

FINAL STATUS

HB 19     INTRODUCED BY PECK, ET AL.  
          CHANGING THE METHOD OF VALUING AND ASSESSING CERTAIN  
          CLASS 15 PROPERTY

3/26	INTRODUCED	
3/26	REFERRED TO TAXATION	
3/26	FISCAL NOTE REQUESTED	
3/27	FISCAL NOTE RECEIVED	
3/27	HEARING	
3/29	TAKEN FROM COMMITTEE	57 40
	AND PLACED ON 2ND READING	
3/29	2ND READING PASS AS AMENDED	72 27
3/29	3RD READING PASS	76 23

TRANSMITTED TO SENATE  
BILL DIED IN PROCESS

1 *House* BILL NO. *19*  
2 INTRODUCED BY *Rep. Beckman Del. Council*  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE METHOD OF  
5 VALUING AND ASSESSING CERTAIN FEDERALLY PROTECTED PROPERTY;  
6 AMENDING SECTION 15-6-145, MCA; AND PROVIDING A RETROACTIVE  
7 APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 15-6-145, MCA, is amended to read:

11 "15-6-145. Class fifteen property -- description --  
12 taxable percentage. (1) Class fifteen property includes:

13 (a) all railroad transportation property as described  
14 in the Railroad Revitalization and Regulatory Reform Act of  
15 1976 as it read on January 1, 1986; and

16 (b) all airline transportation property as described  
17 in the Tax Equity and Fiscal Responsibility Act of 1982 as  
18 it read on January 1, 1986.

19 (2) ~~For the taxable year beginning January 1, 1986~~  
20 ~~through 1989, and for each taxable year thereafter,~~  
21 ~~class fifteen property is taxed at the percentage rate "R",~~  
22 ~~to be determined by the department as provided in subsection~~  
23 ~~(3) (5), except that the maximum percentage rate "R" may not~~  
24 ~~exceed 12%.~~

25 (3) For taxable years 1986 through 1989, prior to its

1 application to class fifteen property, the percentage rate

2 "R" must be adjusted as follows:

3 (a) for taxable year 1986, "R" must be multiplied by  
4 80%;

5 (b) for taxable year 1987, "R" must be multiplied by  
6 85%;

7 (c) for taxable year 1988, "R" must be multiplied by  
8 90%; and

9 (d) for taxable year 1989, "R" must be multiplied by  
10 95%.

11 (4) For taxable years 1990 and thereafter, class  
12 fifteen property is taxed at the percentage rate "R", to be  
13 determined by the department as provided in subsection (5).

14 ~~(3)~~ (5) R = A/B where:

15 (a) A is the total statewide taxable value of all  
16 commercial property as commercial property is described in  
17 15-1-101(1)(d), including class 1 and class 2 property; and

18 (b) B is the total statewide market value of all  
19 commercial property as commercial property is described in  
20 15-1-101(1)(d), including class 1 and class 2 property.

21 ~~(4)~~ (6) (a) For the taxable year beginning January 1,  
22 1986, and for every taxable year thereafter, the department  
23 shall conduct a sales assessment ratio study of all  
24 commercial and industrial real property and improvements.  
25 The study must be based on:

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(i) assessments of such property as of January 1 of the year for which the study is being conducted; and

(ii) a statistically valid sample of sales using data from realty transfer certificates filed during the same taxable year or from the immediately preceding taxable year, but only if a sufficient number of certificates is unavailable from the current taxable year to provide a statistically valid sample.

(b) The department shall determine the value-weighted mean sales assessment ratio "M" for all such property and reduce the taxable value of property described in subsection ~~(4)~~ (6) only, by multiplying the total statewide taxable value of property described in subsection ~~(4)~~ (6) by "M" prior to calculating "A" in subsection ~~(3)~~ (5).

(c) The adjustment referred to in subsection ~~(4)~~ (6)(b) will be made beginning January 1, 1986, and in each subsequent tax year to equalize the railroad and airline taxable values.

~~(5)~~(7) For the purpose of complying with the Railroad Revitalization and Regulatory Reform Act of 1976 and the Tax Equity and Fiscal Responsibility Act of 1982, as they read on January 1, 1986, the rate "R" referred to in this section is the equalized average tax rate generally applicable to commercial and industrial property as commercial property is defined in 15-1-101(1)(d)."

NEW SECTION. Section 2. Valuation using depreciated accounting methods. In valuing railroads, the department shall use the phase in the depreciation accounting method as defined in Interstate Commerce Commission Order No. 369 "Alternative Methods of Accounting for Railroad Trackage Structures", in an orderly fashion so that the method is fully utilized in 1991.

NEW SECTION. Section 3. Extension of authority. The existing authority of the department of revenue to make rules on the subject of the provisions of this act shall be extended to the provisions of this act.

NEW SECTION. Section 4. Retroactive applicability. Sections 1 through 3 apply retroactively, within the meaning of 1-2-109, to all taxable years beginning on or after January 1, 1986.

NEW SECTION. Section 5. Effective date. This act shall be effective on passage and approval.

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