

HOUSE BILL NO. 485

Introduced: 01/25/83

Referred to Committee on Taxation: 01/25/83

Hearing: 2/4/83

Died in Committee

1 HOUSE BILL NO. 485
 2 INTRODUCED BY Vincent
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE INCOME
 5 LIMITATIONS FOR RECIPIENTS OF RETIREMENT OR DISABILITY
 6 BENEFITS TO QUALIFY FOR PROPERTY TAX RELIEF UNDER CLASS FOUR
 7 PROPERTY; AMENDING SECTION 15-6-134, MCA; PROVIDING AN
 8 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."
 9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 15-6-134, MCA, is amended to read:
 12 "15-6-134. Class four property -- description --
 13 taxable percentage. (1) Class four property includes:
 14 (a) all land except that specifically included in
 15 another class;
 16 (b) all improvements except those specifically
 17 included in another class;
 18 (c) all trailers and mobile homes used as permanent
 19 dwellings except:
 20 (i) those held by a distributor or dealer of trailers
 21 or mobile homes as his stock in trade; and
 22 (ii) those specifically included in another class;
 23 (d) the first \$35,000 or less of the market value of
 24 any improvement on real property or a trailer or mobile home
 25 used as a permanent dwelling and appurtenant land not

1 exceeding 5 acres owned or under contract for deed and
 2 actually occupied for at least 10 months a year as the
 3 primary residential dwelling of:

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

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

10 (iii) a recipient or recipients of retirement or
 11 disability benefits whose total income from all sources
 12 including otherwise tax-exempt income of all types is not
 13 more than ~~\$6,000~~ \$10,000 for a single person or ~~\$10,000~~
 14 \$12,000 for a married couple.

15 (2) Class four property is taxed as follows:

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

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

Income	Income	Percentage
Single Person	Married Couple	Multiplier
\$6-----\$17,000	\$0-----\$17,000	

1	17001---27000	17001---27000	
2	27001---27000	27001---37000	
3	27001---37000	37001---47000	
4	37001---47000	47001---57000	
5	47001---57000	57001---67000	
6	57001---67000	67001---77000	
7	67001---67000	77001---87000	
8	67001---77000	87001---97000	
9	77001---87000	97001---107000	
10	<u>\$0 - \$1,000</u>	<u>\$0 - \$1,200</u>	0%
11	<u>1,001 - 2,000</u>	<u>1,201 - 2,400</u>	10%
12	<u>2,001 - 3,000</u>	<u>2,401 - 3,600</u>	20%
13	<u>3,001 - 4,000</u>	<u>3,601 - 4,800</u>	30%
14	<u>4,001 - 5,000</u>	<u>4,801 - 6,000</u>	40%
15	<u>5,001 - 6,000</u>	<u>6,001 - 7,200</u>	50%
16	<u>6,001 - 7,000</u>	<u>7,201 - 8,400</u>	60%
17	<u>7,001 - 8,000</u>	<u>8,401 - 9,600</u>	70%
18	<u>8,001 - 9,000</u>	<u>9,601 - 10,800</u>	80%
19	<u>9,001 - 10,000</u>	<u>10,801 - 12,000</u>	90%
20	NEW SECTION. Section 2. Effective date --		
21	applicability. This act is effective on passage and approval		
22	and is applicable to taxable years beginning after December		
23	31, 1982.		

-End-

STATE OF MONTANA

REQUEST NO. 253-83

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 485 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 485 increases income limitations for recipients of retirement or disability benefits to qualify for property tax relief under class four property 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 four 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 rate 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) The 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:

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

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

County revenues are estimated to decline by \$297,024 each fiscal year. This estimate excludes the impact on the school equalization and university levies.

FISCAL NOTE 9:BB/1


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-1-83