HOUSE BILL NO. 475

Introduced: 01/25/83

Referred to Committee on Taxation: 01/25/83
Hearing: 2/4/83
Died in Committee

House BILL NO. 475

INTRODUCED BY Mueller, Zabrocki, Bertelsen, Hemstad, Curtiss, Harp, Lindtveit, Schultz, Phillips, Ramirez, Bergene, Miller, Ernst, Swift, Seifert

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE INCOME LIMITATION QUALIFICATIONS FOR CLASS FOUR PROPERTY TAX RELIEF FOR CERTAIN WIDOWS, WIDOWERS, DISABLED PERSONS, AND ELDERLY PERSONS; TO PROVIDE FOR REIMBURSEMENT TO LOCAL GOVERNMENTS FROM THE STATE GENERAL FUND FOR PROPERTY TAX LOSSES; AMENDING SECTION 15-6-134, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land except that specifically included in another class;

(b) all improvements except those specifically included in another class;

(c) all trailers and mobile homes used as permanent dwellings except:

(i) those held by a distributor or dealer of trailers or mobile homes as his stock in trade; and

(ii) those specifically included in another class;

(d) the first $35,000 or less of the market value of

any improvement on real property or a trailer or mobile home used as a permanent dwelling and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of:

(i) a widow or widower 62 years of age or older who qualifies under the income limitations of (iii) of this subsection;

(ii) a widow or widower of any age with dependent children who qualifies under the income limitations of (iii) of this subsection; or

(iii) a recipient or recipients of retirement or disability benefits whose total income from all sources including otherwise tax-exempt income of all types is not more than ~~$8,000~~ $10,000 for a single person or ~~$10,000~~ $12,000 for a married couple.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a) through (1)(c) is taxed at 8.55% of its market value.

(b) Property described in subsection (1)(d) is taxed at 8.55% of its market value multiplied by a percentage figure based on income and determined from the following table:

Income	Income	Percentage

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Single Person	Married Couple	Multiplier
~~$0-----$1,000~~	~~$0-----$1,000~~	
~~1,001----2,000~~	~~1,001----2,000~~	
~~2,001----2,800~~	~~2,001----3,000~~	
~~2,801----3,600~~	~~3,001----4,000~~	
~~3,601----4,400~~	~~4,001----5,000~~	
~~4,401----5,200~~	~~5,001----6,000~~	
~~5,201----6,000~~	~~6,001----7,000~~	
~~6,001----6,800~~	~~7,001----8,000~~	
~~6,801----7,600~~	~~8,001----9,000~~	
~~7,601----8,000~~	~~9,001----10,000~~	
$0 - $1,000	$0 - $1,200	0%
1,001 - 2,000	1,201 - 2,400	10%
2,001 - 3,000	2,401 - 3,600	20%
3,001 - 4,000	3,601 - 4,800	30%
4,001 - 5,000	4,801 - 6,000	40%
5,001 - 6,000	6,001 - 7,200	50%
6,001 - 7,000	7,201 - 8,400	60%
7,001 - 8,000	8,401 - 9,600	70%
8,001 - 9,000	9,601 - 10,800	80%
9,001 - 10,000	10,801 - 12,000	90%"

NEW SECTION. Section 2. State reimbursement to local government. (1) Prior to February 1 each year, the county treasurer shall compute and certify to the department the difference between the taxes that would have been due prior

to any reduction allowed in 15-6-134(2)(b) for the last taxable year and the taxes actually due for the same period under 15-6-134. The product of the calculation is designated the "lost property tax revenue".

(2) Prior to March 1 each year, the department shall transmit to each county treasurer a warrant in the amount of the lost property tax revenue determined under subsection (1).

(3) Upon receipt of the payment provided for in subsection (2), the county treasurer shall credit the payment to a property tax relief suspense fund and, at some time between March 15 and March 30, distribute the payment in the same manner as property taxes are distributed to taxing jurisdictions.

NEW SECTION. Section 3. Codification instruction. Section 2 is intended to be codified as an integral part of Title 15, chapter 6.

NEW SECTION. Section 4. Effective date -- applicability. This act is effective on passage and approval and is applicable to taxable years beginning after December 31, 1982.

-End-

STATE OF MONTANA

REQUEST NO. 255-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 27, 19 83, there is hereby submitted a Fiscal Note for House Bill 475 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 475 increases the income limitation qualifications for class four property tax relief for certain widows, widowers, disabled persons, and elderly persons; provides for reimbursement to local governments from the state general fund for property tax losses; and provides an immediate effective date and an applicability date.

ASSUMPTIONS:

1) The average property tax rate for those presently receiving the benefits from the graduated class 4 tax rates will be reduced from 5.3% to 4.3%. The average taxable value per household was $510 in 1982.
2) An additional 3,200 homeowners will be eligible for the reduced tax under the bill. Using the average taxable value from above, the average taxable value for these homeowners will be reduced from $823 to $740 per homeowner.
3) Te total mill levy is 270 mills (university levy is 6, school equalization is 40, and county is 224).
4) All figures are assumed to be constant for FY 84 and FY 85.
5) The taxable value of the state is $2,252,536,000 and $2,352,151,000 for FY 84 and FY 85, respectively.

FISCAL IMPACT:

	FY 84	FY 85
University Levy		
Under Current Law	$13,515,216	$14,112,906
Under Proposed Law	13,507,260	14,104,950
Estimated Decrease	$ (7,956)	$ (7,956)
School Equalization Levy		
Under Current Law	$90,101,440	$94,086,040
Under Proposed Law	90,048,400	94,033,000
Estimated Decrease	$ (53,040)	$ (53,040)

These losses, as well as the loss to local governments, will be reimbursed from the state general fund, at a cost of $1,059,475 per year.

FISCAL NOTE 9:DD/1

David M Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-1-83