

HOUSE BILL NO. 64

1/07 Introduced
1/07 Referred to Taxation
1/07 Fiscal Note Requested
1/12 Fiscal Note Received
2/02 Fiscal Note Requested
2/06 Hearing
Died in Committee

1 HOUSE BILL NO. 64
2 INTRODUCED BY CODY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING PROPERTY
5 TAXES ON LIVESTOCK; AMENDING SECTIONS 15-6-136 AND 15-6-207,
6 MCA; REPEALING SECTIONS 15-24-901 THROUGH 15-24-906,
7 15-24-908 THROUGH 15-24-911, 15-24-921 THROUGH 15-24-926,
8 15-24-931, AND 15-24-941 THROUGH 15-24-943, MCA; AND
9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY
10 DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 15-6-136, MCA, is amended to read:

14 "15-6-136. Class six property -- description --
15 taxable percentage. (1) Class six property includes:

16 (a) ~~livestock and~~ poultry and the unprocessed products
17 of both poultry;

18 (b) all unprocessed agricultural products on the farm
19 or in storage except all perishable fruits and vegetables in
20 farm storage and owned by the producer;

21 (c) items of personal property intended for lease in
22 the ordinary course of business provided each item of
23 personal property satisfies all of the following:

24 (i) the full and true value of the personal property
25 is less than \$5,000;

1 (ii) the personal property is owned by a business whose
2 primary business income is from rental or lease of personal
3 property to individuals wherein no one customer of the
4 business accounts for more than 10% of the total rentals or
5 leases during a calendar year; and

6 (iii) the lease of the personal property is generally
7 on an hourly, daily, or weekly basis.

8 (2) Class six property is taxed at 4% of its market
9 value."

10 Section 2. Section 15-6-207, MCA, is amended to read:
11 "15-6-207. Agricultural exemptions. The following
12 agricultural products are exempt from taxation:

13 (1) all unprocessed, perishable fruits and vegetables
14 in farm storage and owned by the producer;

15 (2) all nonperishable unprocessed agricultural
16 products, ~~except livestock,~~ held in possession of the
17 original producer for less than 7 months following harvest;
18 and

19 (3) livestock, defined as cattle, sheep, horses, or
20 mules, ~~or swine which have not attained the age of 9 months~~
21 ~~as of the last day of any month if assessed on the average~~
22 ~~inventory basis or on March 1 if assessed as provided in~~
23 ~~15-24-911(a) and swine which have not attained the age of~~
24 ~~3 months as of January 1.~~

25 NEW SECTION. Section 3. Repealer. Sections 15-24-901



1 through 15-24-906, 15-24-908 through 15-24-911, 15-24-921
2 through 15-24-926, 15-24-931, and 15-24-941 through
3 15-24-943, MCA, are repealed.

4 NEW SECTION. Section 4. Extension of authority. Any
5 existing authority of the department of revenue to make
6 rules on the subject of the provisions of this act is
7 extended to the provisions of this act.

8 NEW SECTION. Section 5. Effective date --
9 applicability date. This act is effective on passage and
10 approval and is applicable to taxable years beginning after
11 December 31, 1984.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 011-85

Form BD-15

In compliance with a written request received January 7, 19 85, there is hereby submitted a Fiscal Note for H.B. 64 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:

An act eliminating property taxes on livestock and providing an immediate effective date and an applicability date.

ASSUMPTIONS:

1. Taxable value on livestock remains constant over the 1987 biennium at the FY 84 level or \$28,505,795.
2. Total state taxable value is \$2,408,903,000 in FY 86 and \$2,495,795,000 in FY 87 (OBPP).
3. University mill levy = 6 mills; School Foundation Program levy = 45 mills; livestock levy = 76 mills; and the weighted average local government levy is 157 mills for this type of property (1984 Level).

EFFECT ON REVENUE:

	<u>FY 86</u>			<u>FY 87</u>		
	Under Current Law	Under Proposed Law	Difference	Under Current Law	Under Proposed Law	Difference
University Mill Levy	\$ 14,453,418	\$ 14,282,383	(\$ 171,035)	\$ 14,974,770	\$ 14,803,735	(\$ 171,035)
School Foundation Program	\$108,400,635	\$107,117,874	(\$ 1,282,761)	\$112,310,775	\$111,028,014	(\$ 1,282,761)
Department of Livestock Levy	\$ 2,166,490	\$ -0-	(\$ 2,166,440)	\$ 2,166,490	\$ -0-	(\$ 2,166,440)
TOTAL REVENUE	<u>\$125,020,493</u>	<u>\$121,400,257</u>	<u>(\$ 3,620,236)</u>	<u>\$129,451,985</u>	<u>\$125,831,749</u>	<u>(\$ 3,620,236)</u>

EFFECT ON COUNTY/LOCAL REVENUE:

The total impact of the proposed legislation on local revenue is an annual reduction of \$4,475,410 (.157 x 28,505,795). This amount would be spread among local jurisdictions in proportion to the value of livestock in the local tax base and the size of the local mill levy.

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: JAN 12, 1985

STATE OF MONTANA
FISCAL NOTE

Amended
REQUEST NO. FNN011-85

Form BD-15

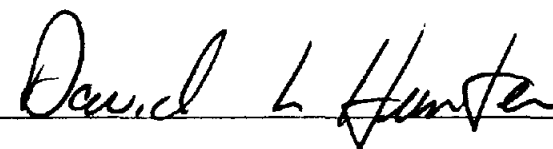
In compliance with a written request received February 4 19 85, there is hereby submitted a Fiscal Note for H.B. 64 (Amended) pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 64 proposes to eliminate property taxes on livestock and poultry; providing a per capita tax levy on livestock and poultry to fund the operation of the Department of Livestock and providing for the administration of the per capita tax levy by the Department of Livestock.

ASSUMPTIONS:

1. The taxable value of all livestock remains constant at \$28,505,795; the taxable value of sheep remains constant at \$542,602; the taxable value of livestock, as defined in MCA, 15-24-901, less sheep remains constant at \$27,348,661.
2. Total state taxable value is \$2,397,311,111 in FY1986 and \$2,444,888,889 in FY1987.
3. University mill levy is 6 mills; School Foundation Program mill levy is 45 mills; and the weighted average local government levy for this class of property is approximately 207.65 mills.
4. The Department of Livestock will prescribe a per capita tax levy equal to 110% of the revenue generated by the additional tax levies imposed under 15-24-921 through 15-24-923.
5. The proportion of total property tax required for all school funding is 60 percent.
6. Reduced administrative responsibility results in a reduction of ten Grade 6 FTE.
7. The tax levy prescribed by H.B. 64 is at least 100% of the F.Y. 85 (1984 taxable year) level.
8. All taxes are collected and forwarded to the State Treasury and deposited to the Department of Livestock's earmarked revenue funds.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 8, 1985

	FY86			FY87		
	Under Current Law	Under Proposed Law	Difference	Under Current Law	Under Proposed Law	Difference
University Mill Levy* School Foundation*	\$ 14,383,867	\$ 14,212,832	(\$ 171,035)	\$ 14,669,333	\$ 14,498,298	(\$ 171,035)
Program	\$107,879,000	\$106,596,239	(\$1,282,761)	\$110,020,000	\$108,737,239	(\$1,282,761)
Department of Livestock Levy	\$ 2,107,255	\$ 2,127,658	\$ 20,403	\$ 2,107,255	\$ 2,127,658	\$ 20,403
TOTAL REVENUE	\$124,370,122	\$122,936,729	(\$1,433,393)	\$126,796,588	\$125,363,195	(\$1,433,393)

*The loss of revenue in these programs will require a dollar for dollar increase in General Fund appropriations for the University System and the public school support program under the Office of Public Instruction.

Personal Services	\$ 129,950	\$ -0-	(\$129,950)	\$ 132,550	\$ -0-	(\$132,550)
TOTAL EXPENDITURES	\$ 129,950	\$ -0-	(\$129,950)	\$ 132,550	\$ -0-	(\$132,550)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The total impact of the proposed legislation, including the levies for the University system and the School Foundation Program (but net of livestock levies), is a decrease of \$5,919,134 annually. After removing the university and school foundation levies the net impact to local governments is a reduction of \$4,465,338 annually. The reduction in total school funding is \$3,551,480 annually.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The proposed legislation could have a significant impact on the taxpayers and the operation of the Department of Livestock as levies administered by the department can currently increase or decrease depending on the number of livestock in the state and their value. This bill could in effect freeze the revenue for the department at the FY 85 level. These levies provide approximately 80% of the funding for the department. If there is a need to increase the expenditures of the department to maintain statutory obligations other sources of funding may need to be expanded. (i.e. general fund, license and permit fees, inspection fees, etc.)

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

New Section. Section 18 (3) should be amended to read:

(3) The per capita tax levy prescribed each year by the department must be calculated to provide not less than 100% or more than 110% of the revenue that was generated by the additional tax levies imposed under 15-24-921 through 15-24-923 and 81-7-104 for the 1984 taxable year.