

SENATE BILL NO. 47

INTRODUCED BY SEVERSON, ROTH, C. SMITH, BRIGGS, HURWITZ, ERNST, WALLIN, SWITZER, IVERSON, KEYSER, DEVLIN, CURTISS, LUND, KANDUCH, UNDERDAL, SCHULTZ, SEIFERT, MUELLER, HEMSTAD, R. ANDERSON, SALES, BERTELSEN, ELLISON, KROPP, ELLERD, MEYER, THOPT, McLANE, ASAY, FEDA, BURNETT, NEUMAN, HANNAH, SHONTZ, ZABROCKI, CONN, SIVERTSEN, ABRAMS, VINGER, HOLLIDAY, MENAHAN, PHILLIPS, GALT, STORY, E. SMITH, TVEIT, MANLEY, GRAHAM, HAPPERMAN, HAGER, McCALLUM, HAMMOND, AKLESTAD, NELSON, KOLSTAD, P. RYAN, ETCHART, THOMAS, HEALY, NORMAN, JOHNSON, DOVER, LEE, KEATING, B. BROWN, J. O'HARA, CRIPPEN, BOYLAN, OLSON, OCHSNER, S. BROWN, ELLIOTT, HAZELBAKER, M. ANDERSON, D. MANNING, CONOVER, STIMATZ, TOWE, STEPHENS

IN THE SENATE

January 5, 1981	Introduced and referred to Committee on Taxation.
January 6, 1981	Fiscal note requested.
January 9, 1981	Fiscal note returned.
January 15, 1981	On motion by chief sponsor, several Senators and House members were added as authors to the pre-filed bill.
February 3, 1981	Committee recommend bill do pass. Report adopted.
February 4, 1981	Bill printed and placed on members' desks.
February 5, 1981	Second reading, do pass as amended.
February 7, 1981	Correctly engrossed.
February 9, 1981	Third reading, passed. Transmitted to House.

IN THE HOUSE

February 10, 1981	Introduced and referred to Committee on Taxation.
March 20, 1981	Committee recommend bill be concurred in. Report adopted.
March 27, 1981	Second reading, concurred in.
March 30, 1981	On motion rules suspended and bill allowed to be transmitted on 71st legislative day. Motion adopted.
March 31, 1981	Third reading, concurred in. Ayes, 87; Noes, 9.

IN THE SENATE

April 1, 1981	Returned from House. Concurred in. Sent to enrolling. Reported correctly enrolled.
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1 SENATE BILL NO. 47
 2 INTRODUCED BY SEVERSON/ROTH
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4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE LIVESTOCK,
 5 POULTRY, AND THE UNPROCESSED PRODUCTS OF BOTH FROM CLASS
 6 SEVEN AND PLACE THEM IN CLASS SIX FOR PURPOSES OF PROPERTY
 7 TAXATION; AMENDING SECTIONS 15-6-136 AND 15-6-137, MCA."

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 15-6-136, MCA, is amended to read:

11 "15-6-136. Class six property -- description -- taxable
 12 percentage. (1) Class six property includes:

13 (a) business inventories as defined in this section;

14 and

15 (b) all unprocessed agricultural products on the farm
 16 or in storage except:

17 ~~(i) all~~ perishable fruits and vegetables in farm
 18 storage and owned by the producer; and

19 ~~(ii) livestock and poultry and the unprocessed products~~
 20 ~~of both.~~

21 (2) "Business inventories" includes goods intended for
 22 sale or lease in the ordinary course of business and raw
 23 materials and work in progress with respect to such goods.

24 Business inventories do not include goods leased or rented
 25 or mobile homes held by a dealer or distributor as part of

1 his stock in trade. The market value of business
 2 inventories, for property tax purposes, is the cost to the
 3 person subject to the inventory tax.

4 (3) Class six property is taxed at 4% of its market
 5 value."

6 Section 2. Section 15-6-137, MCA, is amended to read:

7 "15-6-137. Class seven property -- description --
 8 taxable percentage. (1) Class seven property includes:

9 ~~(a) all livestock, poultry, and unprocessed products of~~
 10 ~~both~~

11 ~~(b)(a)~~ all property used and owned by persons, firms,
 12 corporations, or other organizations that are engaged in the
 13 business of furnishing telephone communications exclusively
 14 to rural areas or to rural areas and cities and towns of 800
 15 persons or less;

16 ~~(c)(b)~~ all property owned by cooperative rural
 17 electrical and cooperative rural telephone associations that
 18 serve less than 95% of the electricity consumers or
 19 telephone users within the incorporated limits of a city or
 20 town;

21 ~~(d)(c)~~ electric transformers and meters; electric light
 22 and power substation machinery; natural gas measuring and
 23 regulating station equipment, meters, and compressor station
 24 machinery owned by centrally assessed public utilities; and
 25 tools used in the repair and maintenance of this property;

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LC 0685/01

1 and

2 ~~(e)(d)~~ tools, implements, and machinery used to repair
3 and maintain machinery not used for manufacturing and mining
4 purposes.

5 (2) To qualify for this classification, the average
6 circuit miles for each station on the telephone
7 communication system described in subsection (1)(b) must be
8 more than 1 1/4 miles.

9 (3) Class seven property is taxed at 3% of its market
10 value."

-End-

STATE OF MONTANA

REQUEST NO. 16-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, , 19 81 , there is hereby submitted a Fiscal Note for Senate Bill 47 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 remove livestock, poultry, and the unprocessed products of both from class seven and place them in class six for purposes of property taxation.

ASSUMPTIONS

- 1). 1980 assessed valuation of livestock, poultry, and unprocessed products of both \$1,048,757,970.
- 2). The assessed value remains the same through tax year 1982 (assessed as of January 1, 1982).
- 3) Effective for tax year 1982 - no effect in fiscal year 1982.
- 4) Class six tax rate - 4% Class seven tax rate - 8%.
- 5) University levy - 6 mills.
- 6). Average statewide rural levy - 170 mills.

FISCAL IMPACT

University Levy	FY82	FY83
Under current law	NO EFFECT	\$503,000
Under proposed law	NO EFFECT	252,000
Estimated Decrease	NO EFFECT	(\$251,000)

AFFECT ON COUNTY OR LOCAL

A loss of \$7.1 million in fiscal year 1983 to local governments statewide.

LONG RANGE EFFECTS

The effects in fiscal year 1983 should continue each year into the future.

PREPARED BY DEPARTMENT OF REVENUE

David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

Approved by Committee on Taxation

SENATE BILL NO. 47

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A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE LIVESTOCK, POULTRY, AND THE UNPROCESSED PRODUCTS OF BOTH FROM CLASS SEVEN AND PLACE THEM IN CLASS SIX FOR PURPOSES OF PROPERTY TAXATION; AMENDING SECTIONS 15-6-136 AND 15-6-137, MCA."

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

Section 1. Section 15-6-136, MCA, is amended to read:

"15-6-136. Class six property -- description -- taxable percentage. (1) Class six property includes:

(a) business inventories as defined in this section;

and

(b) all unprocessed agricultural products on the farm or in storage except:

~~(1) perishable fruits and vegetables in farm storage and owned by the producer; and~~

~~(2) livestock and poultry and the unprocessed products of both.~~

(2) "Business inventories" includes goods intended for sale or lease in the ordinary course of business and raw materials and work in progress with respect to such goods. Business inventories do not include goods leased or rented or mobile homes held by a dealer or distributor as part of his stock in trade. The market value of business inventories, for property tax purposes, is the cost to the person subject to the inventory tax.

(3) Class six property is taxed at 4% of its market value."

Section 2. Section 15-6-137, MCA, is amended to read:

"15-6-137. Class seven property -- description -- taxable percentage. (1) Class seven property includes:

~~(a) livestock, poultry, and unprocessed products of both;~~

~~(b) all property used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800~~

1 persons or less;

2 ~~f~~(b) all property owned by cooperative rural
3 electrical and cooperative rural telephone associations that
4 serve less than 95% of the electricity consumers or
5 telephone users within the incorporated limits of a city or
6 town;

7 ~~f~~(c) electric transformers and meters; electric
8 light and power substation machinery; natural gas measuring
9 and regulating station equipment, meters, and compressor
10 station machinery owned by centrally assessed public
11 utilities; and tools used in the repair and maintenance of
12 this property; and

13 ~~f~~(d) tools, implements, and machinery used to repair
14 and maintain machinery not used for manufacturing and mining
15 purposes.

16 (2) To qualify for this classification, the average
17 circuit miles for each station on the telephone
18 communication system described in subsection (1)(b) must be
19 more than 1 1/4 miles.

20 (3) Class seven property is taxed at 8% of its market
21 value."

-End-

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 19 EFFECTIVE DATE; AMENDING SECTIONS 15-6-136 AND 15-6-137,
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 25 ~~corporations, or other organizations that are engaged in the~~

1 business of furnishing telephone communications exclusively
2 to rural areas or to rural areas and cities and towns of 800
3 persons or less;

4 ~~(e)~~(b) all property owned by cooperative rural
5 electrical and cooperative rural telephone associations that
6 serve less than 95% of the electricity consumers or
7 telephone users within the incorporated limits of a city or
8 town;

9 ~~(f)~~(c) electric transformers and meters; electric
10 light and power substation machinery; natural gas measuring
11 and regulating station equipment, meters, and compressor
12 station machinery owned by centrally assessed public
13 utilities; and tools used in the repair and maintenance of
14 this property; and

15 ~~(g)~~(d) tools, implements, and machinery used to repair
16 and maintain machinery not used for manufacturing and mining
17 purposes.

18 (2) To qualify for this classification, the average
19 circuit miles for each station on the telephone
20 communication system described in subsection (1)(b) must be
21 more than 1 1/4 miles.

22 (3) Class seven property is taxed at 8% of its market
23 value."

24 SECTION 3. APPLICABILITY. THIS ACT APPLIES TO ALL
25 TAXES ASSESSED AFTER DECEMBER 31, 1980.

1 SECTION 4. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
2 PASSAGE AND APPROVAL.

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