

Senate Bill 130

In The Senate

January 14, 1981

Introduced and referred
to Committee on Taxation.

Fiscal note requested.

January 19, 1981

Fiscal note returned.

April 23, 1981

Died in Committee.

Senate BILL NO. *130*
Robert Boylan

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT NEW AGRICULTURAL IMPLEMENTS AND EQUIPMENT HELD FOR SALE BY A DEALER OF AGRICULTURAL IMPLEMENTS AND EQUIPMENT FROM PROPERTY TAXATION; AMENDING SECTIONS 15-6-136, 15-6-138, AND 15-8-201, MCA."

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

NEW SECTION. Section 1. New agricultural implements and equipment held by dealer exempt. (1) New agricultural implements and equipment held for sale in the ordinary course of business by a dealer of agricultural implements and equipment are exempt from property taxation.

(2) "New agricultural implements and equipment" means any agricultural implement or equipment that has not been sold, exchanged, leased, given away, or for which ownership has never been transferred from the manufacturer, importer, dealer, or agent of the manufacturer, importer, or dealer.

Section 2. 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;
- (b) all unprocessed agricultural products on the farm

or in storage except:

- (i) all perishable fruits and vegetables in farm storage and owned by the producer; and
- (ii) 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, or new agricultural implements and equipment, as defined in [section 1], held by a dealer of agricultural implements and equipment, 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 3. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

- (a) all agricultural implements and equipment except new agricultural implements and equipment exempt under [section 1];
- (b) all mining machinery, fixtures, equipment, tools,

1 and supplies except:

2 (i) those included in class five; and

3 (ii) coal and ore haulers;

4 (c) all manufacturing machinery, fixtures, equipment,

5 tools, and supplies except those included in class five;

6 (d) motorcycles;

7 (e) watercraft;

8 (f) light utility and boat trailers;

9 (g) aircraft;

10 (h) snowmobiles and all-terrain vehicles;

11 (i) harness, saddlery, and other tack equipment; and

12 (j) all other machinery except that specifically

13 included in another class.

14 (2) Class eight property is taxed at 11% of its market

15 value."

16 Section 4. Section 15-8-201, XCA, is amended to read:

17 "15-8-201. General assessment day. (1) The department

18 of revenue or its agent must, between January 1 and the

19 second Monday of July in each year, ascertain the names of

20 all taxable inhabitants and assess all property subject to

21 taxation in each county. The department or its agent must

22 assess property to the person by whom it was owned or

23 claimed or in whose possession or control it was at midnight

24 of January 1 next preceding. It must also ascertain and

25 assess all mobile homes arriving in the county after

1 midnight of January 1 next preceding. No mistake in the name

2 of the owner or supposed owner of real property, however,

3 renders the assessment invalid.

4 (2) The procedure provided by this section may not

5 apply to:

6 (a) motor vehicles that are required by 15-8-202 to be

7 assessed on January 1 or upon their anniversary registration

8 date;

9 (b) motor homes and travel trailers subject to a fee

10 in lieu of property tax;

11 (c) livestock;

12 (d) property defined in 61-1-104(2) as "special mobile

13 equipment" that is subject to assessment for personal

14 property taxes on the date that application is made for a

15 special mobile equipment plate; and

16 (e) mobile homes held by a distributor or dealer of

17 mobile homes as a part of his stock-in-trade; and

18 ~~(f) new agricultural implements and equipment, as~~

19 ~~defined in [section 1], held by a dealer of agricultural~~

20 ~~implements and equipment as a part of his stock-in-trade.~~

21 (3) Credits must be assessed as provided in

22 15-1-101(1)(c)."

-End-

STATE OF MONTANA

REQUEST NO. 98-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 15, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 130 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.

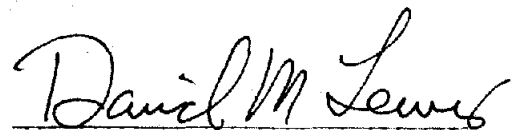
DESCRIPTION

An act to exempt new agricultural implements and equipment held for sale by a dealer of agricultural implements and equipment from property taxation.

FISCAL IMPACT

The 1980 county assessor reports indicate the assessed value of inventories was \$824,059,516. It is not known what proportion of this total is attributable to agricultural implements. Therefore no estimate is possible.

PREPARED BY THE DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-19-81