SENATE BILL NO. 234

.

INTRODUCED BY E. SMITH, LANE, BOYLAN, MCCALLUM, GOODOVER, BENGTSON, HAGER, FARRELL, H. HAMMOND, AKLESTAD, SEVERSON, HIRSCH, HARDING, YELLOWTAIL, GALT, STIMATZ, KEATING, ANDERSON, SHAW, TVEIT, THAYER, KOLSTAD, CRIPPEN, STEPHENS, STORY, CONOVER, B. WILLIAMS, DANIELS, LYNCH

IN THE SENATE

January 24, 1985	Introduced and referred to Committee on Taxation.
February 1, 1985	On motion by Chief Sponsor, Senators Kolstad, Crippen, Stephens, Story, Conover, Williams, Daniels, and Lynch added as sponsors.
March 14, 1985	Committee recommend bill do pass as amended. Report adopted.
March 15, 1985	Bill printed and placed on members' desks.
March 18, 1985	Second reading, do pass.
March 19, 1985	Considered correctly engrossed.
March 20, 1985	Third reading, passed. Ayes, 50; Noes, 0.
	Transmitted to House.
IN THE H	OUSE
March 21, 1985	Introduced and referred to Committee on Taxation.
March 25, 1985	Committee recommend bill be concurred in. Report adopted.

March 30, 1985

April 1, 1985

Second reading, concurred in. Third reading, concurred in. Returned to Senate.

IN THE SENATE

April 1, 1985

Received from House. Sent to enrolling. Reported correctly enrolled. LC 1315/01

BILL NO. 23 NTRODUCED BY Hee ACT TO PROHIBIT BILL FOR AN ACT ENTITLED: "AN TUT DEPARTMENT OF REVENUE FROM USING REPLACEMENT COST AS A SUBSTITUTE FOR MARKET VALUE WHEN APPRAISING PROPERTY FOR TAX PURPOSES; AMENDING SECTION 15-8-111, MCA." 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 Section 1. Section 15-8-111, MCA, is amended to read:
11 "15-8-111. Assessment -- market value standard -12 exceptions. (1) All taxable property must be assessed at
13 100% of its market value except as provided in subsection
14 (5) of this section and in 15-7-111 through 15-7-114.

(2) (a) Market value is the value at which property
would change hands between a willing buyer and a willing
seller, neither being under any compulsion to buy or to sell
and both having reasonable knowledge of relevant facts.

(b) The market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to motorcycles, aircraft, and boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules

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the average wholesale value when no national 1 showing 2 appraisal quide exists. (3) (a) In making the official assessment and 3 appraisal of the value of property in 15-6-134 through 4 15-6-140, The the department of revenue or its agents may 5 6 not: (i) adopt a lower or different standard of value from 7 8 market value; or in--making--the--official--assessment--and appraisal--of--the--value--of--property--in-15-6-134-through 9 10 15-6-140-11 (ii) use replacement cost as a substitute for market 12 value. (b) For purposes of taxation, assessed value is the 13 14 same as appraised value. (4) The taxable value for all property in classes four 15 through eleven is the percentage of market value established 16 for each class of property in 15-6-134 through 15-6-141. 17 18 (5) The assessed value of properties in 15-6-131 through 15-6-133 is as follows: 19 20 (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting 21 22 the expenses specified and allowed by 15-23-503. (b) Properties in 15-6-132 under class two are 23 assessed at 100% of the annual gross proceeds. 24 (c) Properties in 15-6-133, under class three, are 25 INTRODUCED BILL

LC 1315/01

assessed at 100% of the productive capacity of the lands
 when valued for agricultural purposes. All lands that meet
 the qualifications of 15-7-202 are valued as agricultural
 lands for tax purposes.

5 (6) Land and the improvements thereon are separately6 assessed when any of the following conditions occur:

7 (a) ownership of the improvements is different from
8 ownership of the land;

(b) the taxpayer makes a written request; or

9

10 (c) the land is outside an incorporated city or town.
11 (7) The taxable value of all property in 15-6-131 and
12 classes two and three is the percentage of assessed value
13 established in 15-6-131(2), 15-6-132, and 15-6-133 for each
14 class of property."

15 <u>NEW SECTION.</u> Section 2. 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-

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49th Legislature

SB 0234/02

1

SECOND READING

SB 234

APPROVED BY COMMITTEE ON TAXATION

1	SENATE BILL NO. 234
2	INTRODUCED BY E. SMITH, LANE, BOYLAN, MCCALLUM,
3	GOODOVER, BENGTSON, HAGER, FARRELL, H. HAMMOND,
4	AKLESTAD, SEVERSON, HIRSCH, HARDING, YELLOWTAIL,
5	GALT, STIMATZ, KEATING, ANDERSON, SHAW, TVEIT,
6	THAYER, KOLSTAD, CRIPPEN, STEPHENS, STORY,
7	CONOVER, B. WILLIAMS, DANIELS, LYNCH
8	
9	A BILL FOR AN ACT ENTITLED: "AN ACT TO PROHIBIT DIRECT THE
10	DEPARTMENT OF REVENUE FROMUSINGREPLACEMENTCOST-AS-A
11	SUBSTITUTE TO USE CERTAIN SUBSTITUTES FOR MARKET VALUE WHEN
12	APPRAISING AND ASSESSING PROPERTY FOR TAX PURPOSES;
13	PROVIDING AN EXEMPTION FOR CERTAIN PROPERTIES; AMENDING
14	SECTIONS 15-6-201 AND 15-8-111, MCA; AND PROVIDING
15	AN EFFECTIVE DATE AND AN APPLICABILITY DATE."
16	
17	WHEREAS, THE APPRAISAL AND ASSESSMENT OF AGRICULTURAL
18	IMPLEMENTS AND MACHINERY COULD BE ACCOMPLISHED MOST
19	EFFICIENTLY AND EQUITABLY BY THE USE OF THE OFFICIAL GUIDE,
20	TRACTOR AND FARM EQUIPMENT, PUBLISHED BY THE NATIONAL FARM
21	AND POWER EQUIPMENT DEALERS ASSOCIATION, ST. LOUIS,
22	MISSOURI; AND
23	WHEREAS, THE MOST ACCURATE REFLECTION OF MARKET VALUE
24	OF AGRICULTURAL IMPLEMENTS AND MACHINERY LISTED BY THE ABOVE
25	OFFICIAL GUIDE IS THAT OF LOAN VALUE AS COMPARED TO

WHOLESALE VALUE IN OTHER NATIONAL GUIDES.

2 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Section 15-8-111, MCA, is amended to read: 4 5 "15-8-111. Assessment -- market value standard --6 exceptions. (1) All taxable property must be assessed at 7 100% of its market value except as provided in subsection (5) of this section and in 15-7-111 through 15-7-114. 8 9 (2) (a) Market value is the value at which property would change hands between a willing buyer and a willing 10 seller, neither being under any compulsion to buy or to sell 11 and both having reasonable knowledge of relevant facts. 12 13 (b) The EXCEPT AS PROVIDED IN SUBSECTION (3), THE 14 market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, 15 including but not limited to motorcycles, aircraft, and 16 boats and all watercraft, is the average wholesale value 17 shown in national appraisal guides and manuals or the value 18 of the vehicle before reconditioning and profit margin. The 19 20 department of revenue shall prepare valuation schedules 21 showing the average wholesale value when no national 22 appraisal guide exists. 23 (3) (a)-in--making---the---official---assessment---and 24 appraisal--of--the--value--of--property--in-15-6-134-through 15-6-1407 The the department-of-revenue-or--its--agents--may 25

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not <u>:</u>
<u>ti</u> adopta-lower-or-different-standard-of-value-from
<pre>market-value; or inmakingtheofficialassessmentand</pre>
appraisalofthevalueofpropertyin-15-6-134-through
15-6-140-
<u>fii)-use-replacement-cost-as-asubstituteformarket</u>
value. THE DEPARTMENT OF REVENUE OR ITS AGENTS MAY NOT ADOPT
A LOWER OR DIFFERENT STANDARD OF VALUE FROM MARKET VALUE IN
MAKING THE OFFICIAL ASSESSMENT AND APPRAISAL OF THE VALUE OF
PROPERTY IN 15-6-134 THROUGH 15-6-140, EXCEPT:
(A) THE WHOLESALE VALUE FOR AGRICULTURAL IMPLEMENTS
AND MACHINERY IS THE LOAN VALUE AS SHOWN IN THE OFFICIAL
GUIDE, TRACTOR AND FARM EQUIPMENT, PUBLISHED BY THE NATIONAL
FARM AND POWER EQUIPMENT DEALERS ASSOCIATION, ST. LOUIS,
MISSOURI; AND
(B) FOR AGRICULTURAL IMPLEMENTS AND MACHINERY NOT
LISTED IN THE OFFICIAL GUIDE, THE DEPARTMENT SHALL PREPARE A
SUPPLEMENTAL MANUAL WHERE THE VALUES REFLECT THE SAME
DEPRECIATION AS THOSE FOUND IN THE OFFICIAL GUIDE.
<pre>(b)(4) For purposes of taxation, assessed value is the</pre>
same as appraised value.
(4)(5) The taxable value for all property in classes
four through eleven is the percentage of market value
established for each class of property in 15-6-134 through
15-6-141.

(5)(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

3 (a) Properties in 15-6-131, under class one, are
4 assessed at 100% of the annual net proceeds after deducting
5 the expenses specified and allowed by 15-23-503.

6 (b) Properties in 15-6-132 under class two are7 assessed at 100% of the annual gross proceeds.

8 (c) Properties in 15-6-133, under class three, are
9 assessed at 100% of the productive capacity of the lands
10 when valued for agricultural purposes. All lands that meet
11 the qualifications of 15-7-202 are valued as agricultural
12 lands for tax purposes.

13 (6)(7) Land and the improvements thereon are 14 separately assessed when any of the following conditions 15 occur:

16 (a) ownership of the improvements is different from17 ownership of the land;

18 (b) the taxpayer makes a written request; or

19 (c) the land is outside an incorporated city or town.

20 (7)(8) The taxable value of all property in 15-6-131
21 and classes two and three is the percentage of assessed
22 value established in 15-6-131(2), 15-6-132, and 15-6-133 for
23 each class of property."

24 <u>SECTION 2. SECTION 15-6-201, MCA, IS AMENDED TO READ:</u>
 25 "15-6-201. Exempt categories. (1) The following

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	1	corporate profit;
	2	(e) institutions of purely public charity;
s, cities,	3	(f) evidence of debt secured by mortgages of record
	4	upon real or personal property in the state of Montana;
the laws of	5	(g) public art galleries and public observatories not
	6	used or held for private or corporate profit;
	7	(h) all household goods and furniture, including but
	8	not limited to clocks, musical instruments, sewing machines,
furnishings	9	and wearing apparel of members of the family, used by the
l religious	10	owner for personal and domestic purposes or for furnishing
ther with	11	or equipping the family residence;
ent use of	12	(i) a truck canopy cover or topper weighing less than
	13	300 pounds and having no accommodations attached. Such
tural and	14	property is also exempt from the fee in lieu of tax.
s, and for	15	(j) a bicycle, as defined in 61-1-123, used by the
	16	owner for personal transportation purposes;
ions:	17	(k) automobiles and trucks having a rated capacity of
ation or	18	three-guarters of a ton or less;
3, 20, or	19	(1) fixtures, buildings, and improvements owned by a
	20	cooperative association or nonprofit corporation organized
ion with a	21	to furnish potable water to its members or customers for
care and	22	uses other than the irrigation of agricultural land;
ded for in	23	(m) the right of entry that is a property right
	24	reserved in land or received by mesne conveyance (exclusive
	25	of leasehold interests), devise, or succession to enter land
rivate or		

1 categories of property are exempt from taxation:

(a) the property of: 2

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

5 (ii) irrigation districts organized under 6 Montana and not operating for profit;

7 (iii) municipal corporations; and

8 (iv) public libraries;

(b) buildings, with land they occupy and 9 therein, owned by a church and used for actua 10 worship or for residences of the clergy, tog 11 adjacent land reasonably necessary for conven 12 13 such buildings;

(c) property used exclusively for agricu. 14 15 horticultural societies, for educational purpose 16 hospitals;

(d) property that meets the following condition 17

(i) is owned and held by any assoc. 18 corporation organized under Title 35, chapter 2, 19 20 21;

(ii) is devoted exclusively to use in connect 21 22 cemetery or cemeteries for which a permanent improvement fund has been established as prov 23 Title 35, chapter 20, part 3; and 24

(iii) is not maintained and operated for 25

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1 whose surface title is held by another to explore, prospect,

2 or dig for oil, gas, coal, or minerals; and

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

8 (c) all farm buildings with a market value of less
9 than \$500 and all agricultural implements and machinery with
10 a market value of less than \$100.

(2) (a) The term "institutions of purely public 11 charity" includes organizations owning and operating 12 facilities for the care of the retired or aged or 13 chronically ill, which are not operated for gain or profit. 14 (b) The terms "public art galleries" and "public 15 16 observatories" include only those art galleries and observatories, whether of public or private ownership, that 17 are open to the public without charge at all reasonable 18 hours and are used for the purpose of education only. 19

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

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

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1 dwelling;

2 (b) \$100,000 in the case of a multifamily residential3 dwelling or a nonresidential structure."

<u>NEW SECTION.</u> Section 3. Extension of authority. Any
existing authority of the department of revenue to make
rules on the subject of the provisions of this act is
extended to the provisions of this act.

8 <u>NEW SECTION. SECTION 4. EFFECTIVE</u> DATE --9 <u>AFELICABILITY. THIS ACT IS EFFECTIVE ON PASSAGE AND</u> 10 <u>APPROVAL AND IS APPLICABLE TO TAX YEARS BEGINNING AFTER</u> 11 DECEMBER 31, 1985.

-End-

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1SENATE BILL NO. 2342INTRODUCED BY E. SMITH, LANE, BOYLAN, MCCALLUM,3GOODOVER, BENGTSON, HAGER, FARRELL, H. HAMMOND,4AKLESTAD, SEVERSON, HIRSCH, HARDING, YELLOWTAIL,5GALT, STIMATZ, KEATING, ANDERSON, SHAW, TVEIT,6THAYER, KOLSTAD, CRIPPEN, STEPHENS, STORY,7CONOVER, B. WILLIAMS, DANIELS, LYNCH8

9 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROHIBIT <u>DIRECT</u> THE 10 DEPARTMENT OF REVENUE PROM--USING--REPLACEMENT--COST-AS-A 11 GUBGTITUTE TO USE CERTAIN SUBSTITUTES FOR MARKET VALUE WHEN 12 APPRAISING <u>AND ASSESSING</u> PROPERTY FOR TAX PURPOSES; 13 <u>PROVIDING AN EXEMPTION FOR CERTAIN PROPERTIES;</u> AMENDING 14 SECTIONS 15-6-201 AND 15-8-111, MCA; AND PROVIDING 15 AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

16

17 WHEREAS, THE APPRAISAL AND ASSESSMENT OF AGRICULTURAL IMPLEMENTS AND MACHINERY COULD BE ACCOMPLISHED MOST 18 EFFICIENTLY AND EQUITABLY BY THE USE OF THE OFFICIAL GUIDE, 19 20 TRACTOR AND FARM EQUIPMENT, PUBLISHED BY THE NATIONAL FARM AND POWER EQUIPMENT DEALERS ASSOCIATION, ST. LOUIS. 21 MISSOURI; AND 22 WHEREAS, THE MOST ACCURATE REFLECTION OF MARKET VALUE 23 OF AGRICULTURAL IMPLEMENTS AND MACHINERY LISTED BY THE ABOVE 24 OFFICIAL GUIDE IS THAT OF LOAN VALUE AS COMPARED TO 25

WHOLESALE VALUE IN OTHER NATIONAL GUIDES.

2 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 4 Section 1. Section 15-8-111, MCA, is amended to read: 5 "15-8-111. Assessment -- market value standard --6 exceptions. (1) All taxable property must be assessed at 7 100% of its market value except as provided in subsection R (5) of this section and in 15-7-111 through 15-7-114. 9 (2) (a) Market value is the value at which property 10 would change hands between a willing buyer and a willing 11 seller, neither being under any compulsion to buy or to sell 12 and both having reasonable knowledge of relevant facts. 13 (b) The EXCEPT AS PROVIDED IN SUBSECTION (3). THE 14 market value of all motor trucks; agricultural tools, 15 implements, and machinery; and vehicles of all kinds, 16 including but not limited to motorcycles, aircraft, and 17 boats and all watercraft, is the average wholesale value 18 shown in national appraisal guides and manuals or the value 19 of the vehicle before reconditioning and profit margin. The 20 department of revenue shall prepare valuation schedules 21 showing the average wholesale value when no national 22 appraisal guide exists. 23 (3) ta)-In--making---the---official---assessment---and 24 appraisal--of--the--value--of--property--in-15-6-134-through 15-6-1407 The the department-of-revenue-or--its--agents--may 25 THIRD READING

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1	not <u>:</u>
2	<u>(i)</u> adopta-lower-or-different-standard-of-value-from
3	market-value; or inmakingtheofficialassessmentand
4	appraisalofthevalueofpropertyin-15-6-134-through
5	15-6-140.
6	fii)-use-replacement-cost-as-asubstituteformarket
7	value. THE DEPARTMENT OF REVENUE OR ITS AGENTS MAY NOT ADOPT
8	A LOWER OR DIFFERENT STANDARD OF VALUE FROM MARKET VALUE IN
9	MAKING THE OFFICIAL ASSESSMENT AND APPRAISAL OF THE VALUE OF
)	PROPERTY IN 15-6-134 THROUGH 15-6-140, EXCEPT:
L	(A) THE WHOLESALE VALUE FOR AGRICULTURAL IMPLEMENTS
2	AND MACHINERY IS THE LOAN VALUE AS SHOWN IN THE OFFICIAL
	GUIDE, TRACTOR AND FARM EQUIPMENT, PUBLISHED BY THE NATIONAL
ł	FARM AND POWER EQUIPMENT DEALERS ASSOCIATION, ST. LOUIS,
	MISSOURI; AND
;	(B) FOR AGRICULTURAL IMPLEMENTS AND MACHINERY NOT
r	LISTED IN THE OFFICIAL GUIDE, THE DEPARTMENT SHALL PREPARE A
	SUPPLEMENTAL MANUAL WHERE THE VALUES REFLECT THE SAME
	DEPRECIATION AS THOSE FOUND IN THE OFFICIAL GUIDE.
	$\frac{1}{(b)(4)}$ For purposes of taxation, assessed value is the
	same as appraised value.
2	<pre>+++(5) The taxable value for all property in classes</pre>
3	four through eleven is the percentage of market value
4	established for each class of property in 15-6-134 through
	• • • • • • • • • • • • • • • • • • • •

(5)(6) The assessed value of properties in 15-6-131
 through 15-6-133 is as follows:

3 (a) Properties in 15-6-131, under class one, are
4 assessed at 100% of the annual net proceeds after deducting
5 the expenses specified and allowed by 15-23-503.

6 (b) Properties in 15-6-132 under class two are
7 assessed at 100% of the annual gross proceeds.

6 (c) Properties in 15-6-133, under class three, are
9 assessed at 100% of the productive capacity of the lands
10 when valued for agricultural purposes. All lands that meet
11 the qualifications of 15-7-202 are valued as agricultural
12 lands for tax purposes.

13 t6t(7) Land and the improvements thereon are 14 separately assessed when any of the following conditions 15 occur:

16 (a) ownership of the improvements is different from17 ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town.
 (7)(8) The taxable value of all property in 15-6-131

and classes two and three is the percentage of assessed value established in 15-6-131(2), 15-6-132, and 15-6-133 for each class of property."

24SECTION 2. SECTION 15-6-201, MCA, IS AMENDED TO READ:25"15-6-201. Exempt categories. (1) The following

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-3-

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SB 0234/02

categories of property are exempt from taxation:	· 1	corporate profit;
(a) the property of:	2	(e) institutions of purely public charity;
(i) the United States, the state, counties, cities,	3	(f) evidence of debt secured by mortgages of record
towns, school districts;	4	upon real or personal property in the state of Montana;
(ii) irrigation districts organized under the laws of	5	(g) public art galleries and public observatories not
Montana and not operating for profit;	6	used or held for private or corporate profit;
(iii) municipal corporations; and	. 7	(h) all household goods and furniture, including but
(iv) public libraries;	8	not limited to clocks, musical instruments, sewing machines,
(b) buildings, with land they occupy and furnishings	9	and wearing apparel of members of the family, used by the
therein, owned by a church and used for actual religious	10	owner for personal and domestic purposes or for furnishing
worship or for residences of the clergy, together with	11	or equipping the family residence;
adjacent land reasonably necessary for convenient use of	12	(i) a truck canopy cover or topper weighing less than
such buildings;	13	300 pounds and having no accommodations attached. Such
(c) property used exclusively for agricultural and	14	property is also exempt from the fee in lieu of tax.
horticultural societies, for educational purposes, and for	15	(j) a bicycle, as defined in 61-1-123, used by the
hospitals;	16	owner for personal transportation purposes;
(d) property that meets the following conditions:	17	(k) automobiles and trucks having a rated capacity of
(i) is owned and held by any association or .	18	three-quarters of a ton or less;
corporation organized under Title 35, chapter 2, 3, 20, or	19	(1) fixtures, buildings, and improvements owned by a
21;	20	cooperative association or nonprofit corporation organized
(ii) is devoted exclusively to use in connection with a	21	to furnish potable water to its members or customers for
cemetery or cemeteries for which a permanent care and	22	uses other than the irrigation of agricultural land;
improvement fund has been established as provided for in	23	(m) the right of entry that is a property right
Title 35, chapter 20, part 3; and	24	reserved in land or received by mesne conveyance (exclusive
(iii) is not maintained and operated for private or	25	of leasehold interests), devise, or succession to enter land
-5- SB 234		-6- SB 234

whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals; and (n) property owned and used by a corporation or association organized and operated exclusively for the care developmentally disabled, mentally ill, or οĒ the vocationally handicapped as defined in 18-5-101, which is not operated for gain or profit; and (o) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100. (2) (a) The term "institutions of purely public includes organizations owning and operating charity" facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit. (b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable

hours and are used for the purpose of education only.
(3) The following portions of the appraised value of a
capital investment made after January 1, 1979, in a

recognized nonfossil form of energy generation, as defined
in 15-32-102, are exempt from taxation for a period of 10
years following installation of the property:
(a) \$20,000 in the case of a single-family residential

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l dwelling;

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

4 <u>NEW SECTION.</u> Section 3. 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 4.
 EFFECTIVE
 DATE
 -

 9
 APPLICABILITY.
 THIS ACT IS EFFECTIVE ON PASSAGE AND

 10
 APPROVAL AND IS APPLICABLE TO TAX YEARS BEGINNING AFTER
- 11 DECEMBER 31, 1985.

-End-

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SB 0234/02

1	SENATE BILL NO. 234	1	WHOLES
2	INTRODUCED BY E. SMITH, LANE, BOYLAN, MCCALLUM,	2	
3	GOODOVER, BENGTSON, HAGER, FARRELL, H. HAMMOND,	3	BE IT
4	AKLESTAD, SEVERSON, HIRSCH, HARDING, YELLOWTAIL,	4	S
5	GALT, STIMATZ, KEATING, ANDERSON, SHAW, TVEIT,	5	"
6	THAYER, KOLSTAD, CRIPPEN, STEPHENS, STORY,	6	except
7	CONOVER, B. WILLIAMS, DANIELS, LYNCH	7	100% ი
8		8	(5) of
9	A BILL FOR AN ACT ENTITLED: "AN ACT TO PROHIBIT DIRECT THE	9	(
10	DEPARTMENT OF REVENUE PROMUSINGREPLACEMENTCOST-AS-A	10	would
11	SUBSTITUTE TO USE CERTAIN SUBSTITUTES FOR MARKET VALUE WHEN	11	seller
12	APPRAISING AND ASSESSING PROPERTY FOR TAX PURPOSES;	12	and bo
13	PROVIDING AN EXEMPTION FOR CERTAIN PROPERTIES; AMENDING	13	(
14	SECTIONS 15-6-201 AND 15-8-111, MCA; AND PROVIDING	14	market
15	AN EFFECTIVE DATE AND AN APPLICABILITY DATE."	15	implem
16		16	includ
17	WHEREAS, THE APPRAISAL AND ASSESSMENT OF AGRICULTURAL	17	boats
18	IMPLEMENTS AND MACHINERY COULD BE ACCOMPLISHED MOST	18	shown
19	EFFICIENTLY AND EQUITABLY BY THE USE OF THE OFFICIAL GUIDE,	19	of th
20	TRACTOR AND FARM EQUIPMENT, PUBLISHED BY THE NATIONAL FARM	20	depart
21	AND POWER EQUIPMENT DEALERS ASSOCIATION, ST. LOUIS,	21	showin
22	MISSOURI; AND	22	apprai
23	WHEREAS, THE MOST ACCURATE REFLECTION OF MARKET VALUE	23	(
24	OF AGRICULTURAL IMPLEMENTS AND MACHINERY LISTED BY THE ABOVE	24	apprai
25	OFFICIAL GUIDE IS THAT OF LOAN VALUE AS COMPARED TO	25	15-6-1

WHOLESALE VALUE IN OTHER NATIONAL GUIDES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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"15-8-111. Assessment market value standard
exceptions. (1) All taxable property must be assessed at
100% of its market value except as provided in subsection
(5) of this section and in 15-7-111 through 15-7-114.
(2) (a) Market value is the value at which property
would change hands between a willing buyer and a willing
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and both having reasonable knowledge of relevant facts.
(b) The EXCEPT AS PROVIDED IN SUBSECTION (3), THE
market value of all motor trucks; agricultural tools,
implements, and machinery; and vehicles of all kinds,
including but not limited to motorcycles, aircraft, and
boats and all watercraft, is the average wholesale value
shown in national appraisal guides and manuals or the value
shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The
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24 appraisai--of--the--value--of--property--in-15-6-134-through

25 <u>15-6-1407</u> The the department-of-revenue-or--its--agents--may

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Montana Legislative Council

SB 234 REFERENCE BILL

1	not <u>÷</u>	1	<pre>t5;(6) The assessed value of properties in 15-6-131</pre>
2	<u>fij</u> adopta-lower-or-different-standard-of-value-from	2	through 15-6-133 is as follows:
3	market-value <u>; or</u> inmakingtheofficialassessmentand	З.	(a) Properties in 15-6-131, under class one, are
4	appraisalofthevalueofpropertyin-15-6-134-through	4	assessed at 100% of the annual net proceeds after deducting
5	15-6-140.	5	the expenses specified and allowed by 15-23-503.
6	<u>fiij-use-replacement-cost-as-asubstituteformarket</u>	6	(b) Properties in 15-6-132 under class two are
7	Value. THE DEPARTMENT OF REVENUE OR ITS AGENTS MAY NOT ADOPT	7	assessed at 100% of the annual gross proceeds.
8	A LOWER OR DIFFERENT STANDARD OF VALUE FROM MARKET VALUE IN	8	(c) Properties in 15-6-133, under class three, are
9	MAKING THE OFFICIAL ASSESSMENT AND APPRAISAL OF THE VALUE OF	9	assessed at 100% of the productive capacity of the lands
10	PROPERTY IN 15-6-134 THROUGH 15-6-140, EXCEPT:	10	when valued for agricultural purposes. All lands that meet
11	(A) THE WHOLESALE VALUE FOR AGRICULTURAL IMPLEMENTS	11	the qualifications of 15-7-202 are valued as agricultural
12	AND MACHINERY IS THE LOAN VALUE AS SHOWN IN THE OFFICIAL	12	lands for tax purposes.
13	GUIDE, TRACTOR AND FARM EQUIPMENT, PUBLISHED BY THE NATIONAL	13	(6)(7) Land and the improvements thereon are
14	FARM AND POWER EQUIPMENT DEALERS ASSOCIATION, ST. LOUIS,	14	separately assessed when any of the following conditions
15	MISSOURI; AND	15	occur:
16	(B) FOR AGRICULTURAL IMPLEMENTS AND MACHINERY NOT	16	(a) ownership of the improvements is different from
17	LISTED IN THE OFFICIAL GUIDE, THE DEPARTMENT SHALL PREPARE A	17	ownership of the land;
18	SUPPLEMENTAL MANUAL WHERE THE VALUES REFLECT THE SAME	18	(b) the taxpayer makes a written request; or
19	DEPRECIATION AS THOSE FOUND IN THE OFFICIAL GUIDE.	19	(c) the land is outside an incorporated city or town.
20	<pre>(4) For purposes of taxation, assessed value is the</pre>	20	(7)<u>(8)</u> The taxable value of all property in 15-6-131
21	same as appraised value.	21	and classes two and three is the percentage of assessed
22	(4)(5) The taxable value for all property in classes	22	value established in 15-6-131(2), 15-6-132, and 15-6-133 for
23	four through eleven is the percentage of market value	23	each class of property."
24	established for each class of property in 15-6-134 through	24	SECTION 2. SECTION 15-6-201, MCA, IS AMENDED TO READ:
25	15-6-141.	25	"15-6-201. Exempt categories. (1) The following

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1 categories of property are exempt from taxation:

(a) the property of:

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

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

(iii) municipal corporations; and

8 (iv) public libraries;

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

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

17 (d) property that meets the following conditions:

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

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

25 (iii) is not maintained and operated for private or

l corporate profit;

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(e) institutions of purely public charity;

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

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

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

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

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

17 (k) automobiles and trucks having a rated capacity of18 three-guarters of a ton or less;

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

(m) the right of entry that is a property right
reserved in land or received by mesne conveyance (exclusive
of leasehold interests), devise, or succession to enter land

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whose surface title is held by another to explore, prospect,
 or dig for oil, gas, coal, or minerals; and

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

8 (0) all farm buildings with a market value of less
9 than \$500 and all agricultural implements and machinery with
10 a market value of less than \$100.

11 (2) (a) The term "institutions of purely public charity" includes organizations owning and operating 12 facilities for the care of the retired or aged or 13 chronically ill, which are not operated for gain or profit. 14 (b) The terms "public art galleries" and "public 15 observatories" include only those art galleries and 16 17 observatories, whether of public or private ownership, that are open to the public without charge at all reasonable 18 hours and are used for the purpose of education only. 19

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

25 (a) \$20,000 in the case of a single-family residential

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1 dwelling;

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

4 <u>NEW SECTION.</u> Section 3. 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 4. EFFECTIVE DATE --
- 9 APPLICABILITY. THIS ACT IS EFFECTIVE ON PASSAGE AND
- 10 APPROVAL AND IS APPLICABLE TO TAX YEARS BEGINNING AFTER
- 11 DECEMBER 31, 1985.

-End-

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