

HOUSE BILL NO. 679

2/05 Introduced  
2/05 Referred to Taxation  
2/06 Fiscal Note Requested  
2/11 Fiscal Note Received  
2/12 Hearing  
Died in Committee

1 HOUSE BILL NO. 679  
2 INTRODUCED BY Joe Brown

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE NEW OIL  
5 PRODUCTION IN THE DEFINITION OF "NEW OR EXPANDING INDUSTRY"  
6 FOR PURPOSES OF ALLOWING A LOCAL GOVERNMENT TO APPROVE A  
7 LOWER ASSESSMENT IN ORDER TO COMPUTE NET PROCEEDS TAX;  
8 AMENDING SECTIONS 15-24-1401 AND 15-24-1402, MCA."

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

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

13 "15-24-1401. Definitions. The following definitions  
14 apply to 15-24-1402 unless the context requires otherwise:

15 (1) "New or expanding" means that the manufacturing  
16 industry or oil production is new to the jurisdiction  
17 approving the resolution provided for in 15-24-1402(2) or  
18 that the manufacturing industry has added qualifying  
19 improvements to its property within the same jurisdiction  
20 since July 1, 1981.

21 (2) "Manufacturing industry" means an industry that  
22 engages in the production of oil or the mechanical or  
23 chemical transformation of materials or substances into new  
24 products in the manner defined as manufacturing in the 1972  
25 Standard Industrial Classification Manual prepared by the

1 United States office of management and budget."

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

4 "15-24-1402. New or expanding manufacturing industry  
5 or oil production -- assessment. (1) In the first 5 years  
6 after oil production is begun or a construction permit is  
7 issued, net proceeds or improvements to real property that  
8 represent new manufacturing industry construction or  
9 expansion of an existing manufacturing industry shall be  
10 taxed at 50% of their taxable value. Each year thereafter,  
11 the percentage shall be increased by equal percentages until  
12 the full taxable value is attained in the 10th year. In  
13 subsequent years, the property shall be taxed at 100% of its  
14 taxable value.

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

21 (b) The governing body may end the tax benefits by  
22 majority vote at any time, but the tax benefits may not be  
23 denied an oil producer or industrial facility that  
24 previously qualified for the benefits.

25 (c) The resolution provided for in subsection (2)(a)



1 shall include a definition of improvements that qualify for  
2 the tax treatment that is to be allowed in the taxing  
3 jurisdiction.

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

15 NEW SECTION. Section 3. Extension of authority. Any  
16 existing authority of the department of revenue to make  
17 rules on the subject of the provisions of this act is  
18 extended to the provisions of this act.

-End-

STATE OF MONTANA

REQUEST NO. FNN346-85

FISCAL NOTE

Form BD-15

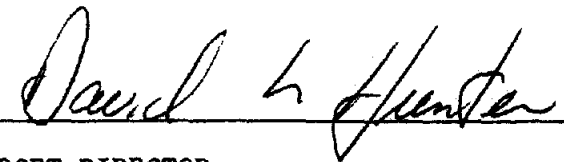
In compliance with a written request received February 6, 19 85, there is hereby submitted a Fiscal Note for H.B. 679 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

An act to include new oil production in the definition of "new or expanding industry" for purposes of allowing a local government to approve a lower assessment in order to compute net proceeds tax; amending sections 15-24-1401 and 15-24-1402, MCA.

FISCAL IMPACT

It is not possible to estimate the impact of this bill with any accuracy. It is not known how many local jurisdictions will pass the enabling resolution. It should be noted that the new and expanding industry has not been received by any manufacturing industry in the state since the consent of local government has been required. It is assumed that broadening the definition will not change this experience dramatically.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 9, 1985 HB67