SENATE BILL NO. 204

INTRODUCED BY KEATING, GAGE, TVEIT, E. SMITH, PECK, BACHINI

	IN THE SEN	ATE
January 19, 1983		Introduced and referred to Committee on Taxation.
February 21, 1983		Committee recommend bill do pass. Report adopted.
February 22, 1983		Bill printed and placed on members' desks.
February 28, 1983		Second reading, do pass.
March 1, 1983		Correctly engrossed.
March 2, 1983		Third reading, passed. Ayes, 39; Noes, 11. Transmitted to House.
	IN THE HOU	SE
March 3, 1983		Introduced and referred to Committee on Taxation.
March 17, 1983		Committee recommend bill be concurred in. Report adopted.
March 21, 1983		Second reading, concurred in.
March 22, 1983		Third reading, concurred in.
	IN THE SEN	ATE
March 23, 1983		Returned to Senate. Sent to enrolling.

Reported correctly enrolled.

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INTRODUCED BY Lettery up Triet & Smith 1 2 Pack 3

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT THE RIGHT OF
ENTRY FROM PROPERTY TAXATION; AMENDING SECTIONS 15-6-131,
15-6-201, AND 15-8-111, MCA; PROVIDING AN IMMEDIATE
EFFECTIVE DATE AND AN APPLICABILITY DATE."

8

9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10	Section 1. Section 15-6-131, MCA, is amended to read:
11	*15-6-131. Class one property description
12	taxable percentage. (1) Class one property includes+
13	{ a}therightofentryth at isaproparty-right

 14
 reserved-in-land-or-received-by-mesne-conveyance--fexclusive

 15
 of-leasehold-interestsjy-devisey-or-succession-to-enter-land

16 whose-surface-title-is-held-by-another-to-explorey-prospecty

17 or-dig-for-oily-gasy-cooly-or-mineralst-and

18 (b) the annual net proceeds of all mines and mining 19 claims except coal and metal mines.

20 (2) Class one property is taxed as-follows:

21 (a)--Property-described-in-subsection-(1)(a)--is--taxed
 22 at-100%-of-its-market-voluey-as-datermined-by-the-department
 23 of-revenuey

24 (b)--Property--described--in-subsection-(1)(b)-is-taxed
25 at 100% of its annual net proceeds after deducting the

expenses specified and allowed by 15-23-503.* Section 2. Section 15-6-201, MCA, is amended to read: *15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation: (a) the property of: (i) the United States, the state, counties, cities, towns. school districts: (ii) irrigation districts organized under the laws of Montana and not operating for profit; (iii) municipal corporations; and (iv) public libraries; (b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings: (c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for hospitals; (d) property that meets the following conditions: (i) is owned and held by any association or corporation organized under Title 35; chapter 2, 3, 20; or 21: (ii) is devoted exclusively to use in connection with a

25 cemetery or cemeteries for which a permanent care and !NTRODUCED BILL

-2-

1 improvement fund has been established as provided for in z Title 35, chapter 20, part 3; and 3 (iii) is not maintained and operated for private or 4 corporate profit; 5 (e) institutions of purely public charity; 6 (f) evidence of debt secured by mortgages of record 7 upon real or personal property in the state of Montana; R (q) public art galleries and public observatories not 9 used or held for private or corporate profit; 10 (h) all household goods and furniture, including but 11 not limited to clocks, musical instruments, sewing machines, 12 and wearing apparel of members of the family, used by the 13 owner for personal and domestic purposes or for furnishing 14 or equipping the family residence: 15 (i) a truck canopy cover or topper weighing less than 16 300 pounds and having no accommodations attached. Such 17 property is also exempt from the fee in lieu of tax. (i) a bicycle, as defined in 61-1-123, used by the 18 19 owner for personal transportation purposes; and 20 (k) automobiles and trucks having a rated capacity of 21 three-quarters of a ton or less=:_and 22 11] the right of entry that is a property right 23 reserved in land or received by mesne conveyance (exclusive 24 of leasehold interestsi. devise. or succession to enter land 25 whose surface title is held by another to explore, prospect. -3-

1 or dig for oil, gas, coal, or minerals.

2 (2) (a) The term "institutions of purely public 3 charity" includes organizations owning and operating 4 facilities for the care of the retired or aged or 5 chronically ill, which are not operated for gain or profit. 6 (b) The terms "public art galleries" and "public 7 observatories" include only those art galleries and observatories, whether of public or private ownership, that R are open to the public without charge at all reasonable 9 hours and are used for the purpose of education only. 10 11 (3) The following portions of the appraised value of a 12 capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined 13 in 15-32-102, are exempt from taxation for a period of 10 14 years following installation of the property: 15 16 (a) \$20,000 in the case of a single family residential 17 dwelling; 18 (b) \$100,000 in the case of a multifamily residential 19 dwelling or a nonresidential structure." 20 Section 3. Section 15-8-111, MCA, is amended to read: 21 "15-8-111. Assessment --- market value standard ---22 exceptions. (1) All taxable property must be assessed at 23 100% of its market value except as provided in subsection (5) of this section and in 15-7-111 through 15-7-114. 24 (2) (a) Market value is the value at which property 25

-4-

would change hands between a willing buyer and a willing
 seller, neither being under any compulsion to buy or to sell
 and both having reasonable knowledge of relevant facts.

(b) The market value of all motor trucks: agricultural 4 5 tools, implements, and machinery; and vehicles of all kinds, including but not limited to motorcycles, aircraft, and 6 7 boats and all watercraft, is the average wholesale value 8 shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The 9 10 department of revenue shall prepare valuation schedules showing the average wholesale value when no national 11 12 appraisal guide exists.

13 (3) The department of revenue or its agents may not 14 adopt a lower or different standard of value from market 15 value in making the official assessment and appraisal of the 16 value of property in subsection--(1)(a)--of-15-6-131-ond 17 15-6-134 through 15-6-140. For purposes of taxation, 18 assessed value is the same as appraised value.

19 (4) The taxable value for all property in subsection 20 (1)(a)-of-15-6-131-and classes four through eleven is the 21 percentage of market value established for each class of 22 property in subsection-(2)(a)-of-15-6-131-and 15-6-134 23 through 15-6-141.

24 (5) The assessed value of properties in subsection
 25 (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

(a) Properties in subsection-(1)(b)-of 15-6-131, under
 class one, are assessed at 100% of the annual net proceeds
 after deducting the expenses specified and allowed by
 15-23-503.

5 (b) Properties in 15-6-132 under class two are 6 assessed at 100% of the annual gross proceeds.

7 (c) Properties in 15-6-133, under class three, are 8 assessed at 100% of the productive capacity of the lands 9 when valued for agricultural purposes. All lands that meet 10 the qualifications of 15-7-202 are valued as agricultural 11 lands for tax purposes.

12 (6) Land and the improvements thereon are separately13 assessed when any of the following conditions occur:

14 (a) ownership of the improvements is different from15 ownership of the land;

16 (b) the taxpayer makes a written request; or

17 (c) the land is outside an incorporated city or town.

18 (7) The taxable value of all property in subsection
19 (1)(b)--of 15-6-131 and classes two and three is the
20 percentage of assessed value established in 15-6-131(2)(b);
21 15-6-132, and 15-6-133 for each class of property.*

1 15-6-132, and 15-6-133 for each class of property."

NEW_SECTION. Section 4. Effective date --applicability. This act is effective on passage and approval
and applies to taxable years beginning after December 31.
1982.

LC 0895/01

LC 0895/01

Approved by committee on Taxation enting Jak Tweet E. Smith 1 INTRODUCED BY 9 2 Back Hackins 3 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT THE RIGHT OF ENTRY FROM PROPERTY TAXATION; AMENDING SECTIONS 15-6-131, 5 15-6-201, AND 15-8-111, MCA; PROVIDING AN IMMEDIATE 6 7 EFFECTIVE DATE AND AN APPLICABILITY DATE." A BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 9 10 Section 1. Section 15-6-131, MCA, is amended to read: 11 "15-6-131. Class one property -- description --12 taxable percentage. (1) Class one property includes+ 13 fol--the--right--of--entry--that--is--a--property-right reserved-in-land-or-received-by-mesne-conveyance--fexclusive 14 15 of-leasehold-intereststy-devisey-or-succession-to-enter-land whose-surface-title-is-held-by-another-to-explorey-prospecty 16 17 bra-dig-for-oily-gasy-coaly-or-mineralst-and (b) the annual net proceeds of all mines and mining 18 19 claims except coal and metal mines. 20 (2) Class one property is taxed as-follows: 21 fat--property-described-in-subsection-fittat--is--taxed at-1881-of-its-market-volucy-as-determined-by-the-department 22 23 of-revenue. 24 tb+--Property--described--in-subsection-ti+tb+-is-taxed 25 at 100% of its annual net proceeds after deducting the

1 expenses specified and allowed by 15-23-503.* 2 Section 2. Section 15-6-201. MCA. is amended to read: 3 *15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation; 5 (a) the property of: (i) the United States, the state, counties, cities, 6 7 towns, school districts: 8 (ii) irrigation districts organized under the laws of 9 Montana and not operating for profit; 10 (iii) municipal corporations; and 11 (iv) public libraries; 12 (b) buildings, with land they occupy and furnishings 13 therein, owned by a church and used for actual religious worship or for residences of the clergy, together with 14 15 adjacent land reasonably necessary for convenient use of 16 such buildings; 17 (c) property used exclusively for agricultural and 18 horticultural societies, for educational purposes, and for 19 hospitals; 20 (d) property that meets the following conditions: 21 (i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20, or 22 23 21: 24 (ii) is devoted exclusively to use in connection with a 25 cemetery or cemeteries for which a permanent care and

SECOND READING

LC 0895/01

improvement fund has been established as provided for in
 Title 35. chapter 20, part 3; and

3 (iii) is not maintained and operated for private or 4 corporate profit;

(e) institutions of purely public charity;

5

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

8 (g) public art galleries and public observatories not
9 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;

15 (i) a truck canopy cover or topper weighing less than
16 300 pounds and having no accommodations attached. Such
17 property is also exempt from the fee in lieu of tax.

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

20 (k) automobiles and trucks having a rated capacity of
 21 three-quarters of a ton or less=1_and

22 (1) the right of entry that is a property right 23 reserved in land or received by messe conveyance (exclusive 24 of leasehold interests), devises or succession to enter land 25 whose surface title is held by another to explore, prospect. 1 or dig for oils gass coals or minerals.

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11 (3) The following portions of the appraised value of a 12 capital investment made after January 1, 1979, in a 13 recognized nonfossil form of energy generation, as defined 14 in 15-32-102, are exempt from taxation for a period of 10 15 years following installation of the property:

16 (a) \$20,000 in the case of a single family residential17 dwelling;

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

20 Section 3. Section 15-8-111, MCA, is amended to read:

21 "15-8-111. Assessment -- market value standard -22 exceptions. (1) All taxable property must be assessed at
23 100% of its market value except as provided in subsection

24 (5) of this section and in 15-7-111 through 15-7-114.

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(2) (a) Market value is the value at which property

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(b) The market value of all motor trucks; agricultural 4 5 tools, implements, and machinery; and vehicles of all kinds, 6 including but not limited to motorcycles, aircraft, and 7 boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value 8 9 of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules 10 11 showing the average wholesale value when no national 12 appraisal guide exists.

13 (3) The department of revenue or its agents may not 14 adopt a lower or different standard of value from market 15 value in making the official assessment and appraisal of the 16 value of property in subsection--(1)(a)--of-15-6-131-ond 17 15-6-134 through 15-6-140. For purposes of taxation, 18 assessed value is the same as appraised value.

(5) The assessed value of properties in subsection

(a) Properties in subsection-(1)(b)-of 15-6-131, under
 class one, are assessed at 100% of the annual net proceeds
 after deducting the expenses specified and allowed by
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-2- THIRD READING

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1	improvement fund has been established as provided for in	1	<u>or dig for ail.</u>
2	Title 35, chapter 20, part 3; and	2	(2) (a) TI
3	(iii) is not maintained and operated for private or	3	charity" inclu
4	corporate profit;	4	facilities for
5	(e) institutions of purely public charity;	5	chronically ill
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7	upon real or personal property in the state of Montana;	7	observatories"
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9	used or held for private or corporate profit;	9	are open to the
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1	not limited to clocks, musical instruments, sewing machines,	11	(3) The fo
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3	owner for personal and domestic purposes or for furnishing	13	recognized nonf
4	or equipping the family residence;	14	in 15-32-102,
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2	<u>(1) the right of entry that is a property right</u>	22	exceptions. (1)
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	-3-		

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- 24 (5) of this section and in 15-7-111 through 15-7-114.
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14 (a) ownership of the improvements is different from15 ownership of the land;

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18 (7) The taxable value of all property in subsection
19 (1)(b)--of 15-6-131 and classes two and three is the
20 percentage of assessed value established in 15-6-131(2)(b).

21 15-6-132, and 15-6-133 for each class of property.*

<u>NEW SECTION</u> Section 4. Effective date --applicability. This act is effective on passage and approval
and applies to taxable years beginning after December 31,
1982.

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S8 0244/03

ı	SENATE BILL NO. 244	1	-02(c)(3)_of_ the:
s	INTRODUCED BY TOWE	2	+2)Notwith
3	BY REQUEST OF THE DEPARTMENT OF REVENUE	3	InternalRevenue
4		4	adjustedgross
5	A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING #N#001710N	5	are-exempt-from-4
6	TOADJUSTEDGROSSINCOMEFOR A. SEPARATE_IAX_ON CERTAIN	6	ta)all-in t
7	LUMP-SUM DISTRIBUTION PAYMENTS; ANENDING-SECTION15-30-111+	۲	Statesgovernme
8	MEXT AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN	8	municipality
9	APPLICABILITY DATE."	9	thereoft
10		10	(b)intere t
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	11	olderinata ;
12	5ection-lySection-15-30-llly-MEAy-is-amended-to-Fead;	12	toxpayer-filing-a
13	#15-38-111+Adjusted-gross-incomes(1;-Adjusted-gross	13	returnt
14	income-shall-be-the-taxpayer#s-federal-incometaxadjusted	14	{c}att -bei
15	grossincomeasdefinedinsection62of-the-Internal	15	Retirement-Act-no
16	Revenue-Code-of-1954-or-as-that-section-maybe-~labeledor	16	{ d}677667
17	amended-and-in-addition-shall-include-the-following:	17	on-onnuityy-pensi
18	ta)interestreceived-on-obligatians-of-another-state	18	corporate-retires
19	or-territory-or-countyymunicipalityydistrictyorother	19	(e)s}}b e
20	political-subdivision-thereoft	20	low-which-are-sp e
21	tb}refundsreceivedoffederalincome-taxy-to-the	21	(f)all-be r
22	extent-the-deduction-of-such-tox-resulted-in-a-reduction-of	22	RetirementSyste
23	Montono-income-tax-liability=1	23	taxation-by-19-3-
24	<u>fct==50%=of=the=ofdinary=income=poftion=of=pny=lump=sum</u>	24	(g]a]}b e
25	<u>distributiondeducted-from-groal-income-pursuant-to-section</u>	25	retirementlaw

1	402fs1f3<u>}-of</u>=the=1oternal=Beygn#e_Gode=of=1954y_pa==amendedx
2	(2)Notwithstandingtheprovisionsofthefederal
3	InternalRevenueCodeof1954aslabeledoramendedy
4	_ odjustedgrossincome-does-not-include-the-following-which
5	are-exempt-from-taxation-under-this-chapter*
6	{a}all-interest-income-from-obligations-of-the-United
7	StatesgovernmentythestateofMontanaycountyy
8	municipalitydistrictyorotherpoliticalsubdivision
9	thereof;
10	{b}interest-income-earned-by-atoxpayerage65~~or
11	olderinataxableyearupto-and-including-\$888-for -a
12	toxpayer-filing-a-separate-return-and-fly688-for-eachjoint
13	returnt
13 14	returnt {c}ail-benefits-received-under-the-Federal-Employees*
14	{c}ail-benefits-received-under-the-Federal-Employees*
14 15	<pre>{c}ail-benefits-received-under-the-Federal-Employees* Retirement-Act-not-in-excess-of-\$3v600y</pre>
14 15 16	<pre>tetirement-Act-not-in-excess-of-\$368y-received-as</pre>
14 15 16 17	<pre>{c}ail-benefits-received-under-the-Federal-Employees* Retirement-Act-not-in-excess-of-\$3v600v {d}ailbenefitsvnot-in-excess-of-\$360v-received-as an-annuityv-pensionvor-endowmentunderanvprivateor</pre>
14 15 16 17 18	<pre>{c}ail-benefits-received-under-the-Federal-Employees* Retirement-Act-not-in-excess-of-\$3v680;</pre>
14 15 16 17 18 19	<pre>(c)all-benefits-received-under-the-Federal-Employees* Retirement-Act-not-in-excess-of-\$3v680v</pre>
14 15 16 17 18 19 20	<pre>{c}ail-benefits-received-under-the-Federal-Employees* Retirement-Act-not-in-excess-of-\$3+688#</pre>
14 15 16 17 18 19 20 21	<pre>(c)ail-benefits-received-under-the-Federal-Employees* Retirement-Act-not-in-excess-of-\$3v600y</pre>

25 retirement--law--which-are-specified-as-exempt-from-taxation

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SB 244

SB 244

-4-

3 (i)oil-benefits poid-under-19-11-602r-19-11-602r-19-11-602r-ond 3 0150in-the-same menner-os-provided-by federeð-law (sattide 4 19-11-605toretired-and-disabled-firefightersy-their 4 995,-internal-Revenue-Gode) for-all-periods-for-which-th 5 surviving-sposes-and-orphonst 5 0150in-the-same menner-os-provided-by federeð-law (sattide 6 (j)ail-benefits-poid-by-first-or-second-class-cities 6 Internal-Revenue-Gode) for-all-periods-for-which-th 7 Sattion 1. Tax on lump-sum distributions, (l) Ther 8 is laposed a suparate tax on the-ordinary-income-provided for-by-sitte 7 9 (ky-gain-required-to-be-recognized-by-a-liquiddting 9 a lume-sum distributions. 10 corporation-inder-15-31-132(1)(10)(11)* 10 (2) The tax is 102 of the amount of tax determine 11 under-section-fittermal-Revenue-Code-of-1954r-os-assended-is-in 13 assended. 12 respect to-which-the-election-provided-for 14 (3) All means available for the administration and 13 gnoins-or-the-intermal-Revenue-Code-of-1954r-os-corporation*s 16 lump-sum distributions. 14 respect to-which-the-election-provided-for 14 (3) All means available for the administration and	1	by-19-6-705f	1	corporation-license-tax-under-15-31-102(1)(l)-shallinclude
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10 corporation-under-15-31-113(1)(a)(i); 10 (2) The tax is 10t of the amount of tax determine 11 (3)In-the-case-of-a-shoreholder-of-a-corporation-with 11 under section 402(e) of the Internal Revenue Code of 1954 12 respect-to-which-the-election-provided-for-undersubchapter 12 as amended, or as section 402(e) may be renumbered of 13 Suofthe-Internal-Revenue-Code-of-1954u-os-amendedu-is-in 13 amended. 14 effect-but-with-respect-to-which-the-election-provided-for 14 (3) All means available for the administration an 15 under15-31-202uasamendeduisnot-in-effecty-adjusted 15 enforcement of income taxes shall be applied to the tax of 16 gross-income-deas-not-include-any-port-of-thecorporation-s 16 lump-sum distributions. 17 undistributedtaxableincomeynet-operating-lossy-cepital 17 SECTION_2a_CODIFIED_AS_AN_INTEGRAL PART DE TITLE_15 18 gsins-or-other-shoreholder's-federal-income-tax-adjusted 19 (HAPTER 30, AND THE PROVISIONS_GE_TITLE_15, CHAPTER 30 20 gróds-income-by-reason-of-the-said-election-under-subchapter 20 APPLY_TD_SECTION_1a 21 NEW SECTION_Section_date -section -sprova edate 22 includeactualdistr	8	19v-chapter-9t	8	is imposed a separate tax on the-ordinary-income-portionof
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13 Sw-of-the-Internal-Revenue-Gode-of-1954y-os-dmendedy-is-in 13 amended. 14 effect-but-with-respect-to-which-the-electionprovidedfor 14 (3) All means available for the administration an 15 under-15-31-202yosdmendedyisnot-in-effecty-ddjusted 15 enforcement of income taxes shall be applied to the tax of 16 gross-income-does-not-include-ony-port-of-thecorporation*s 16 lump-sum distributions. 17 undistributedtaxableincomeynet-operating-lossy-cepital 17 SECTION 2* CODIFIED_AS_AN_INTEGRAL_PART_OF_TILE_IS 18 gains-or-other-gainsy-profitsyorlossesrequiredtoba 18 INTENDED_TD_BE_CODIFIED_AS_AN_INTEGRAL_PART_OF_TILE_IS 19 includein-other-shareholder*s-federal-income-tax-adjusted 19 CHAPTER_30_S_AND_THE_PROVISIONS_OF_TITLE_ISCHAPTER_30 20 gross-income-by-reason-of-the-shid-election-under-subchapter 20 APPLY_TO_SECTION_1a 21 NEW_SECTION_A_Section 3. Effective date - - 22 includeactualdistributionsfrom-the-corporation-to-thm 22 applicability. This act is effective on passage and approva 23 extent-they-would-be-treated-ostaxabledividendsifthm 23 and applies to taxable years beginning after December 31	11	{]}In-the-case-of-a-shoreholder-of-a-corporation-with	11	under section 402(e) of the Internal Revenue Code of 1954,
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16 gross-income does not include any part of the corporation's 16 lump-sum distributions. 17 undistributed - taxable incomey net operating lossy - capital 17 SECTION 2. CODIFICATION INSTRUCTION. SECTION 1. II 18 gains - or other - gainsy - profitsy or losses required to ba 18 INTENDED TO BE CODIFIED AS AN INTEGRAL PART DE TITLE 15 19 included in the shareholder's - federal - income - tax - adjusted 19 CHAPTER 30s AND THE PROVISIONS OF TITLE 15s CHAPTER 30 20 gross - income - by -reason - of - the - said - election - under - subchapter 20 APPLY ID SECTION 1. 21 Subcovery - the -shareholder's - adjusted gross income - shall 21 NEW SECTION Section 3. Effective date 22 include actual distributions from the corporation -to -thm 22 applicability. This act is effective on passage and approva 23 extent - they-would -be-treated as taxable dividends if thm 23 and applies to taxable years beginning after December 31 24 subchapter -Swelection -were -not -in -effect w 24 1982.	14	effect-but-with-respect-to-which-the-electionprovidedfor	14	(3) All means available for the administration and
17 undistributedtaxableincomeynet-operating-lossy-capital 17 SECTION_2. CODIFICATION_INSTRUCTION. SECTION_1_I 18 gains-or-other-gainsy-profitsyorlassesrequiredtobu 18 INTENDED_TD_BE_CODIFICATION_INSTRUCTION. SECTION.1_I 19 includedintheshareholder*s-federal-income-tax-adjusted 19 CHAPTER_30. AND THE PROVISIONS_OF_TITLE_15S_CHAPTER_30 20 grods-income-by-reason-of-the-said-election-under-subchapter 20 APPLY_TD_SECTION_1s 21 Sw-Howevery-the-shareholder*s-adjustedgrossincomeshall 21 NEW_SECTION_S_COLON_1s 22 includeactualdistributionsfromthe-corporation-to-th* 22 applicability. This act is effective on passage and approva 23 extent-they-would-be-treated-astaxabledividendsifth* 23 and applies to taxable years beginning after December 31 24 subchapter-Sw-election-were-not-in-effect. 24 1982.	15	under15-31-202yasamendedyisnot-in-effecty-adjusted	15	enforcement of income taxes shall be applied to the tax on
18 gains-or-other-gainsy-profitsyor-lassesrequiredto-bu 18 INTENDED_ID_BE_CODIFIED_AS_AN_INTEGRAL_PART_DE_TITLE_IS 19 includedintheshareholder*s-federal-income-tux-adjusted 19 CHAPTER_30s_AND_THE_PROVISIONS_OF_TITLE_IS 20 gross-income-by-reason-of-the-said-election-under-subchapter 20 APPLY_ID_SECTION_1s 21 Sw-Howevery-the-shareholder*s-adjustedgrossincome-shall 21 NEW_SECTIONA_Section 3. Effective_date 22 includeactualdistributionsfromthe-corporation-to-th* 22 applicability. This act is effective on passage and approva 23 extent-they-would-be-treated-ostaxabledividendsifth* 23 and applies to taxable years beginning after December 31 24 subchapter-5*-election-were-not-in-effect* 24 1982.	16	gross-income-does-not-include-any-part-of-thecorporation*s	16	lump-sum distributions.
19 includedintheshoreholder*s-federal-income-tox-adjusted 19 CHAPTER 30s. AND THE PROVISIONS_OF_TITLE_15s_CHAPTER_30 20 grods-income-by-reason-of-the-said-election-under-subchapter 20 APPLY_ID_SECTION_1s 21 Sw-Howevery-the-shareholder*s-adjustedgrossincomeshall 21 NEW_SECTION_s Section 3. Effective date 22 includeactualdistributionsfromthe-corporation-to-thm 22 applicability. This act is effective on passage and approval 23 extent-they-would-be-treated-astaxabledividendsifthm 23 and applies to taxable years beginning after December 31 24 subchapter-Sw-election-were-not-in-effect* 24 1982.	17	undistributedtaxableincomeynet-operating-lossy-capital	17	SECTION 2. CODIFICATION INSTRUCTION. SECTION 1 IS
20 grod3>-income-by-reason-of-the-said-election-under-subchapter 20 APPLY_ID_SECTION_1. 21 Sw-Howevery-the-shareholder*s-adjustedgrossincomeshall 21 NEW_SECTION_ Section 3. Effective date 22 includeactualdistributionsfromthe-corporation-to-th* 22 applicability. This act is effective on passage and approva 23 extent-they-would-be-treated-astaxabledividendsifth* 23 and applies to taxable years beginning after December 31 24 subchapter-Sw-election-were-not-in-effect* 24 1982.	18	gains-or-other-gainsy-profitsyor-lessesrequiredtoba	18	INTENDED_TD_BE_CODIELED_AS_AN_INTEGRAL_PART_DE_IIILE_15.
21 Sw-Howevery-the-shareholder*s-adjustedgrossincomeshall 21 NEW_SECTION* Section 3. Effective date - 22 includeactualdistributionsfromthe-corporation-to-th* 22 applicability. This act is effective on passage and approva 23 extent-they-would-be-treated-astaxabledividendsifth* 23 and applies to taxable years beginning after December 31 24 subchapter-Sw-election-were-not-in-effect* 24 1982.	19	includedintheshareholder^s- fede ral-income-tax-adjusted	19	CHAPTER 30. AND THE PROVISIONS OF TITLE 15. CHAPTER 30.
22 includeactualdistributionsfromthe-corporation-to-th* 22 applicability. This act is effective on passage and approva 23 extent-they-would-be-treated-astexabledividendsifth* 23 and applies to taxable years beginning after December 31 24 subchapter-Sy-clection-were-not-in-effecty 24 1982.	20	gross-income-by-reason-of-the-sai d- election-u nder-subchaptef	20	APPLY_ID_SECTION_1.
23 extent-they-would-be-treated-astaxabledividendsifth% 23 and applies to taxable years beginning after December 31 24 subchapter-Sy-election-were-not-in-effecty 24 1982.	21	Sx-Howevery-the-shareho}der*s-adjustedgrossincomeshalf	21	NEW_SECTION. Section 3. Effective date
24 subchapter-Samelection-were-not-in-effecta 24 1982.	22	includeactualdistributionsfromthe-corporation-to-th	22	applicability. This act is effective on passage and approval
	23	extent-they-would-be-treated-astaxabledividendsifthe	23	and applies to taxable years beginning after December 31,
	24	subchapter-Sa-election-were-not-in-effecta	24	1982.
	25	{{}}-ashareho}derofa-BISC-that-is-exempt-from-the		-End-

-3-

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SB 0204/ú2

1	SENATE BILL NO. 204
2	INTRODUCED BY KEATING, GAGE, TVEIT, E. SMITH, PECK, BACHINI
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT THE RIGHT OF
5	ENTRY FROM PROPERTY TAXATION; AMENDING SECTIONS 15-6-131,
6	15-6-201, AND 15-8-111, MCA; PROVIDING AN IMMEDIATE
۲	EFFECTIVE DATE AND AN APPLICABILITY DATE."
8	
9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10	Section 1. Section 15-6-131, MCA, is amended to read:
11	<pre>#15-6-131. Class one property description</pre>
12	taxabla percentage. (1) Class one property includes+
13	ta}therightofentrythatisaproporty-right
14	reserved-in-land-or-received-by-mesna-conveyance{exclusive
15	of-teasehold-intereststy-devisey-of-succession-to-enter-land
16	whose-surface-title-is-held-by-another-to-explorey-prospecty
17	or-dig-for-oily-gasy-cooly-or-mineralst-and
18	(b) the annual net proceeds of all mines and mining
19	claims except coal and metal mines.
20	(2) Class one property is taxed as-follows+
21	{a}Property-described-in-subsection-{±}{a}istaxcd
22	at-108%-of-its-market-voluey-as-determined-by-the-department
23	af-revenue*
24	tb}Propertydescribedin-subsection-ti)tb}-is-toxed
25	at 100% of its annual net proceeds after deducting the

.

1	expenses specified and allowed by 15-23-503.*
2	Section 2. Section 15-6-201, MCA, is amended to read:
3	"15-6-201. Exempt categories. (1) The following
4	categories of property are exempt from taxation:
5	(a) the property of:
6	(i) the United States, the state, counties, cities,
7	towns, school districts;
ß	(ii) irrigation districts organized under the laws of
9	Montana and not operating for profit;
10	(iii) municipal corporations; and
11	(iv) public libraries;
12	(b) buildings, with land they occupy and furnishings
13	therein, owned by a church and used for actual religious
14	worship or for residences of the clergy, together with
15	adjacent land reasonably necessary for convenient use of
16	such buildings;
17	(c) property used exclusively for agricultural and
18	horticultural societies, for educational purposes, and for
19	hospitals;
20	(d) property that meets the following conditions:
21	(i) is owned and held by any association or
22	corporation organized under Title 35, chapter 2, 3, 20, or
23	21;
24	(ii) is devoted exclusively to use in connection with a
25	cemetary or cemeteries for which a permanent care and

-2-

SB 204

1 improvement fund has been established as provided for in

2 Title 35, chapter 20, part 3; and

3 (iii) is not maintained and operated for private or
 4 corporate profit;

5 (e) institutions of purely public charity;

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

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

10 (h) all household goods and furniture, including but 11 not limited to clocks, musical instruments, sewing machines, 12 and wearing apparel of members of the family, used by the 13 owner for personal and domestic purposes or for furnishing 14 or equipping the family residence;

15 (i) a truck canopy cover or topper weighing less than
16 300 pounds and having no accommodations attached. Such
17 property is also exempt from the fee in lieu of tax.

18 (j) a bicycle, as defined in 61-1-123, used by the 19 owner for personal transportation purposes; and

20 (k) automobiles and trucks having a rated capacity of 21 three-quarters of a ton or less<u>vi and</u>

22 (1)_tbe_right_of_entry_that_is_a_property_right 23 reserved_in_land_or_received_by_mesne_conveyance__fexclusive 24 of_leasebold_interests)._devise.or_succession_to_enter_land 25 whose_surface_title_is_beld_by_another_to_explores_prospects

-3-

\$8 204

1 or_dig_for_oils_gass_coals_or_mineralss

(2) (a) The term "institutions of purely public 2 charity" includes organizations owning and operating З facilities for the care of the retired or aged or 4 5 chronically ill, which are not operated for yain or profit. (b) The terms "nublic art galleries" and "public 6 observatories" include only those art galleries and 7 observatories. whether of public or private ownership, that 8 are open to the public without charge at all reasonable 9 hours and are used for the purpose of education only. 10

11 (3) The following portions of the appraised value of a 12 capital investment made after January 1, 1979, in a 13 recognized nonfossil form of energy generation, as defined 14 in 15-32-102, are exempt from taxation for a period of 10 15 years following installation of the property:

16 (a) \$20,000 in the case of a single family residential 17 dwelling;

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

Section 3. Section 15-8-111, MCA, is amended to read:
*15-8-111. Assessment -- market value standard -exceptions. (1) All taxable property must be assessed at
100% of its market value except as provided in subsection
(5) of this section and in 15-7-111 through 15-7-114.

25 (2) (a) Market value is the value at which property

-4-

\$8 204

1 would change hands between a willing buyer and a willing 2 seller, neither being under any compulsion to buy or to sell 3 and both having reasonable knowledge of relevant facts.

4 (b) The market value of all motor trucks; agricultural 5 tools, implements, and machinery; and vehicles of all kinds, 6 including but not limited to motorcycles, aircraft, and 7 boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value 8 9 of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules 10 showing the average wholesale value when no 11 national 12 appraisal quide exists.

(3) The department of revenue or its agents may not 13 adont a lower or different standard of value from market 14 value in making the official assessment and appraisal of the 15 16 15-6-134 through 15-6-140. For purposes of taxation, 17 assessed value is the same as appraised value. 18

19 (4) The taxable value for all property in subsection titfst-of-15-6-131-and classes four through eleven is the 20 21 percentage of market value established for each class of 22 property in subsection--f2ftst--of--15-6-13t--ond 15-6-134 23 through 15-6-141.

(5) The assessed value of properties in subsection 24 tt+t+t-of 15-6-131, 15-6-132, and 15-6-133 is as follows: 25

after deducting the expenses specified and allowed by 4 15-23-503. 5 (b) Properties in 15-6-132 under class two 6 assessed at 100% of the annual gross proceeds.

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7 (c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands 8 9 when valued for agricultural purposes. All lands that meet 10 the qualifications of 15-7-202 are valued as agricultural 11 lands for tax purposes.

(a) Properties in subsection-(1)(b)-of 15-6-131, under

class one, are assessed at 100% of the annual net proceeds

(6) Land and the improvements thereon are separately 12

13 assessed when any of the following conditions occur:

14 (a) ownership of the improvements is different from 15 ownersnip of the land;

16 (b) the taxpayer makes a written request; or

17 (c) the land is outside an incorporated city or town. 18 (7) The taxable value of all property in subsection 19 flitbl--of 15-6-131 and classes two and three is the percentage of assessed value established in 15-6-131(2)(b), 20 21 15-6-132, and 15-6-133 for each class of property.*

22 NEW_SECIION - Section 4. Effective date --23 applicability. This act is effective on passage and approval and applies to taxable years beginning after December 31, 24 1982. 25

-End-

-6-

SB 204

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