

HOUSE BILL NO. 753

Introduced: 02/12/83

Referred to Committee on Taxation: 02/12/83

Hearing: 3/1/83

Report: 03/04/83, Do Not Pass

Bill Killed: 03/07/83

House BILL NO. 753

INTRODUCED BY Ray LaRocca, Benton, Hamstad

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEFINITION OF BUSINESSES THAT QUALIFY FOR PROPERTY TAX RATE REDUCTIONS FOR IMPROVEMENTS TO REAL AND PERSONAL PROPERTY; AMENDING SECTIONS 15-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-24-1401, MCA, is amended to read:

"15-24-1401. Definitions. The following definitions apply to 15-24-1402 unless the context requires otherwise:

(1) "New or expanding" means that the manufacturing industry business is new to the jurisdiction approving the resolution provided for in 15-24-1402(2) or that the manufacturing--industry business has added qualifying improvements to its property within the same jurisdiction since July 1, 1981 [the effective date of this act].

(2) "Manufacturing--industry" "business" means an industry--that--engages a corporation, partnership, or sole proprietorship that is:

(a) organized to sell any type of goods or services at wholesale or retail prices; or

(b) engaged in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget."

Section 2. Section 15-24-1402, MCA, is amended to read:

"15-24-1402. New or expanding manufacturing--industry business -- assessment. (1) In the first 5 years after a construction permit is issued, improvements to real property that represent new manufacturing---industry business construction or expansion of an existing manufacturing industry business shall be taxed at 50% of their taxable value. Each year thereafter, the percentage shall be increased by equal percentages until the full taxable value is attained in the 10th year. In subsequent years, the property shall be taxed at 100% of its taxable value.

(2) (a) In order for a taxpayer to receive the tax benefits described in subsection (1), the governing body of the affected county or the incorporated city or town must have approved by resolution, following a public hearing, the use of the schedule provided for in subsection (1) for its respective jurisdiction.

(b) The governing body may end the tax benefits by majority vote at any time, but the tax benefits may not be

denied ~~an industrial facility~~ a business that previously qualified for the benefits.

(c) The resolution provided for in subsection (2)(a) shall include a definition of improvements that qualify for the tax treatment that is to be allowed in the taxing jurisdiction.

(3) The taxpayer must apply to the county assessor on a form provided by the department of revenue for the tax treatment allowed under subsection (1). The application by the taxpayer must first be approved by the governing body of the appropriate local taxing jurisdiction, and the governing body must indicate in its approval that the property of the applicant qualifies for the tax treatment provided for in this section. Upon receipt of the form with the approval of the governing body of the affected taxing jurisdiction, the assessor shall make the assessment change pursuant to this section."

~~NEW SECTION.~~ Section 3. Effective date -- applicability date. This act is effective on passage and approval and applies to taxable periods beginning after December 31, 1982.

-End-

STATE OF MONTANA

REQUEST NO. 415-83

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 753 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 753 revises the definition of businesses that qualify for property tax rate reductions for improvements to real and personal property; and provides an effective date and an applicability date.

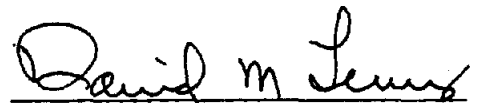
ASSUMPTIONS:

- 1) 1982 Data - Estimated new commercial real estate and improvements taxable value - \$5.3 million.
- 2) Property taxed at 50% of taxable value.
- 3) All governing bodies approve the use of the tax schedule.
- 4) Average statewide levy of 220 mills.

FISCAL IMPACT:

The potential fiscal impact of the proposed legislation, if it were in effect for 1982, would be about \$583,000 on a statewide basis.

FISCAL NOTE 16: N/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-20-83