

House Bill 659

In The House

February 6, 1981	Introduced and referred to Committee on Taxation.
February 10, 1981	Fiscal note requested.
February 12, 1981	Fiscal note returned.
April 23, 1981	Died in Committee.

HOUSE BILL NO. 659

INTRODUCED BY

McBride Debra Harrington Russell
Menahan

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A SPECIAL PROPERTY TAX CLASS FOR NEW SMALL BUSINESS PROPERTY LOCATED IN AN ECONOMICALLY DEPRESSED AREA; SETTING A LOWER TAXABLE PERCENTAGE FOR THIS CLASS; AMENDING SECTIONS 15-6-101 AND 15-8-111, MCA."

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

NEW SECTION. Section 1. Class twelve property -- description -- taxable percentage. (1) Class twelve property includes new small business property located in an economically depressed area.

(2) (a) "New small business property" means all property, including land, improvements, furniture and fixtures, and business inventory, that is used by a small business during the first 5 years of its operation.

(b) "New small business" includes corporations, partnerships, or sole proprietorships that are:

(i) organized to sell any type of goods or services at wholesale or retail prices or to manufacture goods as defined in 15-6-135(4)(b)(iii);

(ii) subject to taxation under Title 15, chapter 30, including those small businesses defined in 15-31-201; and

(iii) established in an economically depressed area as a new business endeavor as distinguished from an expansion, reorganization, merger, or change in ownership of an existing small business.

(c) "Economically depressed area" means any county that has experienced an unemployment rate exceeding 7% for the 3 years prior to the opening of the business, as reported by the Montana department of labor and industry, employment security division.

(3) An owner of a new small business must apply for this classification to the department on forms it provides by March 1 of the year for which the classification is sought. The department may require such information on the application as it considers necessary to determine the applicant's eligibility.

(4) Once new small business property has qualified for this classification, it may not be placed in another class until:

- (a) it is no longer used by the new small business; or
- (b) it has been so classified for 5 years.

(5) New small business property located in an urban renewal area subject to tax increment provisions, as defined in 7-15-4283, is not eligible for classification in this class.

(6) Class twelve property is taxed at 2.8% of its

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1 market value.

2 Section 2. Section 15-6-101, MCA, is amended to read:

3 "15-6-101. Property subject to taxation --
4 classification. (1) All property in this state is subject to
5 taxation, except as provided otherwise.

6 (2) For the purpose of taxation, the taxable property
7 in the state shall be classified in accordance with 15-6-131
8 through 15-6-141 ~~[and section 1]~~."

9 Section 3. Section 15-8-111, MCA, is amended to read:

10 15-8-111. (Applicable after December 31, 1979)
11 Assessment -- market value standard -- exceptions. (1) All
12 taxable property must be assessed at 100% of its market
13 value except as provided in subsection (5) of this section
14 and in 15-7-111 through 15-7-114.

15 (2) Market value is the value at which property would
16 change hands between a willing buyer and a willing seller,
17 neither being under any compulsion to buy or to sell and
18 both having reasonable knowledge of relevant facts.

19 (3) The department of revenue or its agents may not
20 adopt a lower or different standard of value from market
21 value in making the official assessment and appraisal of the
22 value of property in ~~subsection (1)(e) of 15-6-131(1)(a),~~
23 ~~and 15-6-134 through 15-6-140, and [section 1].~~ For purposes
24 of taxation, assessed value is the same as appraised value.

25 (4) The taxable value for all property in subsection

1 ~~(1)(e) of 15-6-131(1)(a),~~ and classes four through ten, ~~and~~
2 ~~class twelve~~ [class twenty, and class twenty-one] is the
3 percentage of market value established for each class of
4 property in ~~subsection (2)(e) of 15-6-131(2)(a),~~ and
5 15-6-134 through 15-6-141 [and 15-6-121] ~~and [section 1].~~

6 (5) The assessed value of properties in subsection
7 (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

8 (a) Properties in subsection (1)(b) of 15-6-131, under
9 class one, are assessed at 100% of the annual net proceeds
10 after deducting the expenses specified and allowed by
11 15-23-503.

12 (b) Properties in 15-6-132 under class two are
13 assessed at 100% of the annual gross proceeds.

14 (c) Properties in 15-6-133, under class three, are
15 assessed at 100% of the productive capacity of the lands
16 when valued for agricultural purposes. All lands that meet
17 the qualifications of 15-7-202 are valued as agricultural
18 lands for tax purposes.

19 (6) Land and the improvements thereon are separately
20 assessed when any of the following conditions occur:

21 (a) ownership of the improvements is different from
22 ownership of the land;

23 (b) the taxpayer makes a written request; or

24 (c) the land is outside an incorporated city or town.

25 (7) The taxable value of all property in subsection

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1 (1)(b) of 15-6-131 and classes two and three is the
2 percentage of assessed value established in 15-6-131(2)(b),
3 15-6-132, and 15-6-133 [and 15-6-120] for each class of
4 property."

-End-

STATE OF MONTANA

REQUEST NO. 344-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 10, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 659 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.

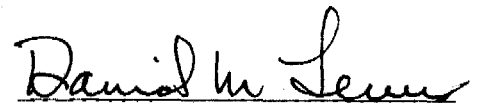
DESCRIPTION

An act to establish a special property tax class for new small business property located in an economically depressed area; setting a lower taxable percentage for this class.

FISCAL IMPACT

It is not possible to estimate the fiscal impact of the proposed law with any precision, since there are no data available regarding new small business property located in economically depressed counties. In 1979, there were 10 counties that experienced unemployment rates greater than 7%.

PREPARED BY THE DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-12-81
