

HOUSE BILL NO. 735

Introduced: 02/12/83

Referred to committee on Taxation: 02/12/83

Hearing: 3/2/83

Report: 03/04/83, Do Not Pass

Bill Killed: 03/07/83

1 House BILL NO. 735
 2 INTRODUCED BY W. G. Miller - Called Subject
 3 Shut Hamman Switzer Conpton
 4 Rouss Harmon Walden
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
 6 PROPERTY TAX EXEMPTIONS; PROVIDING THAT THE COUNTY TAX
 7 APPEAL BOARD MAY HEAR APPEALS RELATED TO EXEMPT PROPERTY;
 8 AMENDING SECTIONS 15-6-134, 15-6-201, AND 15-15-101 THROUGH
 9 15-15-103, MCA."
 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 \$8,000 for a single person or \$10,000 for a
 14 married couple; and
 15 ~~(e) residences of the clergy, together with adjacent~~
 16 ~~land reasonably necessary for convenient use of such~~
 17 ~~buildings.~~
 18 (2) Class four property is taxed as follows:
 19 (a) Except as provided in 15-24-1402 or 15-24-1501,
 20 property described in subsections (1)(a) through (1)(c) is
 21 taxed at 8.55% of its market value.
 22 (b) Property described in subsection (1)(d) is taxed
 23 at 8.55% of its market value multiplied by a percentage
 24 figure based on income and determined from the following
 25 table:

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

13 ~~(c) Property described in subsection (1)(a) is taxed~~
 14 ~~at 5.275% of its market value."~~

15 Section 2. Section 15-6-201, MCA, is amended to read:

16 "15-6-201. Exempt categories. (1) The following
 17 categories of property are exempt from taxation:

18 (a) the property of:

19 (i) the United States, the state, counties, cities,
 20 towns, school districts;

21 (ii) irrigation districts organized under the laws of
 22 Montana and not operating for profit;

23 (iii) municipal corporations; and

24 (iv) public libraries;

25 (b) buildings, with land they occupy and furnishings

1 therein, owned by a church and used for actual religious
 2 worship or ~~for residences of the clergy together with~~
 3 ~~adjacent land reasonably necessary for convenient use of~~
 4 ~~such buildings;~~

5 (c) property used exclusively for ~~agriculture and~~
 6 ~~horticulture societies~~ for educational purposes and for
 7 hospitals;

8 (d) property that meets the following conditions:

9 (i) is owned and held by any association or
 10 corporation organized under Title 35, chapter 2, 3, 20, or
 11 21;

12 (ii) is devoted exclusively to use in connection with a
 13 cemetery or cemeteries for which a permanent care and
 14 improvement fund has been established as provided for in
 15 Title 35, chapter 20, part 3; and

16 (iii) is not maintained and operated for private or
 17 corporate profit;

18 ~~(e) institutions of purety public charity facilities~~
 19 ~~owned and operated by organizations for the care of the~~
 20 ~~retired or aged or chronically ill, which are not operated~~
 21 ~~for gain or profit;~~

22 (f) evidence of debt secured by mortgages of record
 23 upon real or personal property in the state of Montana;

24 (g) public art galleries and public observatories not
 25 used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations attached. Such property is also exempt from the fee in lieu of tax.

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes; and

(k) automobiles and trucks having a rated capacity of three-quarters of a ton or less.

~~(2) ~~for the term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill which are not operated for gain or profit~~~~

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10

years following installation of the property:

(a) \$20,000 in the case of a single family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Section 3. Section 15-15-101, MCA, is amended to read:

"15-15-101. County tax appeal board -- meetings and compensation. (1) The board of county commissioners of each county shall appoint a three-member county tax appeal board, with the members to serve staggered terms of 3 years each. The members of each county tax appeal board shall be residents of the county in which they serve. They shall receive compensation of \$25 a day and travel expenses as provided for in 2-18-501 through 2-18-503, as amended, only when the county tax appeal board is in session to hear taxpayers' appeals from ~~related to~~ property tax assessments and ~~exemptions~~ or when they are attending meetings called by the state tax appeal board. Travel expenses and compensation shall be paid from the appropriation to the state tax appeal board. Office space and equipment for the county tax appeal boards shall be furnished by the county. All other incidental expenses shall be paid from the appropriation of the state tax appeal board.

(2) The county tax appeal board must meet on the third Monday of April in each year to hear protests concerning

1 ~~related to~~ assessments ~~or exemptions~~ made ~~or allowed~~ by the
2 department of revenue. It must continue in session for that
3 purpose from time to time until the business of hearing
4 protests is disposed of, but, except as provided in
5 15-2-201, not later than 60 days after the department of
6 revenue or its agent:

7 (a) has mailed notice of classification and appraisal
8 to all property owners as required in 15-7-102; and

9 (b) has notified the county tax appeal board that
10 classification and appraisal notices have been mailed to all
11 property owners.

12 (3) In connection with any such appeal, the county tax
13 appeal board may change any assessment ~~or exemption~~ or fix
14 the assessment at some other level. The county clerk shall
15 publish a notice to taxpayers, giving the time the county
16 tax appeal board will meet to hear protests concerning
17 ~~related to~~ assessments ~~and exemptions~~ and the latest date
18 the county tax appeal board may take applications for such
19 hearings. The notice shall be published in a newspaper if
20 any is printed in the county or, if none, then in such
21 manner as the board may direct. The notice shall be
22 published at least 7 days prior to the first meeting of the
23 county tax appeal board.

24 (4) Challenges to a department of revenue rule
25 governing the assessment ~~or exemption~~ of property or to an

1 assessment procedure shall apply only to the taxpayer
2 bringing the challenge and may not apply to all similarly
3 situated taxpayers unless an action is brought in the
4 district court as provided in 15-2-307 through 15-2-310."

5 Section 4. Section 15-15-102, MCA, is amended to read:

6 "15-15-102. Application for reduction in valuation ~~or~~
7 ~~exemption~~. No reduction ~~may be made~~ in the valuation ~~or~~
8 ~~exemption~~ of property ~~may be made~~ unless the party affected
9 or his agent makes and files with the county tax appeal
10 board on or before the first Monday in June or 15 days after
11 receiving a notice of classification and appraisal from the
12 department of revenue, whichever is later, a written
13 application therefor. The application shall state the
14 post-office address of the applicant, shall specifically
15 describe the property involved, and shall state the facts
16 upon which it is claimed such reduction ~~or exemption~~ should
17 be made ~~or allowed~~."

18 Section 5. Section 15-15-103, MCA, is amended to read:

19 "15-15-103. Examination of applicant -- failure to
20 hear application. (1) Before the county tax appeal board
21 grants any application or makes any reduction applied for,
22 it must examine on oath the person or agent making the
23 application, touching the value of the property of each
24 person. No reduction ~~or exemption~~ ~~must~~ ~~may~~ be made ~~or~~
25 ~~allowed~~ unless such person or agent makes an application, as

1 provided in 15-15-102, and attends and answers all questions
2 pertinent to the inquiry. The testimony of all witnesses
3 upon such hearing must be taken in shorthand or by stenotype
4 or electronically recorded and preserved for 1 year. If the
5 decision of the county tax appeal board is appealed, all
6 testimony must be transcribed or otherwise reduced to
7 writing and forwarded, together with all exhibits, to the
8 state tax appeal board. The date of hearing, the proceedings
9 before the board, and the decision must be entered upon the
10 minutes of the board, and the board shall notify the
11 applicant of its decision by registered or certified mail
12 within 3 days thereafter. A copy of the minutes of the
13 county tax appeal board must be transmitted to the state tax
14 appeal board no later than 3 days after the board holds its
15 final hearing of the year.

16 (2) If a county tax appeal board refuses or fails to
17 hear a taxpayer's timely application for a reduction in
18 valuation ~~or exemption~~ of property, except that listed in
19 15-2-302, the taxpayer's application is considered to be
20 granted on the day following the board's final meeting for
21 that year. The county treasurer shall enter the appraisal
22 ~~or classification, or exemption~~ sought in the application
23 in the assessment book."

-End-

STATE OF MONTANA

REQUEST NO. 408-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 15, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 735 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 735 generally revises property tax exemptions; and provides that the County Tax Appeal Board may hear appeals related to exempt property.

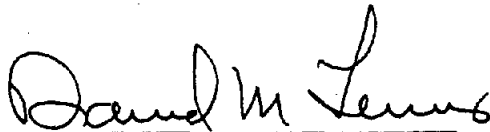
ASSUMPTIONS:

- 1) Residences of the clergy together with adjacent land are taxed at 4.275% of market value.
- 2) Property used for agricultural and horticultural societies is taxed at 8.55%.
- 3) No change in exemption status for institutions of purely public charity.
- 4) County tax appeal boards may hear appeals concerning exemptions.

FISCAL IMPACT:

There is no data available to estimate the impact of the proposed legislation. Removing the exemption for residences of clergy and property used for agricultural and horticultural societies would add to the tax base, although not a significant amount on a statewide basis. There should be no significant fiscal impact associated with county tax appeal boards hearing exemption appeals.

FISCAL NOTE 14:C/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-17-83