

Senate Bill 61

In The Senate

January 5, 1981

Introduced and referred
to Committee on Taxation.

January 6, 1981

Fiscal note requested.

January 12, 1981

Fiscal note returned.

April 23, 1981

Died in Committee.

1 SENATE BILL NO. 61

2 INTRODUCTION BY ELLIOTT

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL CLASS SIX

5 PROPERTY TAXATION; AMENDING SECTIONS 15-8-104 AND 15-24-301,

6 MCA; REPEALING SECTIONS 15-6-136, 15-24-402, AND 15-24-403,

7 MCA."

8

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

10 Section 1. Section 15-8-104, MCA, is amended to read:

11 "15-8-104. Department audit of taxable value --

12 penalty for underreporting -- costs of audit paid by

13 department. (1) When in the judgment of the director of

14 revenue it is necessary, audits may be made for the purpose

15 of determining the taxable value of net proceeds of mines

16 and oil and gas wells, ~~business inventories~~, and all other

17 types of property subject to ad valorem taxation.

18 (2) The taxable value of any underreported portion of

19 any business inventory found as a result of an audit to have

20 been underreported by the owner shall be increased by 25% as

21 a penalty for underreporting.

22 (3) The 25% penalty may be waived by the department if

23 reasonable cause for failure to report the total value of a

24 business inventory is provided to the department.

25 (4) The cost of the audit shall be paid by the

1 department."

2 Section 2. Section 15-24-301, MCA, is amended to read:

3 "15-24-301. Personal property brought into the state

4 -- assessment -- exceptions -- custom combine equipment. (1)

5 Property in the following cases is subject to taxation and

6 assessment for all taxes levied that year in the county in

7 which it is located:

8 (a) any personal property (including livestock)

9 brought, driven, or coming into this state at any time

10 during the year that is used in the state for hire,

11 compensation, or profit;

12 (b) property whose owner or user is engaged in gainful

13 occupation or business enterprise in the state; or

14 (c) property which comes to rest and becomes a part of

15 the general property of the state.

16 (2) The taxes on this property are levied in the same

17 manner and to the same extent, except as otherwise provided,

18 as though the property had been in the county on the regular

19 assessment date, provided that the property has not been

20 regularly assessed for the year in some other county of the

21 state.

22 ~~(3) Nothing in this section shall be construed to levy~~

23 ~~a tax against a merchant or dealer within this state on~~

24 ~~goods, wares, or merchandise brought into the county to~~

25 ~~replenish the stock of the merchant or dealer in addition to~~

1 ~~the tax levied against the inventory of said merchant or~~
2 ~~dealer on the regular assessment date.~~

3 ~~(4)(3)~~ This section does not apply to any motor
4 vehicle brought, driven, or coming into this state by any
5 nonresident person temporarily employed in Montana for a
6 period not exceeding 90 days if the motor vehicle is used
7 exclusively for transportation of such person.

8 ~~(5)(4)~~ Agricultural harvesting machinery classified
9 under class eight, licensed in other states, and operated on
10 the lands of persons other than the owner of the machinery
11 under contracts for hire shall be subject to a fee in lieu
12 of taxation of \$35 per machine for a 60-day period. The
13 machines shall be subject to taxation under class eight only
14 if they are sold in Montana."

15 Section 3. Repealer. Sections 15-6-136, 15-24-402, and
16 15-24-403, MCA, are repealed.

-End-

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STATE OF MONTANA

REQUEST NO. 2081

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 61 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 repeal class six property taxation.

ASSUMPTION

1. 1980 valuation of Class 6 Property - assessed - \$969,392,812; taxable - \$38,777,688.
2. Effective date - January 1, 1982 - no effect fiscal year 1982.
3. University levy - 6 Mills
4. Average statewide levy - 220 Mills
5. 1980 valuation of class 6 property remains the same through tax year 1982 (assessed as of January 1, 1982).

FISCAL IMPACT

	FY82	FY83
University Levy		
Under current law	NO EFFECT	\$ 233,000
Under proposed law	NO EFFECT	0
Estimated Decrease	NO EFFECT	(\$233,000)

AFFECT ON LOCAL GOV'T

Fiscal year 1983 - statewide revenue loss of \$8.5 million.

LONG RANGE EFFECT

The effects in fiscal year 1983 should continue in each subsequent year.

PREPARED BY DEPARTMENT OF REVENUE

Daniel M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-81