

HOUSE BILL NO. 570

INTRODUCED BY WILLIAMS, YARDLEY

IN THE HOUSE

January 29, 1983	Introduced and referred to Committee on Taxation.
February 14, 1983	Committee recommend bill do pass as amended. Report adopted.
February 15, 1983	Bill printed and placed on members' desks.
February 16, 1983	Second reading, do pass.
February 19, 1983	Considered correctly engrossed.
February 21, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 1, 1983	Introduced and referred to Committee on Taxation.
March 28, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 30, 1983	Second reading, concurred in.
March 31, 1983	Third reading, concurred in. Ayes, 47; Noes, 2.

IN THE HOUSE

March 31, 1983	Returned to House with amendments.
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April 6, 1983

Second reading, amendments
concurrent in.

March 7, 1983

Third reading, amendments
concurrent in.

Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 570
 2 INTRODUCED BY William Madley
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING GOODS AND
 5 EQUIPMENT INTENDED FOR RENT OR LEASE AS CLASS EIGHT PROPERTY
 6 FOR PURPOSES OF TAXATION; PROVIDING AN EXCEPTION; AMENDING
 7 SECTION 15-6-138, MCA."

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 15-6-138, MCA, is amended to read:

11 "15-6-138. Class eight property -- description --
 12 taxable percentage. (1) Class eight property includes:

- 13 (a) all agricultural implements and equipment;
- 14 (b) all mining machinery, fixtures, equipment, tools,
 15 and supplies except:
- 16 (i) those included in class five; and
- 17 (ii) coal and ore haulers;
- 18 (c) all manufacturing machinery, fixtures, equipment,
 19 tools, and supplies except those included in class five;
- 20 (d) motorcycles;
- 21 (e) watercraft;
- 22 (f) light utility and boat trailers;
- 23 (g) aircraft;
- 24 (h) all-terrain vehicles;
- 25 (i) harness, saddlery, and other tack equipment; and

1 ~~(j) all goods and equipment intended for rent or~~
 2 ~~lease, except goods and equipment specifically included in~~
 3 ~~another class; and~~
 4 ~~(j)(k) all other machinery except that specifically~~
 5 ~~included in another class.~~
 6 (2) Class eight property is taxed at 11% of its market
 7 value."

-End-

-2- INTRODUCED BILL
 AB 570

STATE OF MONTANA

REQUEST NO. 302-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 2, 19 83, there is hereby submitted a Fiscal Note for House Bill 570 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.

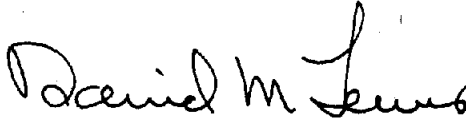
DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 570 establishes goods and equipment intended for rent or lease as class eight property for purposes of taxation and provides an exception.

FISCAL IMPACT:

The fiscal impact of the proposed legislation cannot be estimated because there is insufficient data on all goods and equipment intended for rent or lease. The revenue increase should not be significant at the state or local level.

FISCAL NOTE 10:DD/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-8-83

Approved by committee
on Taxation

HOUSE BILL NO. 570

INTRODUCED BY WILLIAMS, YARDLEY

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING GOODS AND
EQUIPMENT INTENDED FOR RENT OR LEASE AS CLASS EIGHT PROPERTY
FOR PURPOSES OF TAXATION; PROVIDING AN EXCEPTION; AMENDING
SECTION 15-6-138, MCA; ~~AND PROVIDING AN IMMEDIATE EFFECTIVE
DATE."~~

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

Section 1. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description --
taxable percentage. (1) ~~Class~~ EXCEPT AS PROVIDED IN
SUBSECTION (2), CLASS eight property includes:

- (a) all agricultural implements and equipment;
- (b) all mining machinery, fixtures, equipment, tools,
and supplies except:
 - (i) those included in class five; and
 - (ii) coal and ore haulers;
- (c) all manufacturing machinery, fixtures, equipment,
tools, and supplies except those included in class five;
- (d) motorcycles;
- (e) watercraft;
- (f) light utility and boat trailers;
- (g) aircraft;

- (h) all-terrain vehicles;
- (i) harness, saddlery, and other tack equipment; and
- ~~(j) all goods and equipment intended for rent or
lease, except goods and equipment specifically included in
another class; and~~

~~(j)(k) all other machinery except that specifically
included in another class.~~

~~(2) GOODS, EQUIPMENT, AND MACHINERY INCLUDED IN CLASS
SIX PROPERTY PRIOR TO JANUARY 1, 1983, IS EXEMPT FROM
PROPERTY TAXATION.~~

~~(2)(3) Class eight property is taxed at 11% of its
market value."~~

-End-

1 HOUSE BILL NO. 570
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 4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING GOODS AND
 5 EQUIPMENT INTENDED FOR RENT OR LEASE AS CLASS EIGHT PROPERTY
 6 FOR PURPOSES OF TAXATION; PROVIDING AN EXCEPTION; AMENDING
 7 SECTION 15-6-138, MCA; ~~AND PROVIDING AN IMMEDIATE EFFECTIVE~~
 8 ~~DATE."~~

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

11 Section 1. Section 15-6-138, MCA, is amended to read:

12 "15-6-138. Class eight property -- description --
 13 taxable percentage. (1) ~~Class~~ EXCEPT AS PROVIDED IN

14 SUBSECTION (2), CLASS eight property includes:

- 15 (a) all agricultural implements and equipment;
 16 (b) all mining machinery, fixtures, equipment, tools,
 17 and supplies except:
 18 (i) those included in class five; and
 19 (ii) coal and ore haulers;
 20 (c) all manufacturing machinery, fixtures, equipment,
 21 tools, and supplies except those included in class five;
 22 (d) motorcycles;
 23 (e) watercraft;
 24 (f) light utility and boat trailers;
 25 (j) aircraft;

1 (n) all-terrain vehicles;
 2 (i) harness, saddlery, and other tack equipment; and
 3 ~~(j) all goods and equipment intended for rent or~~
 4 ~~lease, except goods and equipment specifically included in~~
 5 ~~another class; and~~
 6 ~~(j)(k) all other machinery except that specifically~~
 7 ~~included in another class.~~
 8 ~~(2) GOODS, EQUIPMENT, AND MACHINERY INCLUDED IN CLASS~~
 9 ~~SIX PROPERTY PRIOR TO JANUARY 1, 1983, IS EXEMPT FROM~~
 10 ~~PROPERTY TAXATION.~~
 11 ~~(2)(3) Class eight property is taxed at 11% of its~~
 12 ~~market value."~~

-End-

March 28, 1983

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 570 be amended as follows:

1. Title, line 7.

Following: line 6

Strike: "SECTION"

Insert: "SECTIONS 15-6-136,"

Following: "15-6-138"

Insert: "AND 15-6-202"

2. Page 1, line 13.

Following: "class"

Strike: "EXCEPT AS PROVIDED IN SUBSECTION (2),"

3. Page 2, line 4.

Following: "included"

Insert: "and taxed"

4. Page 2, lines 8 through 10

Strike: subsection (2) in its entirety

Re-number: subsequent subsections

5. Page 2.

Following: line 12

Insert: "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) livestock and poultry and the unprocessed products of both;

(b) all unprocessed agricultural products on the farm or in storage except all perishable fruits and vegetables in farm storage and owned by the producer.

(c) items of personal property intended for lease in the ordinary course of business provided each item of personal property satisfies all of the following:

(i) the full and true value of the personal property is less than \$5,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis.

(2) Class six property is taxed at 4% of its market value."

Section 3. Section 15-6-202, MCA, is amended to read:

"15-6-202. Freeport merchandise and business inventories exemption. (1) Freeport merchandise and business inventories are exempt from taxation.

(2) Freeport merchandise means those stocks of merchandise manufactured or produced outside this state which are in transit through this state and consigned to a warehouse or other storage facility, public or private, within this state for storage in transit prior to shipment to a final destination outside the state and which have acquired a taxable situs within the state.

(3) Stocks of merchandise do not lose their status as freeport merchandise because while in the storage facility they are assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled, or repackaged.

(4) Any person or other group seeking to qualify its property for inclusion in the freeport merchandise class shall make application to the department of revenue in such manner or form as may be required by the department.

(5) "Business inventories" ~~includes~~ include goods primarily intended for sale ~~or~~ and not for 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."

Section 4. Effective date. This act is effective on passage and approval."

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 5 EQUIPMENT INTENDED FOR RENT OR LEASE AS CLASS EIGHT PROPERTY
 6 FOR PURPOSES OF TAXATION; PROVIDING AN EXCEPTION; AMENDING
 7 ~~SECTIONS 15-6-136, 15-6-138, AND 15-6-202, MCA; AND~~
 8 ~~PROVIDING AN IMMEDIATE EFFECTIVE DATE."~~
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 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 15-6-138, MCA, is amended to read:
 12 "15-6-138. Class eight property -- description --
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 14 ~~SECTION 15-6-138~~ CLASS eight property includes:
 15 (a) all agricultural implements and equipment;
 16 (b) all mining machinery, fixtures, equipment, tools,
 17 and supplies except:
 18 (i) those included in class five; and
 19 (ii) coal and ore haulers;
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 21 tools, and supplies except those included in class five;
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1 (h) all-terrain vehicles;
 2 (i) harness, saddlery, and other tack equipment; and
 3 (j) ~~all goods and equipment intended for rent or~~
 4 ~~lease, except goods and equipment specifically included AND~~
 5 ~~TAXES in another class; and~~
 6 ~~(k) all other machinery except that specifically~~
 7 ~~included in another class.~~
 8 ~~(l) GOODS, EQUIPMENT, AND MACHINERY INCLUDED IN CLASS~~
 9 ~~SIX PROPERTY PRIOR TO JANUARY 1, 1983, IS EXEMPT FROM~~
 10 ~~PROPERTY TAXATION.~~
 11 ~~(2) Class eight property is taxed at 11% of its~~
 12 ~~market value."~~
 13 SECTION 2. SECTION 15-6-136, MCA, IS AMENDED TO READ:
 14 "15-6-136. Class six property -- description --
 15 taxable percentage. (1) Class six property includes:
 16 (a) livestock and poultry and the unprocessed products
 17 of both;
 18 (b) all unprocessed agricultural products on the farm
 19 or in storage except all perishable fruits and vegetables in
 20 farm storage and owned by the producer;
 21 (c) ~~items of personal property intended for lease in~~
 22 ~~the ordinary course of business, provided each item of~~
 23 ~~personal property satisfies all of the following:~~
 24 ~~(i) the full and true value of the personal property~~
 25 ~~is less than \$1,000;~~

Reference Bill

1 ~~fill the personal property is owned by a business whose~~
 2 ~~primary business income is from rental or lease of personal~~
 3 ~~property to individuals wherein no one customer of the~~
 4 ~~business accounts for more than 10% of the total rentals or~~
 5 ~~leases during a calendar year; and~~

6 ~~(iii) the lease of the personal property is generally~~
 7 ~~on an hourly, daily, or weekly basis.~~

8 (2) Class six property is taxed at 4% of its market
 9 value."

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11 "15-6-202. Freeport merchandise and business
 12 inventories exemption. (1) Freeport merchandise and business
 13 inventories are exempt from taxation.

14 (2) Freeport merchandise means those stocks of
 15 merchandise manufactured or produced outside this state
 16 which are in transit through this state and consigned to a
 17 warehouse or other storage facility, public or private,
 18 within this state for storage in transit prior to shipment
 19 to a final destination outside the state and which have
 20 acquired a taxable situs within the state.

21 (3) Stocks of merchandise do not lose their status as
 22 freeport merchandise because while in the storage facility
 23 they are assembled, bound, joined, processed, disassembled,
 24 divided, cut, broken in bulk, relabeled, or repackaged.

25 (4) Any person or other group seeking to qualify its

1 property for inclusion in the freeport merchandise class
 2 shall make application to the department of revenue in such
 3 manner or form as may be required by the department.

4 (5) "Business inventories" ~~includes include~~ goods
 5 ~~primarily~~ intended for sale ~~or and not for~~ lease in the
 6 ordinary course of business and raw materials and work in
 7 progress with respect to such goods. Business inventories do
 8 not include goods leased or rented or mobile homes held by a
 9 dealer or distributor as part of his stock in trade."

10 ~~SECTION 4. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON~~
 11 ~~PASSAGE AND APPROVAL.~~

-End-