

HOUSE BILL NO. 470

Introduced: 01/24/83

Referred to Committee on Taxation: 01/24/83

Hearing: 2/2/83

Died in Committee

1 *House* BILL NO. *470*
2 INTRODUCED BY *KOEHNKE, Nancy, Senator*
3 *Sondra LANE, Senator* *John O. Connell*
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT RESIDENCES OF
5 CERTAIN PERSONS FROM PROPERTY SUBJECT TO TAXATION; PROVIDING
6 AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."
7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
9 Section 1. Certain persons' residences exempt. (1) A
10 residence, including the lot or acreage on which it is built
11 but not exceeding 1 1/2 acres, owned in whole or in part and
12 occupied by a person 75 years of age or older is exempt from
13 property taxation if the household has a total household
14 income of not more than \$15,000 for a single person or
15 \$18,000 for a married couple.
16 (2) Upon the death of a person whose property has been
17 eligible for this exemption, the property continues to be
18 exempt for as long as the person's surviving spouse, who is
19 70 years of age or older:
20 (a) remains unmarried;
21 (b) is the owner in whole or in part and an occupant
22 of the residence; and
23 (c) has a household income of not more than \$18,000.
24 (3) As used in this section:
25 (a) "household" means an association of persons who

1 live in the same dwelling, sharing its furnishings,
2 facilities, accommodations, and expenses. The term does not
3 include bona fide lessees, tenants, or roomers and boarders
4 on contract.

5 (b) "household income" means the annual adjusted gross
6 income, as reported on the latest federal or state income
7 tax return, received by all individuals of a household while
8 they are members of the household.

9 Section 2. Effective date -- applicability. This act
10 is effective on passage and approval and is applicable to
11 taxable years beginning after December 31, 1982.

-End-

STATE OF MONTANA

REQUEST NO. 236-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 26, 19 83, there is hereby submitted a Fiscal Note for House Bill 470 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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 OF PROPOSED LEGISLATION:

House Bill 470 exempts residences of certain persons from property subject to taxation and provides an immediate effective date and an applicability date.

ASSUMPTIONS:

- 1) The 1980 census reports 21,176 householders age 75 and over.
- 2) In 1980, it is estimated for the United States that 73.55% of the households with a member over 65 years of age received total income less than \$15,000.
- 3) A sample of elderly credit income tax returns suggests that 79% of the households pay property tax.
- 4) The 1982 county assessors reports and a supplemental questionnaire yield an estimated taxable value for graduated class 4 property of \$512. Assuming the households not receiving the benefits of the graduated class 4 rates have property with the same assessed value as the graduated class 4 population, a weighted average taxable value of \$585 is calculated.
- 5) The mill levy is assumed to be 270 mills statewide.
- 6) All of these factors are assumed constant.
- 7) The taxable value of the state will be \$2,252,536,000 and \$2,352,151,000 for fiscal years 1984 and 1985, respectively.
- 8) Some increase in individual income tax receipts would be produced by the bill since there would be a significant overlap between the homeowner credit population and the population targeted by this proposal. No estimate of this impact is calculated, however.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
University Levy		
Under Current Law	\$13,515,216	\$14,112,906
Under Proposed Law	<u>13,472,010</u>	<u>14,069,700</u>
Estimated Decrease	<u>(43,206)</u>	<u>(43,206)</u>
School Equalization Levy		
Under Current Law	90,101,440	94,086,040
Under Proposed Law	<u>89,813,402</u>	<u>93,798,002</u>
Estimated Decrease	<u>(288,038)</u>	<u>(288,038)</u>

ContinuedDavid M. Lewis
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-31-83

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES

The proposal would produce an estimated decrease in local government revenues of \$1.61 million (net of the school equalization and university levies) in each fiscal year.

FISCAL NOTE 8:Y/2