

HOSUE BILL NO. 892

2/19 Fiscal Note Requested
2/19 Introduced
2/19 Referred to Natural Resources
2/22 Hearing
2/25 Fiscal Note Received
3/11 Committee Report-Bill Pass As Amended
3/11 Statement of Intent Attached
3/13 2nd Reading Pass As Amended
3/15 On Motion Returned to 2nd Reading
3/16 2nd Reading Pass As Amended
3/19 3rd Reading Pass

Transmitted to Senate

3/20 Referred to Taxation
4/02 Hearing
4/17 Adverse Committee Report
4/17 Bill Killed

HOUSE BILL NO. 892

INTRODUCED BY *John Reay, Council, Judy*

HARP
Yellowtail, Keenan, Macmillan, Molan, E. Smith, Schje
A BILL FOR AN ACT ENTITLED: "AN ACT TO BE CITED AS THE
RIPARIAN LANDS PROTECTION ACT; TO PROVIDE A PROPERTY TAX

EXEMPTION FOR DESIGNATED RIPARIAN HABITATS AND WETLANDS; TO
SPECIFY ELIGIBILITY AND REVIEW PROCEDURES FOR DESIGNATION;
AMENDING SECTION 15-6-201, MCA; AND PROVIDING A DELAYED
EFFECTIVE DATE."

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

NEW SECTION. Section 1. Short title. [Sections 1
through 12] may be cited as the "Riparian Lands Protection
Act".

NEW SECTION. Section 2. Definitions. As used in
[sections 1 through 12], the following definitions apply:

- (1) "Board" means the board of supervisors of the local soil conservation district in which designated land or land proposed for designation is located.
- (2) "Department" means the department of fish, wildlife, and parks provided for in 2-15-3401.
- (3) "Designated land" means designated riparian habitat or designated wetland.
- (4) "Designated riparian habitat" means any riparian habitat properly designated under the procedures of

[sections 4 through 8].

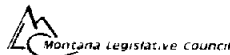
(5) "Designated wetland" means any wetland properly designated under the procedures of [sections 4 through 8].

(6) "Incompatible use" means an activity, development, or other land use that is in conflict with an agreement reached under [section 7] between the landowner and the department.

(7) "Owner" means the person or persons having fee interest in land, except that if land is subject to a real estate sales contract, owner means the purchaser under the contract.

(8) "Riparian habitat" means any land associated with a stream, river, or other watercourse and includes the beds of streams, the adjacent vegetative communities, and the lands thereunder that are predominantly influenced by their association with water or wetlands and that do not extend more than 100 feet landward from the interface of the wet-site and dry-site vegetation.

(9) "Wetland" means any land that is permanently wet or intermittently water-covered and includes swamps, marshes, bogs, muskegs, potholes, swales, glades, and overflow land of river valleys. The term does not include an open-water portion of a large lake but does include water areas of ponds, pools, sloughs, and other small bodies of water or any shoreline.



-2- INTRODUCED BILL
HB 892

1 NEW SECTION. Section 3. Property tax exemption for
 2 designated land. Any land designated as designated riparian
 3 habitat or designated wetland by the department under the
 4 procedures, standards, and criteria of [sections 1 through
 5 12] and the rules promulgated thereunder is exempt from
 6 property taxation.

7 NEW SECTION. Section 4. Eligibility. Land eligible
 8 for designation under [sections 1 through 12] must:

9 (1) meet the definition of a wetland or riparian
 10 habitat;

11 (2) be privately owned;

12 (3) be planned, zoned, or used as forest or
 13 agricultural land, including rangeland, in compliance with
 14 state or local planning goals; and

15 (4) be used and anticipated to be used in a manner
 16 consistent with the purposes of [sections 1 through 12].

17 NEW SECTION. Section 5. Application procedure.

18 (1) To have land designated as a designated riparian
 19 habitat or a designated wetland, a landowner shall complete
 20 and submit to the department an application that describes
 21 the land under consideration for designation and includes
 22 other verified or verifiable information reasonably
 23 necessary for a determination by the department.

24 (2) The application must be submitted on forms
 25 prepared by the department.

1 (3) The application must be submitted to the
 2 department during the calendar year preceding the first
 3 assessment year for which such designation is requested.

4 NEW SECTION. Section 6. Rulemaking authority for
 5 department -- standards for designation. (1) The department
 6 shall adopt rules providing standards for the designation of
 7 land as designated riparian habitat or designated wetland.

8 (2) The rules may include requirements for the action
 9 programs provided for under [section 7], definitions of
 10 incompatible uses, and other provisions necessary to
 11 administer [sections 1 through 12].

12 (3) In developing, adopting, or amending the rules,
 13 the department shall consult with and give due weight and
 14 consideration to the views of the board.

15 NEW SECTION. Section 7. Evaluation of application.

16 (1) The department shall evaluate each application, based
 17 on the standards in the rules adopted under [section 6], and
 18 shall determine if the land is qualified for designation as
 19 designated riparian habitat or designated wetland. The
 20 department may inspect the land with the consent of the
 21 landowner.

22 (2) Land that the department determines qualifies as
 23 designated riparian habitat or designated wetland may be
 24 designated by the department only if the landowner agrees in
 25 writing:

1 (a) to implement an action program, approved by the
2 department, providing for the rehabilitation of the riparian
3 land or wetland; or

4 (b) if the riparian land or wetland is currently
5 providing suitable habitat, to provide for the continued
6 protection of that land.

7 NEW SECTION. Section 8. Approval and notification
8 procedures. (1) The department shall, within 60 days of
9 receipt of an application, conduct its review and notify the
10 applicant of approval or disapproval of the application.

11 (2) The department may approve the application for all
12 or part of the land, but if any land within the application
13 is denied designation, the applicant may withdraw the entire
14 application.

15 (3) Upon approval of an application, the department
16 shall enter an order of approval and within 10 days file a
17 copy of the order with the county assessor. Filing of the
18 order with the county assessor constitutes notification of
19 the tax exemption for the designated land, and the county
20 assessor shall take appropriate action to effect the tax
21 exemption.

22 NEW SECTION. Section 9. Management requirements --
23 withdrawal procedure. (1) To maintain tax-exempt status,
24 land designated as designated riparian habitat or designated
25 wetland under [sections 1 through 12] must be managed under

1 conditions agreed to by the landowner under [section 7].

2 (2) A landowner may at any time request in writing to
3 the county assessor that designated land be withdrawn from
4 designation. The county assessor shall withdraw the land
5 from designation, revoke its tax-exempt status, and give
6 written notice of the withdrawal to the board and
7 department.

8 (3) When designated land is applied to an incompatible
9 use, the landowner shall within 60 days notify the county
10 assessor of the change in land use. The county assessor
11 shall upon notification proceed as provided in subsection
12 (2).

13 (4) Upon verification that designated land has been
14 applied to an incompatible use that was not reported by the
15 landowner in accordance with subsection (3), the county
16 assessor shall place the land back on the tax roll for
17 future assessments and shall assess a one-time tax as a
18 result of the unreported incompatible use. The one-time tax
19 must be computed as follows:

20 (a) determine the current annual tax assessment on the
21 designated land; and

22 (b) multiply this amount by the number of years the
23 land was in tax-exempt status through the provisions of
24 [sections 1 through 12] or by five, whichever is less.

25 NEW SECTION. Section 10. Reporting requirements.

1 (1) A county assessor may request a written report from any
2 owner of designated land on the use of the land.

3 (2) As an alternative to preparing the written report,
4 a landowner may notify the assessor that an inspection of
5 the designated land will be permitted. Upon request of the
6 assessor, the department shall inspect the land for
7 compliance with the agreement reached under [section 7].

8 (3) If, within 60 days of the initial request, an
9 owner of designated land fails to submit a report requested
10 under subsection (1) and fails to allow an inspection under
11 subsection (2), the assessor shall give written notice to
12 the landowner that tax-exempt status will be withdrawn from
13 the land in 30 days. Compliance by the landowner with the
14 provisions of subsection (1) or (2) within the 30-day period
15 allows the land to retain tax-exempt status; failure to
16 comply requires the county assessor to revoke the tax
17 exemption and send written notice of the revocation to the
18 board and department.

19 NEW SECTION. Section 11. Limit on acreage of
20 designated land. (1) The department may approve for new
21 designation in a county no more than 2,000 acres a year plus
22 an acreage equal to the amount of land for which an existing
23 designation was withdrawn or revoked during the previous
24 year.

25 (2) If the department receives applications for

1 designation in excess of the maximum acreage limitation
2 under subsection (1), preference must be afforded according
3 to the date each application was filed with the county
4 assessor. Applications denied due to annual acreage
5 limitations must be held for consideration the following
6 year.

7 NEW SECTION. Section 12. Rulemaking authority for
8 department of revenue. The department of revenue provided
9 for in 2-15-1301 may adopt rules necessary to administer the
10 provisions of [sections 1 through 12].

11 Section 13. 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;

17 (ii) irrigation districts organized under the laws of
18 Montana and not operating for profit;

19 (iii) municipal corporations; and

20 (iv) public libraries;

21 (b) buildings, with land they occupy and furnishings
22 therein, owned by a church and used for actual religious
23 worship or for residences of the clergy, together with
24 adjacent land reasonably necessary for convenient use of
25 such buildings;

1 (c) property used exclusively for agricultural and
2 horticultural societies, for educational purposes, and for
3 hospitals;

4 (d) property that meets the following conditions:

5 (i) is owned and held by any association or
6 corporation organized under Title 35, chapter 2, 3, 20, or
7 21;

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

12 (iii) is not maintained and operated for private or
13 corporate profit;

14 (e) institutions of purely public charity;

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

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

19 (h) all household goods and furniture, including but
20 not limited to clocks, musical instruments, sewing machines,
21 and wearing apparel of members of the family, used by the
22 owner for personal and domestic purposes or for furnishing
23 or equipping the family residence;

24 (i) a truck canopy cover or topper weighing less than
25 300 pounds and having no accommodations attached. Such

1 property is also exempt from the fee in lieu of tax.

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

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

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

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

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

20 (o) land that is designated riparian habitat or
21 designated wetland as provided for in [sections 1 through
22 12].

23 (2) (a) The term "institutions of purely public
24 charity" includes organizations owning and operating
25 facilities for the care of the retired or aged or

1 chronically ill, which are not operated for gain or profit.

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

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

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

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

16 NEW SECTION. Section 14. Effective date. This act is
17 effective January 1, 1986.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 482-85

Form BD-15

In compliance with a written request received February 21, 19 85, there is hereby submitted a Fiscal Note for H.B. 892 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 be cited as the riparian lands protection act; to provide a property tax exemption for designated riparian habitats and wetlands; to specify eligibility and review procedures for designation.

ASSUMPTIONS:

1. A total of 466,099 acres of privately held land will qualify as riparian land.
2. Each year 2% of the land will be designated as a riparian habitat or wetland and be exempted from property tax.
3. The average taxable value per acre of agricultural land will remain constant at \$2.63.
4. The effective date of this legislation is January 1, 1986. The impact for FY 88 has been provided.
5. Department of Fish, Wildlife and Parks will assume any increase in operational costs within the current appropriations.

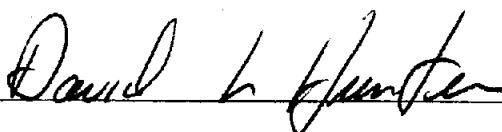
FISCAL IMPACT:

	Under Current Law	FY 88 Under Proposed Law	Difference
School Foundation Program	\$ 110,020,000	\$ 110,018,897	\$ (1,103)
University Fund	14,669,333	14,669,186	(147)
TOTAL REVENUE	\$ 124,689,333	\$ 124,688,083	\$ (1,250)

Due to the method of financing the University System and the Foundation Program, the difference will require a General Fund appropriation.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

A loss of \$4,143 will result from this proposed bill.


BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 25, 1985
HB 892

APPROVED BY COMM. ON
NATURAL RESOURCES

1 STATEMENT OF INTENT

2 HOUSE BILL 892

3 House Natural Resources Committee

4

5 It is the intent of the legislature that the department
6 of fish, wildlife, and parks adopt rules setting forth
7 standards for the designation of riparian habitat and
8 wetland. The department may adopt rules specifying
9 requirements for action programs, definitions of
10 incompatible uses, and other provisions necessary to
11 administer this act.

12 It is the intent of the legislature that the department
13 of revenue adopt rules necessary for the administration of
14 this act.

15 It is the intent of the legislature that rules
16 necessary for the administration of this act be adopted so
17 applications for wetland and riparian habitat designation
18 can be received and processed in time to allow qualifying
19 lands to be exempt from property taxation beginning in 1987.

HOUSE BILL NO. 892

INTRODUCED BY HARPER, REAM, CONNELLY, GRADY,
YELLOWTAIL, HARP, IVERSON, BRANDEWIE, KEENAN,
MAZUREK, MOHAR, E. SMITH, SCHYE,
KADAS, BARDANOUE, ABRAMS

A BILL FOR AN ACT ENTITLED: "AN ACT TO BE CITED AS THE
RIPARIAN LANDS PROTECTION ACT; TO PROVIDE A PROPERTY TAX
EXEMPTION FOR DESIGNATED RIPARIAN HABITATS AND WETLANDS; TO
SPECIFY ELIGIBILITY AND REVIEW PROCEDURES FOR DESIGNATION;
AMENDING SECTION 15-6-201, MCA; AND PROVIDING A--~~DEBAYED~~ AN
EFFECTIVE DATE."

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

NEW SECTION. Section 1. Short title. [Sections 1
through 12] may be cited as the "Riparian Lands Protection
Act".

NEW SECTION. Section 2. Definitions. As used in
[sections 1 through 12], the following definitions apply:

- (1) "Board" means the board of supervisors of the local soil conservation district in which designated land or land proposed for designation is located.
- (2) "Department" means the department of fish, wildlife, and parks provided for in 2-15-3401.
- (3) "Designated land" means designated riparian

habitat or designated wetland.

(4) "Designated riparian habitat" means any riparian habitat properly designated under the procedures of [sections 4 through 8].

(5) "Designated wetland" means any wetland properly designated under the procedures of [sections 4 through 8].

(6) "Incompatible use" means an activity, development, or other land use that is in conflict with an agreement reached under [section 7] between the landowner and the department.

(7) "Owner" means the person or persons having fee interest in land, except that if land is subject to a real estate sales contract, owner means the purchaser under the contract.

(8) "Riparian habitat" means any land associated with a stream, river, or other watercourse and includes the beds of streams, the adjacent vegetative communities, and the lands thereunder that are predominantly influenced by their association with water or wetlands and that do not extend more than 100 feet landward from the interface of the wet-site and dry-site vegetation.

(9) "Wetland" means any land that is permanently wet or intermittently water-covered and includes swamps, marshes, bogs, muskegs, potholes, swales, glades, and overflow land of river valleys. The term does not include an



1 open-water portion of a large lake but does include water
2 areas of ponds, pools, sloughs, and other small bodies of
3 water or any shoreline.

4 NEW SECTION. Section 3. Property tax exemption for
5 designated land. Any land designated as designated riparian
6 habitat or designated wetland by the department under the
7 procedures, standards, and criteria of [sections 1 through
8 12] and the rules promulgated thereunder is exempt from
9 property taxation.

10 NEW SECTION. Section 4. Eligibility. Land eligible
11 for designation under [sections 1 through 12] must:

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13 habitat;

14 (2) be privately owned;

15 (3) be planned, zoned, or used as forest or
16 agricultural land, including rangeland, in compliance with
17 state or local planning goals; and

18 (4) be used and anticipated to be used in a manner
19 consistent with the purposes of [sections 1 through 12].

20 NEW SECTION. Section 5. Application procedure.

21 (1) To have land designated as a designated riparian
22 habitat or a designated wetland, a landowner shall complete
23 and submit to the department an application that describes
24 the land under consideration for designation and includes
25 other verified or verifiable information reasonably

1 necessary for a determination by the department.

2 (2) The application must be submitted on forms
3 prepared by the department.

4 (3) The application must be submitted to the
5 department during the calendar year preceding the first
6 assessment year for which such designation is requested.

7 NEW SECTION. Section 6. Rulemaking authority for
8 department -- standards for designation. (1) The department
9 shall adopt rules providing standards for the designation of
10 land as designated riparian habitat or designated wetland.

11 (2) The rules may include requirements for the action
12 programs provided for under [section 7], definitions of
13 incompatible uses, and other provisions necessary to
14 administer [sections 1 through 12].

15 (3) In developing, adopting, or amending the rules,
16 the department shall consult with and give due weight and
17 consideration to the views of the board.

18 NEW SECTION. Section 7. Evaluation of application.

19 (1) The department shall evaluate each application, based
20 on the standards in the rules adopted under [section 6], and
21 shall determine if the land is qualified for designation as
22 designated riparian habitat or designated wetland. The
23 department may inspect the land with the consent of the
24 landowner.

25 (2) Land that the department determines qualifies as

1 designated riparian habitat or designated wetland may be
2 designated by the department only if the landowner agrees in
3 writing:

4 (a) to implement an action program, approved by the
5 department, providing for the rehabilitation of the riparian
6 land or wetland; or

7 (b) if the riparian land or wetland is currently
8 providing suitable habitat, to provide for the continued
9 protection of that land.

10 NEW SECTION. Section 8. Approval and notification
11 procedures. (1) The department shall, within 60 days of
12 receipt of an application, conduct its review and notify the
13 applicant of approval or disapproval of the application.

14 (2) The department may approve the application for all
15 or part of the land, but if any land within the application
16 is denied designation, the applicant may withdraw the entire
17 application.

18 (3) Upon approval of an application, the department
19 shall enter an order of approval and within 10 days file a
20 copy of the order with the county assessor. Filing of the
21 order with the county assessor constitutes notification of
22 the tax exemption for the designated land, and the county
23 assessor shall take appropriate action to effect the tax
24 exemption.

25 NEW SECTION. Section 9. Management requirements --

1 withdrawal procedure. (1) To maintain tax-exempt status,
2 land designated as designated riparian habitat or designated
3 wetland under [sections 1 through 12] must be managed under
4 conditions agreed to by the landowner under [section 7].

5 (2) A landowner may at any time request in writing to
6 the county assessor that designated land be withdrawn from
7 designation. The county assessor shall withdraw the land
8 from designation, revoke its tax-exempt status, and give
9 written notice of the withdrawal to the board and
10 department.

11 (3) When designated land is applied to an incompatible
12 use, the landowner shall within 60 days notify the county
13 assessor of the change in land use. The county assessor
14 shall upon notification proceed as provided in subsection
15 (2).

16 (4) Upon verification that designated land has been
17 applied to an incompatible use that was not reported by the
18 landowner in accordance with subsection (3), the county
19 assessor shall place the land back on the tax roll for
20 future assessments and shall assess a one-time tax as a
21 result of the unreported incompatible use. The one-time tax
22 must be computed as follows:

23 (a) determine the current annual tax assessment on the
24 designated land; and

25 (b) multiply this amount by the number of years the

1 land was in tax-exempt status through the provisions of
 2 [sections 1 through 12] or by five, whichever is less.

3 NEW SECTION. Section 10. Reporting requirements.

4 (1) A county assessor may request a written report from any
 5 owner of designated land on the use of the land.

6 (2) As an alternative to preparing the written report,
 7 a landowner may notify the assessor that an inspection of
 8 the designated land will be permitted. Upon request of the
 9 assessor, the department shall inspect the land for
 10 compliance with the agreement reached under [section 7].

11 (3) If, within 60 days of the initial request, an
 12 owner of designated land fails to submit a report requested
 13 under subsection (1) and fails to allow an inspection under
 14 subsection (2), the assessor shall give written notice to
 15 the landowner that tax-exempt status will be withdrawn from
 16 the land in 30 days. Compliance by the landowner with the
 17 provisions of subsection (1) or (2) within the 30-day period
 18 allows the land to retain tax-exempt status; failure to
 19 comply requires the county assessor to revoke the tax
 20 exemption and send written notice of the revocation to the
 21 board and department.

22 NEW SECTION. Section 11. Limit on acreage of

23 designated land. (1) The department may approve for new
 24 designation in a county no more than 2,000 acres a year plus
 25 an acreage equal to the amount of land for which an existing

1 designation was withdrawn or revoked during the previous
 2 year.

3 (2) If the department receives applications for
 4 designation in excess of the maximum acreage limitation
 5 under subsection (1), preference must be afforded according
 6 to the date each application was filed with the county
 7 assessor. Applications denied due to annual acreage
 8 limitations must be held for consideration the following
 9 year.

10 NEW SECTION. Section 12. Rulemaking authority for
 11 department of revenue. The department of revenue provided
 12 for in 2-15-1301 may adopt rules necessary to administer the
 13 provisions of [sections 1 through 12].

14 Section 13. Section 15-6-201, MCA, is amended to read:

15 "15-6-201. Exempt categories. (1) The following
 16 categories of property are exempt from taxation:

- 17 (a) the property of:
 - 18 (i) the United States, the state, counties, cities,
 - 19 towns, school districts;
 - 20 (ii) irrigation districts organized under the laws of
 - 21 Montana and not operating for profit;
 - 22 (iii) municipal corporations; and
 - 23 (iv) public libraries;
 - 24 (b) buildings, with land they occupy and furnishings
 - 25 therein, owned by a church and used for actual religious

1 worship or for residences of the clergy, together with
2 adjacent land reasonably necessary for convenient use of
3 such buildings;

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

7 (d) property that meets the following conditions:

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

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

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

17 (e) institutions of purely public charity;

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

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

22 (h) all household goods and furniture, including but
23 not limited to clocks, musical instruments, sewing machines,
24 and wearing apparel of members of the family, used by the
25 owner for personal and domestic purposes or for furnishing

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
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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) land that is designated riparian habitat or
24 designated wetland as provided for in [sections 1 through
25 12].

1 (2) (a) The term "institutions of purely public
2 charity" includes organizations owning and operating
3 facilities for the care of the retired or aged or
4 chronically ill, which are not operated for gain or profit.

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

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

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

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

19 NEW SECTION. Section 14. Effective date. This act is
20 effective ~~January 1, 1986~~ JULY 1, 1985.

-End-

1 STATEMENT OF INTENT

2 HOUSE BILL 892

3 House Natural Resources Committee

4

5 It is the intent of the legislature that the department
6 of fish, wildlife, and parks adopt rules setting forth
7 standards for the designation of riparian habitat and
8 wetland. The department may adopt rules specifying
9 requirements for action programs, definitions of
10 incompatible uses, and other provisions necessary to
11 administer this act.

12 It is the intent of the legislature that the department
13 of revenue adopt rules necessary for the administration of
14 this act.

15 It is the intent of the legislature that rules
16 necessary for the administration of this act be adopted so
17 applications for wetland and riparian habitat designation
18 can be received and processed in time to allow qualifying
19 lands to be exempt from property taxation beginning in 1987
20 1988.

HOUSE BILL NO. 892

INTRODUCED BY HARPER, REAM, CONNELLY, GRADY,
YELLOWTAIL, HARP, IVERSON, BRANDEWIE, KEENAN,
MAZUREK, MOHAR, E. SMITH, SCHYE,
KADAS, BARDANOUE, ABRAMS

A BILL FOR AN ACT ENTITLED: "AN ACT TO BE CITED AS THE
RIPARIAN LANDS PROTECTION ACT; TO PROVIDE A PROPERTY TAX
EXEMPTION FOR DESIGNATED RIPARIAN HABITATS AND WETLANDS; TO
SPECIFY ELIGIBILITY AND REVIEW PROCEDURES FOR DESIGNATION;
AMENDING SECTION 15-6-201, MCA; AND PROVIDING A--DELAYED AN
EFFECTIVE DATE DATES."

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

NEW SECTION. Section 1. Short title. [Sections 1
through 12] may be cited as the "Riparian Lands Protection
Act".

NEW SECTION. Section 2. Definitions. As used in
[sections 1 through 12], the following definitions apply:

(1) "Board" means the board of supervisors of the
local soil conservation district in which designated land or
land proposed for designation is located.

(2) "Department" means the department of fish,
wildlife, and parks provided for in 2-15-3401.

(3) "Designated land" means designated riparian

habitat or designated wetland.

(4) "Designated riparian habitat" means any riparian
habitat properly designated under the procedures of
[sections 4 through 8].

(5) "Designated wetland" means any wetland properly
designated under the procedures of [sections 4 through 8].

(6) "Incompatible use" means an activity, development,
or other land use that is in conflict with an agreement
reached under [section 7] between the landowner and the
department.

(7) "Owner" means the person or persons having fee
interest in land, except that if land is subject to a real
estate sales contract, owner means the purchaser under the
contract.

(8) "Riparian habitat" means any land associated with
a stream, river, or other watercourse and includes the beds
of streams, the adjacent vegetative communities, and the
lands thereunder that are predominantly influenced by their
association with water or wetlands and that do not extend
more than 100 feet landward from the interface of the
wet-site and dry-site vegetation.

(9) "Wetland" means any land that is permanently wet
or intermittently water-covered and includes swamps,
marshes, bogs, muskegs, potholes, swales, glades, and
overflow land of river valleys. The term does not include an

1 open-water portion of a large lake but does include water
 2 areas of ponds, pools, sloughs, and other small bodies of
 3 water or any shoreline.

4 NEW SECTION. Section 3. Property tax exemption for
 5 designated land. Any land designated as designated riparian
 6 habitat or designated wetland by the department under the
 7 procedures, standards, and criteria of [sections 1 through
 8 12] and the rules promulgated thereunder is exempt from
 9 property taxation.

10 NEW SECTION. Section 4. Eligibility. Land eligible
 11 for designation under [sections 1 through 12] must:

12 (1) meet the definition of a wetland or riparian
 13 habitat;

14 (2) be privately owned;

15 (3) be planned, zoned, or used as forest or
 16 agricultural land, including rangeland, in compliance with
 17 state or local planning goals; and

18 (4) be used and anticipated to be used in a manner
 19 consistent with the purposes of [sections 1 through 12].

20 NEW SECTION. Section 5. Application procedure.

21 (1) To have land designated as a designated riparian
 22 habitat or a designated wetland, a landowner shall complete
 23 and submit to the department an application that describes
 24 the land under consideration for designation and includes
 25 other verified or verifiable information reasonably

1 necessary for a determination by the department.

2 (2) The application must be submitted on forms
 3 prepared by the department.

4 (3) The application must be submitted to the
 5 department during the calendar year preceding the first
 6 assessment year for which such designation is requested.

7 NEW SECTION. Section 6. Rulemaking authority for
 8 department -- standards for designation. (1) The department
 9 shall adopt rules providing standards for the designation of
 10 land as designated riparian habitat or designated wetland.

11 (2) The rules may include requirements for the action
 12 programs provided for under [section 7], definitions of
 13 incompatible uses, and other provisions necessary to
 14 administer [sections 1 through 12].

15 (3) In developing, adopting, or amending the rules,
 16 the department shall consult with and give due weight and
 17 consideration to the views of the board.

18 NEW SECTION. Section 7. Evaluation of application.

19 (1) The department shall evaluate each application, based
 20 on the standards in the rules adopted under [section 6], and
 21 shall determine if the land is qualified for designation as
 22 designated riparian habitat or designated wetland. The
 23 department may inspect the land with the consent of the
 24 landowner.

25 (2) Land that the department determines qualifies as

1 designated riparian habitat or designated wetland may be
 2 designated by the department only if the landowner agrees in
 3 writing:

4 (a) to implement an action program, approved by the
 5 department, providing for the rehabilitation of the riparian
 6 land or wetland; or

7 (b) if the riparian land or wetland is currently
 8 providing suitable habitat, to provide for the continued
 9 protection of that land.

10 NEW SECTION. Section 8. Approval and notification
 11 procedures. (1) The department shall, within 60 days of
 12 receipt of an application, conduct its review and notify the
 13 applicant of approval or disapproval of the application.

14 (2) The department may approve the application for all
 15 or part of the land, but if any land within the application
 16 is denied designation, the applicant may withdraw the entire
 17 application.

18 (3) Upon approval of an application, the department
 19 shall enter an order of approval and within 10 days file a
 20 copy of the order with the county assessor. Filing of the
 21 order with the county assessor constitutes notification of
 22 the tax exemption for the designated land, and the county
 23 assessor shall take appropriate action to effect the tax
 24 exemption.

25 NEW SECTION. Section 9. Management requirements --

1 withdrawal procedure. (1) To maintain tax-exempt status,
 2 land designated as designated riparian habitat or designated
 3 wetland under [sections 1 through 12] must be managed under
 4 conditions agreed to by the landowner under [section 7].

5 (2) A landowner may at any time request in writing to
 6 the county assessor that designated land be withdrawn from
 7 designation. The county assessor shall withdraw the land
 8 from designation, revoke its tax-exempt status, and give
 9 written notice of the withdrawal to the board and
 10 department.

11 (3) When designated land is applied to an incompatible
 12 use, the landowner shall within 60 days notify the county
 13 assessor of the change in land use. The county assessor
 14 shall upon notification proceed as provided in subsection
 15 (2).

16 (4) Upon verification that designated land has been
 17 applied to an incompatible use that was not reported by the
 18 landowner in accordance with subsection (3), the county
 19 assessor shall place the land back on the tax roll for
 20 future assessments and shall assess a one-time tax as a
 21 result of the unreported incompatible use. The one-time tax
 22 must be computed as follows:

23 (a) determine the current annual tax assessment on the
 24 designated land; and

25 (b) multiply this amount by the number of years the

1 land was in tax-exempt status through the provisions of
2 [sections 1 through 12] or by five, whichever is less.

3 NEW SECTION. Section 10. Reporting requirements.

4 (1) A county assessor may request a written report from any
5 owner of designated land on the use of the land.

6 (2) As an alternative to preparing the written report,
7 a landowner may notify the assessor that an inspection of
8 the designated land will be permitted. Upon request of the
9 assessor, the department shall inspect the land for
10 compliance with the agreement reached under [section 7].

11 (3) If, within 60 days of the initial request, an
12 owner of designated land fails to submit a report requested
13 under subsection (1) and fails to allow an inspection under
14 subsection (2), the assessor shall give written notice to
15 the landowner that tax-exempt status will be withdrawn from
16 the land in 30 days. Compliance by the landowner with the
17 provisions of subsection (1) or (2) within the 30-day period
18 allows the land to retain tax-exempt status; failure to
19 comply requires the county assessor to revoke the tax
20 exemption and send written notice of the revocation to the
21 board and department.

22 NEW SECTION. Section 11. Limit on acreage of
23 designated land. (1) The department may approve for new
24 designation in a county no more than 2,000 acres a year plus
25 an acreage equal to the amount of land for which an existing

1 designation was withdrawn or revoked during the previous
2 year.

3 (2) If the department receives applications for
4 designation in excess of the maximum acreage limitation
5 under subsection (1), preference must be afforded according
6 to the date each application was filed with the county
7 assessor. Applications denied due to annual acreage
8 limitations must be held for consideration the following
9 year.

10 NEW SECTION. Section 12. Rulemaking authority for
11 department of revenue. The department of revenue provided
12 for in 2-15-1301 may adopt rules necessary to administer the
13 provisions of [sections 1 through 12].

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

17 (a) the property of:

18 (i) the United States, the state, counties, cities,
19 towns, school districts;

20 (ii) irrigation districts organized under the laws of
21 Montana and not operating for profit;

22 (iii) municipal corporations; and

23 (iv) public libraries;

24 (b) buildings, with land they occupy and furnishings
25 therein, owned by a church and used for actual religious

1 worship or for residences of the clergy, together with
2 adjacent land reasonably necessary for convenient use of
3 such buildings;

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

7 (d) property that meets the following conditions:

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

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

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

17 (e) institutions of purely public charity;

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

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

22 (h) all household goods and furniture, including but
23 not limited to clocks, musical instruments, sewing machines,
24 and wearing apparel of members of the family, used by the
25 owner for personal and domestic purposes or for furnishing

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) land that is designated riparian habitat or
24 designated wetland as provided for in [sections 1 through
25 12].

1 (2) (a) The term "institutions of purely public
 2 charity" includes organizations owning and operating
 3 facilities for the care of the retired or aged or
 4 chronically ill, which are not operated for gain or profit.

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

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

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

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

19 NEW SECTION. Section 14. Effective date. DATES --
 20 APPLICABILITY. This act is effective January 1, 1986 ~~1985-17~~
 21 1985- (1) THIS ACT, EXCEPT THIS SECTION, [SECTION 6], AND
 22 [SECTION 12], IS EFFECTIVE JULY 1, 1987, AND APPLIES TO
 23 TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 1987.

24 (2) THIS SECTION, [SECTION 6], AND [SECTION 12] ARE
 25 EFFECTIVE JULY 1, 1985. RULES ADOPTED UNDER [SECTIONS 6 AND

1 12] MAY NOT BE MADE EFFECTIVE PRIOR TO JULY 1, 1987, AND MAY
 2 NOT BE APPLICABLE TO ANY TAXABLE YEAR BEGUN BEFORE JANUARY
 3 1, 1988.

-End-

1 STATEMENT OF INTENT

2 HOUSE BILL 892

3 House Natural Resources Committee

4

5 It is the intent of the legislature that the department
6 of fish, wildlife, and parks adopt rules setting forth
7 standards for the designation of riparian habitat and
8 wetland. The department may adopt rules specifying
9 requirements for action programs, definitions of
10 incompatible uses, and other provisions necessary to
11 administer this act.

12 It is the intent of the legislature that the department
13 of revenue adopt rules necessary for the administration of
14 this act.

15 It is the intent of the legislature that rules
16 necessary for the administration of this act be adopted so
17 applications for wetland and riparian habitat designation
18 can be received and processed in time to allow qualifying
19 lands to be exempt from property taxation beginning in ~~1987~~
20 1988.

1 HOUSE BILL NO. 892

2 INTRODUCED BY HARPER, REAM, CONNELLY, GRADY,
 3 YELLOWTAIL, HARP, IVERSON, BRANDEWIE, KEENAN,
 4 MAZUREK, MOHAR, E. SMITH, SCHYE,
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 6

7 A BILL FOR AN ACT ENTITLED: "AN ACT TO BE CITED AS THE
 8 RIPARIAN LANDS PROTECTION ACT; TO PROVIDE A PROPERTY TAX
 9 EXEMPTION FOR DESIGNATED RIPARIAN HABITATS AND WETLANDS; TO
 10 SPECIFY ELIGIBILITY AND REVIEW PROCEDURES FOR DESIGNATION;
 11 AMENDING SECTION 15-6-201, MCA; AND PROVIDING A--DELAYED AN
 12 EFFECTIVE DATE DATES."
 13

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

15 NEW SECTION. Section 1. Short title. [Sections 1
 16 through 12] may be cited as the "Riparian Lands Protection
 17 Act".

18 NEW SECTION. Section 2. Definitions. As used in
 19 [sections 1 through 12], the following definitions apply:

20 (1) "Board" means the board of supervisors of the
 21 local soil conservation district in which designated land or
 22 land proposed for designation is located.

23 (2) "Department" means the department of fish,
 24 wildlife, and parks provided for in 2-15-3401.

25 (3) "Designated land" means designated riparian

1 habitat or designated wetland.

2 (4) "Designated riparian habitat" means any riparian
 3 habitat properly designated under the procedures of
 4 [sections 4 through 8].

5 (5) "Designated wetland" means any wetland properly
 6 designated under the procedures of [sections 4 through 8].

7 (6) "Incompatible use" means an activity, development,
 8 or other land use that is in conflict with an agreement
 9 reached under [section 7] between the landowner and the
 10 department.

11 (7) "Owner" means the person or persons having fee
 12 interest in land, except that if land is subject to a real
 13 estate sales contract, owner means the purchaser under the
 14 contract.

15 (8) "Riparian habitat" means any land associated with
 16 a stream, river, or other watercourse and includes the beds
 17 of streams, the adjacent vegetative communities, and the
 18 lands thereunder that are predominantly influenced by their
 19 association with water or wetlands and that do not extend
 20 more than 100 feet landward from the interface of the
 21 wet site and dry site vegetation.

22 (9) "Wetland" means any land that is permanently wet
 23 or intermittently water-covered and includes swamps,
 24 marshes, bogs, muskegs, potholes, swales, glades, and
 25 overflow land of river valleys. The term does not include an

1 open-water--portion--of--a-large-lake-but-does-include-water
 2 areas-of-ponds,-pools,-sloughs,-and-other--small--bodies--of
 3 water----or---any---shoreline THAT SUPPORTS VEGETATION
 4 CHARACTERISTIC OF A SWAMP, MARSH, OR BOG.

5 NEW SECTION. Section 3. Property tax exemption for
 6 designated land. Any land designated as designated riparian
 7 habitat or designated wetland by the department under the
 8 procedures, standards, and criteria of [sections 1 through
 9 12] and the rules promulgated thereunder is exempt from
 10 property taxation.

11 NEW SECTION. Section 4. Eligibility. Land eligible
 12 for designation under [sections 1 through 12] must:

13 (1) meet the definition of a wetland or riparian
 14 habitat;

15 (2) be privately owned;

16 (3) be planned, zoned, or used as forest or
 17 agricultural land, including rangeland, in compliance with
 18 state or local planning goals; and

19 (4) be used and anticipated to be used in a manner
 20 consistent with the purposes of [sections 1 through 12].

21 NEW SECTION. Section 5. Application procedure.

22 (1) To have land designated as a designated riparian
 23 habitat or a designated wetland, a landowner shall complete
 24 and submit to the department an application that describes
 25 the land under consideration for designation and includes

1 other verified or verifiable information reasonably
 2 necessary for a determination by the department.

3 (2) The application must be submitted on forms
 4 prepared by the department.

5 (3) The application must be submitted to the
 6 department during the calendar year preceding the first
 7 assessment year for which such designation is requested.

8 NEW SECTION. Section 6. Rulemaking authority for
 9 department -- standards for designation. (1) The department
 10 shall adopt rules providing standards for the designation of
 11 land as designated riparian habitat or designated wetland.

12 (2) The rules may include requirements for the action
 13 programs provided for under [section 7], definitions of
 14 incompatible uses, and other provisions necessary to
 15 administer [sections 1 through 12].

16 (3) In developing, adopting, or amending the rules,
 17 the department shall consult with and give due weight and
 18 consideration to the views of the board.

19 NEW SECTION. Section 7. Evaluation of application.

20 (1) The department shall evaluate each application, based
 21 on the standards in the rules adopted under [section 6], and
 22 shall determine if the land is qualified for designation as
 23 designated riparian habitat or designated wetland. The
 24 department may inspect the land with the consent of the
 25 landowner.

1 (2) Land that the department determines qualifies as
2 designated riparian habitat or designated wetland may be
3 designated by the department only if the landowner agrees in
4 writing:

5 (a) to implement an action program, approved by the
6 department, providing for the rehabilitation of the riparian
7 land or wetland; or

8 (b) if the riparian land or wetland is currently
9 providing suitable habitat, to provide for the continued
10 protection of that land.

11 NEW SECTION. Section 8. Approval and notification
12 procedures. (1) The department shall, within 60 days of
13 receipt of an application, conduct its review and notify the
14 applicant of approval or disapproval of the application.

15 (2) The department may approve the application for all
16 or part of the land, but if any land within the application
17 is denied designation, the applicant may withdraw the entire
18 application.

19 (3) Upon approval of an application, the department
20 shall enter an order of approval and within 10 days file a
21 copy of the order with the county assessor. Filing of the
22 order with the county assessor constitutes notification of
23 the tax exemption for the designated land, and the county
24 assessor shall take appropriate action to effect the tax
25 exemption.

1 NEW SECTION. Section 9. Management requirements --
2 withdrawal procedure. (1) To maintain tax-exempt status,
3 land designated as designated riparian habitat or designated
4 wetland under [sections 1 through 12] must be managed under
5 conditions agreed to by the landowner under [section 7].

6 (2) A landowner may at any time request in writing to
7 the county assessor that designated land be withdrawn from
8 designation. The county assessor shall withdraw the land
9 from designation, revoke its tax-exempt status, and give
10 written notice of the withdrawal to the board and
11 department.

12 (3) When designated land is applied to an incompatible
13 use, the landowner shall within 60 days notify the county
14 assessor of the change in land use. The county assessor
15 shall upon notification proceed as provided in subsection
16 (2).

17 (4) Upon verification that designated land has been
18 applied to an incompatible use that was not reported by the
19 landowner in accordance with subsection (3), the county
20 assessor shall place the land back on the tax roll for
21 future assessments and shall assess a one-time tax as a
22 result of the unreported incompatible use. The one-time tax
23 must be computed as follows:

24 (a) determine the current annual tax assessment on the
25 designated land; and

1 (b) multiply this amount by the number of years the
 2 land was in tax-exempt status through the provisions of
 3 [sections 1 through 12] or by five, whichever is less.

4 NEW SECTION. Section 10. Reporting requirements.

5 (1) A county assessor may request a written report from any
 6 owner of designated land on the use of the land.

7 (2) As an alternative to preparing the written report,
 8 a landowner may notify the assessor that an inspection of
 9 the designated land will be permitted. Upon request of the
 10 assessor, the department shall inspect the land for
 11 compliance with the agreement reached under [section 7].

12 (3) If, within 60 days of the initial request, an
 13 owner of designated land fails to submit a report requested
 14 under subsection (1) and fails to allow an inspection under
 15 subsection (2), the assessor shall give written notice to
 16 the landowner that tax-exempt status will be withdrawn from
 17 the land in 30 days. Compliance by the landowner with the
 18 provisions of subsection (1) or (2) within the 30-day period
 19 allows the land to retain tax-exempt status; failure to
 20 comply requires the county assessor to revoke the tax
 21 exemption and send written notice of the revocation to the
 22 board and department.

23 NEW SECTION. Section 11. Limit on acreage of
 24 designated land. (1) The department may approve for new
 25 designation in a county no more than 2,000 acres a year plus

1 an acreage equal to the amount of land for which an existing
 2 designation was withdrawn or revoked during the previous
 3 year.

4 (2) If the department receives applications for
 5 designation in excess of the maximum acreage limitation
 6 under subsection (1), preference must be afforded according
 7 to the date each application was filed with the county
 8 assessor. Applications denied due to annual acreage
 9 limitations must be held for consideration the following
 10 year.

11 NEW SECTION. Section 12. Rulemaking authority for
 12 department of revenue. The department of revenue provided
 13 for in 2-15-1301 may adopt rules necessary to administer the
 14 provisions of [sections 1 through 12].

15 NEW SECTION. SECTION 13. OVERSIGHT BY LEGISLATURE.
 16 THE ENVIRONMENTAL QUALITY COUNCIL ESTABLISHED IN 5-16-101,
 17 IN CONSULTATION WITH THE REVENUE OVERSIGHT COMMITTEE
 18 ESTABLISHED IN 5-18-102, SHALL REVIEW THE ACTIONS OF THE
 19 DEPARTMENT IN ADMINISTERING THE RIPARIAN LANDS PROTECTION
 20 ACT AND IN ADOPTING RULES UNDER THE ACT. THE ENVIRONMENTAL
 21 QUALITY COUNCIL, IN CONSULTATION WITH THE REVENUE OVERSIGHT
 22 COMMITTEE, SHALL MAKE SUCH RECOMMENDATIONS TO THE DEPARTMENT
 23 AND TO THE LEGISLATURE AS NECESSARY TO ASSURE THE GREATEST
 24 POSSIBLE BENEFIT OF THE PROGRAM TO THE PEOPLE OF MONTANA.

25 Section 14. Section 15-6-201, MCA, is amended to read:

1 "15-6-201. Exempt categories. (1) The following
2 categories of property are exempt from taxation:

3 (a) the property of:

4 (i) the United States, the state, counties, cities,
5 towns, school districts;

6 (ii) irrigation districts organized under the laws of
7 Montana and not operating for profit;

8 (iii) municipal corporations; and

9 (iv) public libraries;

10 (b) buildings, with land they occupy and furnishings
11 therein, owned by a church and used for actual religious
12 worship or for residences of the clergy, together with
13 adjacent land reasonably necessary for convenient use of
14 such buildings;

15 (c) property used exclusively for agricultural and
16 horticultural societies, for educational purposes, and for
17 hospitals;

18 (d) property that meets the following conditions:

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

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

1 (iii) is not maintained and operated for private or
2 corporate profit;

3 (e) institutions of purely public charity;

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

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

8 (h) all household goods and furniture, including but
9 not limited to clocks, musical instruments, sewing machines,
10 and wearing apparel of members of the family, used by the
11 owner for personal and domestic purposes or for furnishing
12 or equipping the family residence;

13 (i) a truck canopy cover or topper weighing less than
14 300 pounds and having no accommodations attached. Such
15 property is also exempt from the fee in lieu of tax.

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

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

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

24 (m) the right of entry that is a property right
25 reserved in land or received by mesne conveyance (exclusive

1 of leasehold interests), devise, or succession to enter land
 2 whose surface title is held by another to explore, prospect,
 3 or dig for oil, gas, coal, or minerals; and

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

9 (o) land that is designated riparian habitat or
 10 designated wetland as provided for in [sections 1 through
 11 12].

12 (2) (a) The term "institutions of purely public
 13 charity" includes organizations owning and operating
 14 facilities for the care of the retired or aged or
 15 chronically ill, which are not operated for gain or profit.

16 (b) The terms "public art galleries" and "public
 17 observatories" include only those art galleries and
 18 observatories, whether of public or private ownership, that
 19 are open to the public without charge at all reasonable
 20 hours and are used for the purpose of education only.

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

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

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

5 NEW SECTION. Section 15. Effective date DATES --
 6 APPLICABILITY. This act is effective January 1, 1986 July 1,
 7 1985. (1) THIS ACT, EXCEPT THIS SECTION, [SECTION 6], AND
 8 [SECTION 12], AND [SECTION 13], IS EFFECTIVE JULY 1, 1987,
 9 AND APPLIES TO TAXABLE YEARS BEGINNING ON OR AFTER JANUARY
 10 1, 1987.

11 (2) THIS SECTION, [SECTION 6], AND [SECTION 12], AND
 12 [SECTION 13] ARE EFFECTIVE JULY 1, 1985. RULES ADOPTED UNDER
 13 [SECTIONS 6 AND 12] MAY NOT BE MADE EFFECTIVE PRIOR TO JULY
 14 1, 1987, AND MAY NOT BE APPLICABLE TO ANY TAXABLE YEAR BEGUN
 15 BEFORE JANUARY 1, 1988.

-End-