; proposed - 3,152,599.)

David M Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-5-81

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LONG RANGE EFFECTS

Increases in the elderly population would increase the fiscal impact, all other things being equal. Increases in the elderly's income would decrease the fiscal impact, all other things being equal. Increases in the assessed value of homes would increase the fiscal impact, all other things being equal.

PREPARED BY THE DEPARTMENT OF REVENUE

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

Approved by Committee
on Taxation

HOUSE BILL NO. 541

1
2 INTRODUCED BY *Huennel* *Arora* *Ristoria* *Falvey*
3 *Meyer* *Hamilton* *Doy* *McBride*

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HIB 541

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2 *Meyer* *Hamilton* *Doyle*

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HB541