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. Committee recommend bill February 18, 1981 do pass. February 19, 1981 Bill printed and placed on members' desks. February 21, 1981 Second reading do pass. Considered correctly engrossed. February 24, 1981 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 INTRODUCED BY Huenneder 2 Meyer Haning A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 5 15-6-134, MCA, TO PROVIDE A GRADUATED TAX FOR CLASS FOUR PROPERTY, BASED ON THE INCOME OF THE OWNER; PROVIDING AN 6 IMMEDIATE EFFECTIVE DATE." 7 8 9 SE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Section 15-6-134, MCA, is amended to read: 10 "15-6-134. Class four property -- description --11 taxable percentage. (1) Class four property includes: 12 (a) all land except that specifically included in 13 another class: 14 15 (b) all improvements except those specifically included in another class; 16 (c) all trailers and mobile homes used as permanent 17 18 dwellings except: 19 (i) those held by a distributor or dealer of trailers or mobile homes as his stock in trade; and 20 21 (ii) those specifically included in another class; (d) the first \$35,000 or less of the market value of 22 23 any improvement on real property or a trailer or mobile home 24 used as a permanent dwelling and appurtemant land not exceeding 5 acres owned or under contract for deed and 25

actually occupied for at least 10 months a year as the
 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 incomes is not
12 more than \$7,000 for a single person or \$8,000
13 \$12,000 for a married couple;

(e) all golf courses, including land and improvementsactually 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 <u>at 8,55% of its market\_value\_multiplied\_by\_a\_percentage</u>
- 25 figure based on total income and determined from the

-2- INTRODUCED BILL

1 following table:

2 3	Iotal Income	<u>lotal</u> Income	Percentage
4	Single_Person	Married Couple	Multiplier
5	<u>\$ 0 - \$ 1.000</u>	<u>\$</u>	02
6	1.001 - 2.000	3-001 - 4-000	101
7	2.001 - 3.000	4.001 - 5.000	203
8	3-001 - 4-000	5+001 - 6+000	301
9	4.001 - 5.000	6.001 - 7.000	403
10	5+001 - 6+000	7.001 - 8.000	503
11	6+001 - 7+000	8=001 - 9=000	<u>602</u>
12	7.001 - 8.000	9+001 - 10+000	103
13	8:001 - 9:000	10:001 - 11:000	802
14	9.001 - 10.000	11+001 - 12+000	903
15	tbt(c) Proper	ty described in s	ubsection <del>(1)(d)and</del>
16	(1)(e) is taxed	at one-half th	e taxable percentage
17	established in subs	ection (2)(a), or 4	•275%•"
18	Section 2. Co	ordination. If Sena	te Bill 33 passes and
19	is approved, sect	ion 63 of Senate	Bill 33 or such other
20	section that amends	15-6-134 shall rea	d:
21	"Section 15-6-	134, MCA, is amende	d to read:
22	#15-6-134• Cla	ass four property	description
23	taxable percentage.	(1) Class four pro	perty includes:
24	(a) all land	except that spe	cifically included in
25	another class;		

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1	<pre>(b) all improvements except those specifically</pre>
2	included in another class;
3	(c) all trailers and mobile homes used as permanent
4	dwellings except:
5	(i) those held by a distributor or dealer of trailers
6	or mobile homes as his stock in trade; and
7	(ii) those specifically included in another class;
8	(d) the first \$35,000 or less of the market value of
9	any improvement on real property or a trailer or mobile home
10	used as a permanent dwelling and appurtenant land not
11	exceeding 5 acres owned or under contract for deed and
12	actually occupied for at least 10 months a year as the
13	primary residential dwelling of:
14	(i) a widow or widower <del>62 <u>60</u> y</del> ears of age or older who
15	qualifies under the income limitations of (iii) of this
16	subsection;
17	(ii) a widow or widower of any age with dependent
18	children who qualifies under the income limitations of (iii)
19	of this subsection; or
20	(iii) a recipient or recipients of retirement <del>or</del>
21	<del>dischility-benefits <u>60_years of age_or_older</u> whose total</del>
22	income from all sources <u>, including disability income</u> , is not
23	more than \$7,000 \$10,000 for a single person or \$8,000
24	<u>\$12+000</u> for a married couple;
25	(e) all golf courses, including land and improvements

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-4-

1 actually and necessarily used for that purpose, that: 2 (i) consist of at least 9 holes and not less than 3 3,000 lineal yards; and (ii) were used as a golf course on January 1, 1979, and 4 5 were owned by a nonprofit Nontana corporation. 6 (2) Class four property is taxed as follows: 7 (a) Property described in subsections (1)(a) through 8 (1)(c) is taxed at 8.55% of its market value. 9 (b) Property\_described\_in\_subsection\_(1)(d) is taxed 10 at 8.55% of its market value multiplied by a percentage 11 figure based on total income and determined from the 12 following\_table:

13 14	<u>lotal</u> Income	<u>Iotal</u> Income	Percentage
15	Single Person	Married Couple	Multiplier
16	<u>\$9\$_1:000</u>	<u>\$\$_3,000</u>	02
17	1:001 - 2:000	3.001 - 4.000	10%
18	2:001 - 3:000	4.001 - 5.000	202
19	3.001 - 4.000	5.001 - 6.000	30%
20	4.001 - 5.000	5.001 - 7.000	40%
21	5.001 - 6.000	7.001 - 8.000	50%
22	6:001 - 7:000	8:001 - 9:000	<u>60%</u>
23	7.001 - 8.000	9.001 - 10.000	10%
24	8:001 - 9:000	10.001 - 11.000	80%
25	9:001 - 10:000	11.001 - 12.000	202

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

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# STATE OF MONTANA

BEQUEST NO. 268-81

# FISCAL NOTE

Form BD-15

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:

	# OF MARRIED		# OF SINGLE
INCOME	HOMEOWNERS	INCOME	HOMEOWNERS
\$ 0 - 3000	2251	\$ 0 - 1000	1304
3001 - 4000	1351	1001 - 2000	1304
4001 - 5000	1802	2001 - h 3000	4781
5001 - 6000	1802	3001 - 4000	4781
6001 - 7000	1801	400 <b>1 -</b> 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

University Levy	FY 82	FY 83
Under current law	\$137,365	\$137,365
Under proposed law	85,974	85,974
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.)

BUDGET DIRECTOR Office of Budget and Program Planning Date: 2 - 5 - 8

# STATE OF MONTANA

REQUEST NO. 268-81

# FISCAL NOTE

Form BD-15

In compliance with a written request received <u>February 3</u>, 19 <u>81</u>, there is hereby submitted a Fiscal Note for <u>HOUSE BILL 541</u> 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.

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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:

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Approved by Committee on Taxation

HOUSE BILL NO. 1 another INTRODUCED BY A 2 Hanington

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

8

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 --

12 taxable percentage. (1) Class four property includes:

13 (a) all land except that specifically included in14 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;

(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:

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\_incomes is not
12 more than \$77000 for a single person or \$07000
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

-2-SECOND READING

HB 541

1 following\_table:

2 3	<u>Iotal</u> Income	I <u>otal</u> In <b>com</b> e	Percentage
4	Single_Person	Married_Couple	Sultiplier
5	<u>\$0 - \$_1+000</u>	<u>\$0 - \$_3,000</u>	Q <b>X</b>
6	1.001 - 2.000	3.001 - 4.000	101
7	2:001 - 3:000	41001 - 51000	20%
8	3-001 - 4-000	5+001 - 6+000	302
9	4+001 - 5+000	6+001 - 7+000	<u>402</u>
10	5+001 - 6+000	7.001 - 8.000	<u>502</u>
11	6+001 - 7+000	8.001 - 9.000	<u>602</u>
12	7.001 - 8.000	9.001 - 10.000	703
13	<u>8+001 - 9+000</u>	10.001 - 11.000	802
14	9.001 - 10.000	11.001 - 12.000	202
15	<del>(b)(C)</del> Proper	ty described in s	subsection <del>(1)(d)and</del>
16	(1)(e) is taxed	at one-half th	ne taxable percentage
17	established in subs	ection (2)(a), or 4	•275%• <b>*</b>

18 Section 2. Coordination. If Senate Bill 33 passes and 19 is approved, section 63 of Senate Bill 33 or such other 20 section that amends 15-6-134 shall read:

21 "Section 15-6-134, MCA, is amended to read:

22 \*15-6-134. Class four property -- description -23 taxable percentage. (1) Class four property includes:

24 (a) all land except that specifically included in25 another class;

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1	(b) all improvements except those specifically
2	included in another class;
3	(c) all trailers and mobile homes used as permanent
4	dwellings except:
5	(i) those held by a distributor or dealer of trailers
6	or mobile homes as his stock in trade; and
7	(ii) those specifically included in another class;
8	(d) the first \$35,000 or less of the market value of
9	any improvement on real property or a trailer or mobile home
10	used as a permanent dwelling and appurtenant land not
11	exceeding 5 acres owned or under contract for deed and
12	actually occupied for at least 10 months a year as the
13	primary residential dwelling of:
14	(i) a widow or widower <del>62</del> <u>60</u> years of age or older who
15	qualifies under the income limitations of (iii) of this
16	subsection;
17	(ii) a widow or widower of any age with dependent
18	children who qualifies under the income limitations of (iii)
19	of this subsection; or
20	(iii) a recipient or recipients of retirement <del>or</del>
21	<del>disability-benefits <u>60 years of age</u> or older</del> whose total
22	income from all sources <u>e including disability income</u> is not
23	more than \$7y800 \$10,000 for a single person or \$8y800
24	<u>\$12+000</u> for a married couple;
25	(e) all golf courses, including land and improvements

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1	actually and necessarily used for that purpose, that:
2	(i) consist of at least 9 holes and not less than
3	3,000 lineal yards; and
4	(ii) were used as a golf course on January 1, 1979, and
5	were owned by a nonprofit Montana corporation.
6	(2) Class four property is taxed as follows:
7	(a) Property described in subsections (1)(a) through
8	(1)(c) is taxed at 8.55% of its market value.
9	<pre>(b)Propertydescribedin_subsection_(1)(d)_is_taxed</pre>
10	at_8.55%_of_its_market_value_multiplied_by_a_percentage
11	figure_based_on_total_income_and_determined_from_the
12	following_table:
	<b>T</b> (1)
13 14	<u>Iotal Iotal</u> Income Income Percentage
15	Single Person Married Couple Multiplier

12	Single Person	Married_Couple	PALLIDII
16	<u>\$\$_14000</u>	5 0 - 5 3.000	<u>02</u>
17	1.001 - 2.000	3:001 - 4:000	102
18	2.001 - 3.000	4.001 - 5.000	203
19	3+001 - 4+000	5.001 - 6.000	<u>30%</u>
20	4:001 - 5:000	6+001 - 7+000	<u>40</u> 2
21	5+001 - 6+000	7.001 - 8.000	502
22	6.001 - 7.000	8+001 - 9+000	<u>60%</u>
23	7.001 - 8.000	9:001 - 10:000	103
24	8:001 - 9:000	10.001 -: 11.000	<u>80%</u>
25	9:001 - 10:000	11:001 - 12:000	202

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

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INTRODUCED BY Havenneder Meyer Haning A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 15-6-134, MCA, TO PROVIDE A GRADUATED TAX FOR CLASS FOUR PROPERTY, BASED ON THE INCOME OF THE OWNER; PROVIDING AN INMEDIATE EFFECTIVE 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; 21 (d) the first \$35,000 or less of the market value of any improvement on real property or a trailer or mobile home 24 used as a permanent dwelling and appurtement land not exceeding 5 acres owned or under contract for deed and

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

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

(ii) a widow or widower of any age with dependent 6 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 plder whose total income from all sources. including disability income. is not 11 more than \$7,000 \$10,000 for a single person or \$8,000 12 \$12,000 for a married couple: 13 14 (e) all golf courses, including land and improvements 15 actually and necessarily used for that purpose, that:

(i) consist of at least 9 holes and not less than 16

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.

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

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- (1)(c) is taxed at 8.55% of its market value. 22
- 23 (b) Property\_described\_in\_subsection\_(1)(d) is\_taxed

24 at 3.55% of its market value multiplied by a percentage

figure based on total income and determined from the 25

-2- THIRD READING

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# 1 following\_table:

2 3	Iotal Income	<u>Iotal</u> Income	<u>Percentage</u>
4	Single_Person	Married Couple	Multiplier
5	<u>\$ 0 - \$ 1:000</u>	<u>\$0 - \$_3.000</u>	02
6	1.001 - 2.000	3.001 - 4.000	101
7	2+001 - 3+000	4+001 - 5+000	203
8	3+001 - 4+000	5+001 - 6+000	30%
9	4.001 - 5.000	6.001 - 7.000	<u>403</u>
10	5.001 - 6.000	7.001 - 8.000	503
11	6+001 - 7+000	<u>8+001 - 9+000</u>	<u>502</u>
12	7.001 - 6.000	9:001 - 10:000	102
13	8=001 - 9=000	10:001 - 11:000	80%
14	9+001 - 10+000	11.001 - 12.000	202
15	tbt[c] Proper	ty described in	subsection <del>(1)(d)and</del>
16	(1)(e) is taxed	at one-half t	he taxable percentage
17	established in subs	ection (2)(a), or (	4.275%.*
18	Section 2. Co	ordination. If Sen	ate Bill 33 passes and
19	is approved, sect	ion 63 of Senat	e Bill 33 or such other
20	section that amends	15-6-134 shall rea	ad:
21	"Section 15-6-3	134, MCA, is amend	ed to read:
22	*15-6-134• Cla	ass four property	y description
23	taxable percentage.	(1) Class four pro	operty includes:
24	(a) all land	except that spo	ecifically included in
25	another class;		

1	(b) all improvements except those specifically
2	included in another class;
3	(c) all trailers and mobile homes used as permanent
4	dwellings except:
5	(i) those held by a distributor or dealer of trailers
6	or mobile homes as his stock in trade; and
7	<pre>(ii) those specifically included in another class;</pre>
8	(d) the first \$35,000 or less of the market value of
9	any improvement on real property or a trailer or mobile home
10	used as a permanent dwelling and appurtenant land not
11	exceeding 5 acres owned or under contract for deed and
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13	primary residential dwelling of:
14	(i) a widow or widower <del>62</del> <u>60</u> years of age or older who
15	qualifies under the income limitations of (iii) of this
16	subsection;
17	(ii) a widow or widower of any age with dependent
18	children who qualifies under the income limitations of (iii)
19	of this subsection; or
20	(iii) a recipient or recipients of retirement <del>or</del>
21	<del>disability-benefits <u>60 years of age</u> or older</del> whose total
22	income from all sources <u>, including disability income</u> ; is not
23	more than \$7,000 <u>\$10,000</u> for a single person or \$8,000
24	<u>\$12+000</u> for a married couple;
25	(e) all golf courses, including land and improvements

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والمحاص المحاصر بحرائه ووالتروين الروامي وترومون والرائين وسناسب

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يقصرهم والاستهام والإستان المتحاصين والمراجع والمتحافظ والمحافظ والمحافظ والمحاف المحافي والمحافي والمحافي والمراجع

1	actually and necessarily used for that purpose, that:
2	(i) consist of at least 9 holes and not less than
3	3,000 lineal yards; and
4	(ii) were used as a golf course on January 1, 1979, and
5	were owned by a nonprofit Montana corporation.
6	(2) Class four property is taxed as follows:
7	(a) Property described in subsections (1)(a) through
8	{l)(c) is taxed at 8.55% of its market value.
9	<pre>(b1Propertydescribedio_subsection_(1)(d)_is_taxed</pre>
10	<u>at 8.55% of its market_value_multiplied_by_a_percentage</u>
11	figure_based_on_total_income_and_determined_from_the
12	following_table:
13 14	<u>_Iotal _Iotal Income Income Percentage</u>

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14	Income	Income	Percentage
15	Single Person	Married Couple	Multiplier
16	\$\$_1.000	50-5-3,000	02
17	1.001 - 2.000	3.001 - 4.000	102
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19	3:001 - 4:000	5.001 - 6.000	302
20	<u>4+001 - 5+000</u>	6.001 - 7.000	402
21	5.001 - 6.000	7.001 - 8.000	50%
22	6+001 - 7+000	8+001 - 9+000	<u>602</u>
23	7.001 - 8.000	9:001 - 10:000	703
24	8:001 - 9:000	10.001 - 11.000	<u>80%</u>
25	9+001 - 10+000	11.001 - 12.000	90%

1	(a)(d)	Property de	escribed in	subsection	<del>tìttd)and</del>
2	(1)(e) is	taxed at	t one-half	the taxable	percentage
3	establ i shed	in subsectio	on (2)(a), o	r 4.275%.**	
4	Section	3. Effecti	ive date. Th	is act is e	ffective on

- 5 passage and approval and applies to taxable years beginning
- 6 after December 31, 1980.

-End-

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