

HOUSE BILL NO. 24

1/07 Introduced  
1/07 Referred to Taxation  
1/07 Fiscal Note Requested  
1/12 Fiscal Note Received  
1/14 Hearing  
Died in Committee

1                    HOUSE    BILL NO.    24  
2    INTRODUCED BY    KOEHNKE

3  
4    A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING ALL SEWAGE  
5    DISPOSAL SYSTEMS AND DOMESTIC WATER SUPPLY SYSTEMS OF ALL  
6    RESIDENTIAL DWELLINGS FROM PROPERTY SUBJECT TO TAXATION;  
7    PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY  
8    DATE."

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

11        Section 1. Residential sewage disposal and water  
12        supply systems exempt. All sewage disposal systems and  
13        domestic use water supply systems of all residential  
14        dwellings and any related improvements to residential  
15        property are exempt from taxation.

16        Section 2. Effective date -- applicability. This act  
17        is effective on passage and approval and is applicable to  
18        taxable years beginning after December 31, 1984.

-End-



INTRODUCED BILL  
HB 24

STATE OF MONTANA

REQUEST NO. FNN007-85

FISCAL NOTE

Form BD-15

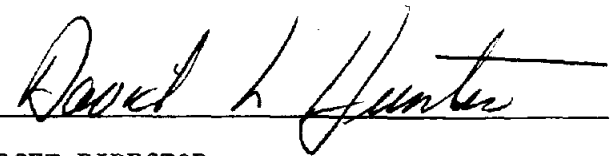
In compliance with a written request received January 7, 1985, there is hereby submitted a Fiscal Note for H.B. 24 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

An act exempting all sewage disposal systems and domestic water supply systems of all residential dwellings from property subject to taxation; providing an immediate effective date and an applicability date.

ASSUMPTIONS

1. The taxable value of the state will be \$2,408,903,000 and \$2,495,795,000 in fiscal years 1986 and 1987, respectively.
2. The tax rate for Class 4 property is assumed to remain at 8.55%.
3. There are 430,380 parcels in the state with sewage and water systems, 49,400 of which are farmsteads.
4. Appraised land values decline by an average of \$2,500 per farmstead and \$5,000 per parcel for other properties as a result of this exemption.
5. The average mill levy is 220 mills including the university (6 mills) and school foundation (45 mills) levies.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: JAN 12, 1985

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EFFECT ON REVENUE

At present the value of most of the sewerage disposal systems and domestic water supply systems is on the tax rolls. There are only about 43,100 farmsteads in the state for which this is not the case. The remaining 389,000 parcels have the value added by the presence of such systems recognized. The effect on revenue presented here anticipates the removal of all such value from the tax rolls.

	<u>Under</u> <u>Current Law</u>	<u>FY86</u> <u>Under</u> <u>Proposed Law</u>	<u>Difference</u>	<u>Under</u> <u>Current Law</u>	<u>FY87</u> <u>Under</u> <u>Proposed Law</u>	<u>Difference</u>
University Levy	\$ 14,453,418	\$ 13,412,900	(\$1,040,518)	\$ 14,974,770	\$ 13,934,252	(\$1,040,518)
School Foundation Program	\$108,400,635	\$100,596,751	(\$7,803,884)	\$112,310,775	\$104,506,891	(\$7,803,884)
TOTAL REVENUE	\$122,854,053	\$114,009,651	(\$8,844,402)	\$127,285,545	\$118,441,143	(\$8,844,402)

EFFECT ON COUNTY/LOCAL REVENUE

Local government revenue, exclusive of university and school foundation levies, would decline by an estimated \$29,307,921. Based on average levies in 1984 approximately \$22,891,394 would be the loss to school districts.