

HOUSE BILL NO. 851

2/15 Introduced  
2/15 Referred to Taxation  
2/15 Fiscal Note Requested  
2/21 Fiscal Note Received  
3/07 Hearing  
3/08 Committee Report-Bill Pass As Amended  
3/12 2nd Reading Pass As Amended  
3/13 Returned to 2nd Reading  
3/15 2nd Reading Pass As Amended  
3/18 3rd Reading Pass

Transmitted to Senate

3/19 Referred to Taxation  
4/02 Hearing  
4/12 Adverse Committee Report  
4/15 Bill Killed



1 or equipping the family residence;

2 (i) a truck canopy cover or topper weighing less than  
3 300 pounds and having no accommodations attached. Such  
4 property is also exempt from the fee in lieu of tax.

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

7 (k) automobiles and trucks having a rated capacity of  
8 three-quarters of a ton or less;

9 (l) fixtures, buildings, and improvements owned by a  
10 cooperative association or nonprofit corporation organized  
11 to furnish potable water to its members or customers for  
12 uses other than the irrigation of agricultural land;

13 (m) the right of entry that is a property right  
14 reserved in land or received by mesne conveyance (exclusive  
15 of leasehold interests), devise, or succession to enter land  
16 whose surface title is held by another to explore, prospect,  
17 or dig for oil, gas, coal, or minerals; and

18 (n) property owned and used by a corporation or  
19 association organized and operated exclusively for the care  
20 of the developmentally disabled, mentally ill, or  
21 vocationally handicapped as defined in 18-5-101, which is  
22 not operated for gain or profit; and

23 (o) property owned and used by a school district or  
24 private school for educational purposes.

25 (2) (a) The term "institutions of purely public

1 charity" includes organizations owning and operating  
2 facilities for the care of the retired or aged or  
3 chronically ill, which are not operated for gain or profit.

4 (b) The terms "public art galleries" and "public  
5 observatories" include only those art galleries and  
6 observatories, whether of public or private ownership, that  
7 are open to the public without charge at all reasonable  
8 hours and are used for the purpose of education only.

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

14 (a) \$20,000 in the case of a single-family residential  
15 dwelling;

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

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-

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN 450-85

Form BD-15

In compliance with a written request received February 16, 19 85, there is hereby submitted a Fiscal Note for H.B. 851 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 to clarify that property used for educational purposes is exempt from property taxation only if owned by the school district or private school using it.

ASSUMPTIONS:

1. The University Mill Levy is 6 mills; the School Foundation Mill Levy is 45 mills; the average mill levy the State is 300 mills.
2. The taxable value of property used for educational purposes but not owned by a school district or private school is \$598,488 (635 buses x \$7,250 Average Market Value x .13 = \$598,488).
3. Under the current law, property used for education purposes but not owned by a school district or private school is exempt from property taxation.
4. If passed, this proposal will become effective October 1, 1985.
5. The taxable value of the state in FY 1986 is \$2,397,311,000 and \$2,444,893,000 in FY 1987 (OBPP estimate).

EFFECT ON REVENUE:

	<u>FY 86</u>			<u>FY 87</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
University System	\$ 14,383,867	\$ 14,387,458	\$ 3,591	\$ 14,669,358	\$ 14,672,949	\$ 3,591
School Foundation	\$107,879,000	107,905,931	26,931	110,020,185	110,047,116	26,931
Totals	\$122,262,867	\$122,293,389	\$30,522	\$124,689,333	\$124,719,855	\$30,522

*David L. Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 21, 1985

HB 851

EFFECT ON COUNTY/LOCAL REVENUE

Property Taxes:	<u>FY 1986</u>	<u>FY 1987</u>
Under Current Law	\$ 596,930,439	\$ 608,778,357
Under Proposed Law	\$ <u>597,079,462</u>	\$ <u>608,927,380</u>
Increase	\$ 149,023	\$ 149,023

LONG-RANGE EFFECTS

The impact that this bill will have on future revenue will depend on the taxable value of property used for educational purposes but not owned by a school district or private school.

APPROVED BY COMMITTEE  
ON TAXATION

1 HOUSE BILL NO. 851  
 2 INTRODUCED BY PISTORIA  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT  
 5 PROPERTY USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS EXEMPT  
 6 FROM PROPERTY TAXATION ONLY IF OWNED BY THE SCHOOL DISTRICT,  
 7 CHURCH, OR PRIVATE SCHOOL USING IT; AMENDING SECTION  
 8 15-6-201, MCA."

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

11 Section 1. Section 15-6-201, MCA, is amended to read:  
12 "15-6-201. Exempt categories. (1) The following  
13 categories of property are exempt from taxation:

- 14 (a) the property of:
  - 15 (i) the United States, the state, counties, cities,
  - 16 towns, school districts, except property constructed, owned,
  - 17 or operated by a public agency created by the congress to
  - 18 transmit or distribute electric energy produced at privately
  - 19 owned generating facilities (not including rural electric
  - 20 cooperatives);
  - 21 (ii) irrigation districts organized under the laws of
  - 22 Montana and not operating for profit;
  - 23 (iii) municipal corporations; and
  - 24 (iv) public libraries;
  - 25 (b) buildings, with land they occupy and furnishings

1 therein, owned by a church and used for actual religious  
 2 worship or for residences of the clergy, together with  
 3 adjacent land reasonably necessary for convenient use of  
 4 such buildings;

5 (c) property used exclusively for agricultural and  
 6 horticultural societies, ~~for educational purposes,~~ and for  
 7 hospitals;

8 (d) property that meets the following conditions:

9 (i) is owned and held by any association or  
 10 corporation organized under Title 35, chapter 2, 3, 20, or  
 11 21;

12 (ii) is devoted exclusively to use in connection with a  
 13 cemetery or cemeteries for which a permanent care and  
 14 improvement fund has been established as provided for in  
 15 Title 35, chapter 20, part 3; and

16 (iii) is not maintained and operated for private or  
 17 corporate profit;

18 (e) institutions of purely public charity;

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

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

23 (h) all household goods and furniture, including but  
 24 not limited to clocks, musical instruments, sewing machines,  
 25 and wearing apparel of members of the family, used by the



1 owner for personal and domestic purposes or for furnishing  
2 or equipping the family residence;

3 (i) a truck canopy cover or topper weighing less than  
4 300 pounds and having no accommodations attached. Such  
5 property is also exempt from the fee in lieu of tax.

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

8 (k) automobiles and trucks having a rated capacity of  
9 three-quarters of a ton or less;

10 (l) fixtures, buildings, and improvements owned by a  
11 cooperative association or nonprofit corporation organized  
12 to furnish potable water to its members or customers for  
13 uses other than the irrigation of agricultural land;

14 (m) the right of entry that is a property right  
15 reserved in land or received by mesne conveyance (exclusive  
16 of leasehold interests), devise, or succession to enter land  
17 whose surface title is held by another to explore, prospect,  
18 or dig for oil, gas, coal, or minerals; and

19 (n) property owned and used by a corporation or  
20 association organized and operated exclusively for the care  
21 of the developmentally disabled, mentally ill, or  
22 vocationally handicapped as defined in 18-5-101, which is  
23 not operated for gain or profit; and

24 (o) property owned and--used by a school district,  
25 CHURCH, or private school AND USED EXCLUSIVELY for

1 educational purposes.

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  
8 observatories, whether of public or private ownership, that  
9 are open to the public without charge at all reasonable  
10 hours and are used for the purpose of education only.

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;

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

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

-End-

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 19 owned generating facilities (not including rural electric  
 20 cooperatives);  
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 22 Montana and not operating for profit;  
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 25 (b) buildings, with land they occupy and furnishings

1 therein, owned by a church and used for actual religious  
 2 worship or for residences of the clergy, together with  
 3 adjacent land reasonably necessary for convenient use of  
 4 such buildings;  
 5 (c) property used exclusively for agricultural and  
 6 horticultural societies, ~~for educational purposes~~, and for  
 7 hospitals;  
 8 (d) property that meets the following conditions:  
 9 (i) is owned and held by any association or  
 10 corporation organized under Title 35, chapter 2, 3, 20, or  
 11 21;  
 12 (ii) is devoted exclusively to use in connection with a  
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 14 improvement fund has been established as provided for in  
 15 Title 35, chapter 20, part 3; and  
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 17 corporate profit;  
 18 (e) institutions of purely public charity;  
 19 (f) evidence of debt secured by mortgages of record  
 20 upon real or personal property in the state of Montana;  
 21 (g) public art galleries and public observatories not  
 22 used or held for private or corporate profit;  
 23 (h) all household goods and furniture, including but  
 24 not limited to clocks, musical instruments, sewing machines,  
 25 and wearing apparel of members of the family, used by the





1 owner for personal and domestic purposes or for furnishing  
2 or equipping the family residence;

3 (i) a truck canopy cover or topper weighing less than  
4 300 pounds and having no accommodations attached. Such  
5 property is also exempt from the fee in lieu of tax.

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

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9 three-quarters of a ton or less;

10 (l) fixtures, buildings, and improvements owned by a  
11 cooperative association or nonprofit corporation organized  
12 to furnish potable water to its members or customers for  
13 uses other than the irrigation of agricultural land;

14 (m) the right of entry that is a property right  
15 reserved in land or received by mesne conveyance (exclusive  
16 of leasehold interests), devise, or succession to enter land  
17 whose surface title is held by another to explore, prospect,  
18 or dig for oil, gas, coal, or minerals; and

19 (n) property owned and used by a corporation or  
20 association organized and operated exclusively for the care  
21 of the developmentally disabled, mentally ill, or  
22 vocationally handicapped as defined in 18-5-101, which is  
23 not operated for gain or profit; and

24 (o) property owned and--used by a school district,  
25 CHURCH, or private school AND USED EXCLUSIVELY for

1 educational purposes.

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

-End-

HOUSE BILL NO. 851

INTRODUCED BY PISTORIA

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT PROPERTY-USED EXCLUSIVELY FOR-EDUCATIONAL-PURPOSES-IS-EXEMPT FROM-PROPERTY-TAXATION-ONLY-IF-OWNED-BY-THE-SCHOOL-DISTRICT, CHURCH, OR-PRIVATE-SCHOOL-USING-IT VEHICLES PRIVATELY OWNED AND OPERATED FOR PROFIT ARE NOT EXEMPT FROM TAXATION AS PROPERTY USED FOR EDUCATIONAL PURPOSES; AMENDING SECTION 15-6-201, MCA."

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(c) property used exclusively for agricultural and horticultural societies, --for--educational--purposes, FOR EDUCATIONAL PURPOSES, EXCLUDING VEHICLES PRIVATELY OWNED AND OPERATED FOR PROFIT, and for hospitals;

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THIRD READING

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SECOND PRINTING  
AS AMENDED



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2 not limited to clocks, musical instruments, sewing machines,  
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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

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1 extended to the provisions of this act.

-End-