HOUSE BILL NO. 722

Introduced: 02/11/83

Referred to Committee on Taxation: 02/11/83
Hearing: 2/21/83
Died in Committee

House BILL NO. 722

INTRODUCED BY Walker

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 AN INFLATION ADJUSTMENT BASED UPON THE CONSUMER PRICE INDEX; 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

INTRODUCED BILL

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. Adjustment for inflation. (1) By March 1 of 1984 and of each year thereafter, the department shall multiply the bracket amounts contained in the table in 15-6-134 by the inflation factor for that

taxable year and round the cumulative bracket amounts to the nearest $100. The resulting adjusted brackets are effective for that taxable year and must be used as the basis for imposition of the tax in 15-6-134.

(2) As used in this section:

(a) "inflation factor" means a number determined for each taxable year by dividing the consumer price index for January of the taxable year by the consumer price index for January 1983.

(b) "consumer price index" means the consumer price index, United States city average for all items, using the 1967 base of 100, as published by the bureau of labor statistics of the United States department of labor.

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. 391-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 14, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 722 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 OF PROPOSED LEGISLATION:

House Bill 722 increases the income limitation qualifications for class four property tax relief for certain widows, widowers, disabled persons, and elderly persons; provides for an inflation adjustment based upon the consumer price index; and provides an immediate effective date and an applicability date.

ASSUMPTIONS:

1) The average 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 fall in the new income interval. Using the average taxable value from above, the average taxable value for these homeowners will fall 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) The figures are assumed constant.
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)

Continued

David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-18-83

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

County revenues are estimated to decline by $297,020 each fiscal year. This estimate excludes the impact on the school equalization and university levies.

LONG-RANGE EFFECTS OR PROPOSED LEGISLATION:

The proposal will result in a greater loss of local government revenue through time than would occur without an indexed tax table. This difference could increase if the growth in the consumer price index outpaces increases in elderly household income.