

HOUSE BILL NO. 26

INTRODUCED BY SWITZER

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE HOUSE

January 7, 1985	Introduced and referred to Committee on Taxation. Fiscal Note requested.
January 12, 1985	Fiscal Note returned.
January 29, 1985	Committee recommend bill do pass as amended. Report adopted.
January 30, 1985	Bill printed and placed on members' desks.
February 1, 1985	Second reading, do pass as amended.
February 2, 1985	Correctly engrossed.
February 4, 1985	Third reading, passed. Ayes, 94; Noes, 6. Transmitted to Senate.

IN THE SENATE

February 7, 1985	Introduced and referred to Committee on Taxation.
March 19, 1985	Committee recommend bill be concurrred in as amended. Report adopted.
March 22, 1985	Second reading, concurrred in.

March 25, 1985

Third reading, concurred in.
Ayes, 49; Noes, 0.

Returned to House with
amendments.

IN THE HOUSE

March 26, 1985

Received from Senate.

April 2, 1985

Second reading, amendments
concurred in.

April 3, 1985

Third reading, amendments
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 26
 2 INTRODUCED BY SWITZER

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING LOCAL
 6 GOVERNING BODIES TO GRANT TAX BENEFITS FOR THE
 7 RECONSTRUCTION OR EXPANSION OF EXISTING BUILDINGS OR
 8 STRUCTURES; AMENDING SECTION 15-24-1501, MCA."

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

11 Section 1. Section 15-24-1501, MCA, is amended to
 12 read:

13 "15-24-1501. Remodeling, reconstruction, or expansion
 14 of buildings or structures -- assessment provisions. (1)
 15 Remodeling, reconstruction, or expansion of existing
 16 buildings or structures may receive tax benefits during the
 17 construction period and for the following 5 years in
 18 accordance with the following schedule. The percentages
 19 shall be applied to any increase in taxable value caused by
 20 the remodeling, reconstruction, or expansion:

21 Construction period	0%
22 First year following construction	20%
23 Second year following construction	40%
24 Third year following construction	60%
25 Fourth year following construction	80%

1 Fifth year following construction	100%
2 Following years	100%

3 (2) In order to receive the tax benefits described in
 4 subsection (1), the governing body of a county or
 5 incorporated city or town must have approved by resolution
 6 the use of the schedule provided for in subsection (1) for
 7 their respective jurisdiction."

8 NEW SECTION. Section 2. Extension of authority. Any
 9 existing authority of the department of revenue to make
 10 rules on the subject of the provisions of this act is
 11 extended to the provisions of this act.

-End-



STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN005-85
Form BD-15

In compliance with a written request received January 7, 19 85, there is hereby submitted a Fiscal Note for H.B. 26 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 permitting local governing bodies to grant tax benefits for the reconstruction or expansion of existing buildings or structures; amending section 15-24-1501, MCA.

FISCAL IMPACT:

It is not possible to estimate the impact of this bill with any accuracy. We do not know and cannot anticipate how many jurisdictions will pass the enabling resolutions, nor can we anticipate the value of the projects that might receive these benefits. To date only two counties, Flathead and Cascade, have extended the remodeling exemption. The taxable value of these counties was reduced by \$16,700 in 1984.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

Under existing statutes it is unclear whether the exemption applies to all taxes levied by a particular jurisdiction or just to the city or county general levies. Some clarification may be appropriate to resolve this question.


BUDGET DIRECTOR
Office of Budget and Program Planning
Date: Jan 12, 1985

APPROVED BY COMMITTEE
ON TAXATION

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9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 15-24-1501, MCA, is amended to
 12 read:

13 "15-24-1501. Remodeling, reconstruction, or expansion
 14 of buildings or structures -- assessment provisions -- LEVY
 15 LIMITATIONS. (1) Remodeling, reconstruction, or expansion of
 16 existing buildings or structures may receive tax benefits
 17 during the construction period AS DEFINED IN 15-24-1304 and
 18 for the following 5 years in accordance with SUBSECTIONS (2)
 19 AND (3) AND the following schedule. The percentages shall be
 20 applied ONLY AS PROVIDED IN SUBSECTION (3) AND ARE LIMITED
 21 to any THE increase in taxable value caused by the
 22 remodeling, reconstruction, or expansion:

23 Construction period	0%
24 First year following construction	20%
25 Second year following construction	40%

1 Third year following construction	60%
2 Fourth year following construction	80%
3 Fifth year following construction	100%
4 Following years	100%

5 (2) In order to receive the tax benefits described in
 6 subsection (1), the governing body of a county or
 7 incorporated city or town must have approved by SEPARATE
 8 resolution FOR EACH PROJECT the use of the schedule provided
 9 for in subsection (1) for their respective jurisdiction.

10 (3) THE TAX BENEFIT DESCRIBED IN SUBSECTION (1)
 11 APPLIES ONLY TO THE NUMBER OF MILLS LEVIED AND ASSESSED FOR
 12 HIGH SCHOOL DISTRICT AND ELEMENTARY SCHOOL DISTRICT PURPOSES
 13 AND TO THE NUMBER OF MILLS LEVIED AND ASSESSED BY THE
 14 GOVERNING BODY APPROVING THE BENEFIT OVER WHICH THE
 15 GOVERNING BODY HAS SOLE DISCRETION. IN NO CASE MAY THE
 16 BENEFIT DESCRIBED IN SUBSECTION (1) APPLY TO LEVIES OR
 17 ASSESSMENTS REQUIRED UNDER STATE LAW."

18 NEW SECTION. Section 2. Extension of authority. Any
 19 existing authority of the department of revenue to make
 20 rules on the subject of the provisions of this act is
 21 extended to the provisions of this act.

-End-



HOUSE BILL NO. 26

INTRODUCED BY SWITZER

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING LOCAL GOVERNING BODIES TO GRANT TAX BENEFITS FOR THE RECONSTRUCTION OR EXPANSION OF EXISTING BUILDINGS OR STRUCTURES; AMENDING SECTION 15-24-1501, MCA."

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

Section 1. Section 15-24-1501, MCA, is amended to read:

"15-24-1501. Remodeling, reconstruction, or expansion of buildings or structures -- assessment provisions -- LEVY LIMITATIONS. (1) Remodeling, reconstruction, or expansion of existing buildings or structures, WHICH INCREASES THEIR TAXABLE VALUE BY AT LEAST 2 1/2% AS DETERMINED BY THE DEPARTMENT OF REVENUE OR ITS AGENTS, may receive tax benefits during the construction period ~~AS--DEFINED--IN 15-24-1304~~ and for the following 5 years in accordance with SUBSECTIONS (2) AND (3) AND the following schedule. The percentages shall be applied ONLY AS PROVIDED IN SUBSECTION (3) AND ARE LIMITED to any THE increase in taxable value caused by the remodeling, reconstruction, or expansion:

Construction period 0%

1	First year following construction	20%
2	Second year following construction	40%
3	Third year following construction	60%
4	Fourth year following construction	80%
5	Fifth year following construction	100%
6	Following years	100%

(2) In order to receive the tax benefits described in subsection (1), the governing body of a county or incorporated city or town must have approved by SEPARATE resolution FOR EACH PROJECT the use of the schedule provided for in subsection (1) for their respective jurisdiction.

(3) THE TAX BENEFIT DESCRIBED IN SUBSECTION (1) APPLIES ONLY TO THE NUMBER OF MILLS LEVIED AND ASSESSED FOR HIGH SCHOOL DISTRICT AND ELEMENTARY SCHOOL DISTRICT PURPOSES AND TO THE NUMBER OF MILLS LEVIED AND ASSESSED BY THE GOVERNING BODY APPROVING THE BENEFIT OVER WHICH THE GOVERNING BODY HAS SOLE DISCRETION. IN NO CASE MAY THE BENEFIT DESCRIBED IN SUBSECTION (1) APPLY TO LEVIES OR ASSESSMENTS REQUIRED UNDER STATE LAW."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

-End-



SENATE

STANDING COMMITTEE REPORT

Page 1 of 2.

HB 26
Page 2 of 2.

March 19, 1985

March 19, 1985

MR. PRESIDENT

We, your committee on Taxation
having had under consideration House Bill No. 26
third reading copy (blue)
color
(Senator Tveit)

ALLOWING PROPERTY TAX BENEFITS FOR RECONSTRUCTION OR EXPANSION OF BUILDINGS.

Respectfully report as follows: That House Bill No. 26
be amended as follows:

- 1. Page 2, line 7.
Following: "to"
Strike: "receive"
Insert: "confer"
- 2. Page 2, line 8.
Following: "of"
Strike: "a"
Insert: "the affected"
- 3. Page 2, line 9.
Following: line 8
Insert: ", if the construction will occur within an"
Following: "town"
Insert: ", the governing body of such incorporated city or town"
Following: "must"
Strike: "have approved"
Insert: "approve"
Following: "by"
Strike: "SEPARATE"
- 4. Page 2, line 10.
Following: "EACH"
Insert: "remodeling, reconstruction, or expansion"
- 5. Page 2, line 11.
Following: "(1)"
Strike: "for their respective jurisdiction"

~~RR:PARX~~

~~RR:NOX:PARX~~

continued

TVEIT
Chairman.

6. Page 2, line 16.
Following: line 15
Insert: "local"
Following: "BENEFIT"
Strike: "OVER WHICH THE"

7. Page 2, line 17.
Following: line 16
Strike: "GOVERNING BODY HAS SOLE DISCRETION"

8. Page 2, line 18.
Following: "TO"
Insert: "statewide"
Following: "LEVIES"
Strike: "OR"

9. Page 2, line 19.
Following: line 18
Strike: "ASSESSMENTS REQUIRED UNDER STATE LAW"

KB
AND AS AMENDED
BE CONCURRED IN

Thomas E. Towe
Senator Thomas E. Towe, Chairman

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 15 LIMITATIONS. (1) Remodeling, reconstruction, or expansion of
 16 existing buildings or structures, WHICH INCREASES THEIR
 17 TAXABLE VALUE BY AT LEAST 2 1/2% AS DETERMINED BY THE
 18 DEPARTMENT OF REVENUE OR ITS AGENTS, may receive tax
 19 benefits during the construction period AS--BEFINED--IN
 20 15-24-1304 and for the following 5 years in accordance with
 21 SUBSECTIONS (2) AND (3) AND the following schedule. The
 22 percentages shall be applied ONLY AS PROVIDED IN SUBSECTION
 23 (3) AND ARE LIMITED to any THE increase in taxable value
 24 caused by the remodeling, reconstruction, or expansion:
 25 Construction period 0%

1	First year following construction	20%
2	Second year following construction	40%
3	Third year following construction	60%
4	Fourth year following construction	80%
5	Fifth year following construction	100%
6	Following years	100%

7 (2) In order to receive CONFER the tax benefits
 8 described in subsection (1), the governing body of a THE
 9 AFFECTED county or, IF THE CONSTRUCTION WILL OCCUR WITHIN AN
 10 INCORPORATED CITY OR TOWN, THE GOVERNING BODY OF SUCH
 11 INCORPORATED CITY OR TOWN must have-approved APPROVE by
 12 SEPARATE resolution FOR EACH REMODELING, RECONSTRUCTION, OR
 13 EXPANSION PROJECT the use of the schedule provided for in
 14 subsection (1) for-their-respective-jurisdiction.
 15 (3) THE TAX BENEFIT DESCRIBED IN SUBSECTION (1)
 16 APPLIES ONLY TO THE NUMBER OF MILLS LEVIED AND ASSESSED FOR
 17 HIGH SCHOOL DISTRICT AND ELEMENTARY SCHOOL DISTRICT PURPOSES
 18 AND TO THE NUMBER OF MILLS LEVIED AND ASSESSED BY THE LOCAL
 19 GOVERNING BODY APPROVING THE BENEFIT OVER--WHICH--THE
 20 GOVERNING-BODY-HAS-SOLE--DISCRETION. IN NO CASE MAY THE
 21 BENEFIT DESCRIBED IN SUBSECTION (1) APPLY TO STATEWIDE
 22 LEVIES OR ASSESSMENTS-REQUIRED-UNDER-STATE-LAW."
 23 NEW SECTION. Section 2. Extension of authority. Any
 24 existing authority of the department of revenue to make
 25 rules on the subject of the provisions of this act is



HB 0026/04

1 extended to the provisions of this act.

-End-