SENATE BILL NO. 20
INTRODUCED BY MCCALLUM, SWIFT, RAPP-SVRCEK, COBB, KEATING, O'HARA, FARRELL, NORMAN, BRANDEWIE, GLASER, PHILLIPS, RAMIREZ, CONNELLY, NATHE, SEVERSON, PATTERSON, CHRISTIAENS, DRISCOLL, BOYLAN, MARKS

IN THE SENATE

June 19, 1986

June 25, 1986

June 26, 1986

June 26, 1986

June 28, 1986

June 28, 1986

Introduced and referred to Committee on Taxation.

Committee recommend bill do pass as amended. Report adopted.

Second reading, do pass.
Third reading, passed. Ayes, 49; Noes, 0.

Transmitted to House.
IN THE HOUSE
Introduced and referred to Committee on Taxation.

Committee recommend bill be concurred in. Report adopted.

Second reading, concurred in as amended.

Third reading, concurred in.
Returned to Senate with amendments.

IN THE SENATE
Received from House.
Second reading, amendments not concurred in.

June 28, 1986

June 30, 1986

July 1, 1986

On motion, Conference committee requested and appointed.

Conference Committee dissolved.
On motion, Free Conference Committee requested and appointed.

Free Conference Committee reported.

Second reading, Free Conference Committee report adopted.

On motion, reconsider action on Free Conference Committee report. Taken from third reading and placed on second reading this day.

Free Conference Committee Report No. 2 reported.

Second reading, Free Conference Committee Report No. 2 adopted.

Third reading, Free Conference Committee Report No. 2 adopted. Ayes, 46; Noes, 2.

Free Conference Committee Report No. 2 adopted by House.

On motion, reconsider third reading action on Free Conference Committee Report No. 2. Free Conference Committee Report No. 3 placed on second reading.

Second reading, Free Conference Committee Report No. 3 adopted.<br>Third reading, Free Conference Committee Report No. 3 adopted. Ayes, 43; Noes, 5.<br>Free Conference Committee Report No. 3 adopted by House.<br>Sent to enrolling.<br>Reported correctly enrolled.

CLASS FOUR; TO EXTEND THE APPLICATION DEADLINE FOR REDUCTION 7 IN 1986 VALUATIONS; AMENDING SECTIONS 15-6-134 AND 15-7-202,


FOR CLASSIFICATION OF CERTAIN PROPERTY AS CLASS TEEE OR MCA; AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE effective date."
be it enacted by the legislature of the state of montana:
Section 1. Section 15-6-134, MCA, is amended to read:
-15-6-134. Class four property -- description -taxable percentage. (1) Class four property includes:
(a) all land except that specifically included in another class;
(b) all improvements except those specifically included in another class;
(c) the first $\$ 35,000$ or less of the market value of any improvement on real property and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources including otherwise tax-exempt income of all types is not more than $\$ 10,000$ for a single
person or $\$ 12,000$ for a married couple;
(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least 9 holes and not less than 3,000 lineal yards:;
(e) all land, together with improvements, not devoted
to a residential, comercial, industrial, agricultural, or timberland use if:
(i) the land contains more than 5 acres and less than

## 20 acres; or

(ii) the land contains not more than 5 acres and is precluded from being devoted to residential, commercial, or industrial use because of subdivision or zoning laws, regulations, or ordinances.
(2) Class four property is taxed as follows:
(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (l)(a) and (l)(b) is taxed at the taxable percentage rate " $P$ " of its market value.
(b) Property described in subsection (1)(c) is taxed at the taxable percentage rate "p" of its market value multiplied by a percentage figure based on income and determined Erom the following table:

| Income | Income | Percentage |
| :---: | :---: | :---: |
| Single Person | Married Couple | Multiplier |
| $\$ 0-\$ 1,000$ | $\$ 0-\$ 1,200$ | $0 \%$ |
| $1,001-2,000$ | $1,201-2,400$ | $10 \%$ |

INTRODUCED BILL SB 20

percentage increase in accordance with the table shown
below.
(c) This table limits the statewide increase in
taxable valuation resulting from reappraisal to 08. In
calculating the percentage increase, the department may not
consider changes resulting from new construction, additions,
or deletions during calendar year 1985.
(d) The taxable percentage must be calculated by
interpolation to coincide with the nearest whole number
certified statewide percentage increase from the following
table:
Certified statewide
Percentage Increase
0

| Certified Statewide | Class Four Taxable |
| :--- | :---: |
| Percentage Increase | Percentage "P" |

3.88
3.71
3.56
3.42
3.28
3.16
3.05
2.94
2.85
2.75
2.67
2.59
2.51
2.44
2.37
2.31
2.25
2.19
2.13
(5) After July 1,1986 , no adjustment may be made by the department to the taxable percentage rate "p" until a revaluation has been made as provided in 15-7-111.
(6) Within the meaning of comparable property as
defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

Section 2. Section 15-7-202, MCA, is amended to read:
"15-7-202. Eligibility of land for valuation as agricultural. (1) Contiguous or noncontiguous parcels of land totaling 20 acres or more under one ownership shall be eligible for valuation, assessment, and taxation as agricultural land each year that none of the parcels is devoted to a commercial or industrial use.
$t+t(2)$ Contiguous or noncontiguous parcels of land totaling less than 20 acres under one ownership that are actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year the parcels meet any of the following qualifications:
(a) the parcels produce and the owner or the owner's agent, employee, or lessee markets not less than $\$ 1,500$ in annual gross income from the raising of livestock, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber; or
(b) the parcels would have met the qualification set out in subsection $t \pm \dagger(2)(a)$ were it not for independent intervening causes of production failure beyond the control
of the producer or marketing delay for economic advantage, in which case proof of qualification in a prior year will suffice.
fZt-Parceis-that-de-not-meet--the--quatificetions--set out--in--subsection-tさt-shałt-not-be-ełassified-or-vatued-as agrieutturat-if-they-are-pert-of-a-ptatted-subdivision-that is--fited--with--the-county-eterk-and-recorder-in-eompłiance with-the-Montana-Subdivision-and-Platting-Aet-
(3) Contiquous parcels of land containing less than 20 acres per parcel under differing ownership that are actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as agricultural land each year that the parcels as one combined operating entity meet any of the qualifications in subsection (2).
(7)(4) Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes.
t4t--The-grazing-on-tand-by-a-horse--or--other--animats kept--as--a--hobby--and--not--as--a--part--of--a--bena-fide agricuteurat-enterprise-shatz-not-be-considered-a--bona-fide agricutturat-operation:
(5) If land has been valued, assessed, and taxed as agricultural land in any year, it shall continue to be so valued, assessed, and taxed until the department reclassifies the property. A reclassification does not mean
revaluation pursuant to $15-7-111$.
(6) For the purposes of this part, growing timber is not an agricultural use. (Subsection (6) terminates January 1, 1991--sec. 10, Ch. 6B1, L. 1985.)"

NEW SECTION. Section 3. Application deadline for reduction in 1986 valuation. Notwithstanding the provisions of 15-15-102, the application deadline for reduction in 1986 taxable valuations is August $1,1986$.

NEW SECTION. Section 4. 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.

NEW SECTION. Section 5. Applicability. This act applies retroactively, within the meaning of 1-2-109, to taxable years beginning after December 31, 1985.

NEW SECTION. Section 6. Effective date. This act is effective on passage and approval.

## Description:

A bill to revise the criteria for classification of certain property as class three or class four.
Assumptions:

1. Total "undeveloped (bare land)" parcels Total acrea of "undeveloped (bare land)" parcels Total market value of "undeveloped (bare land)" parcels
2. Total "developed" parcels Total acres of "developed" parcels Total market value of "developed" parcels
3. Total improvement value of "developed" parcels
$0-4.999$ ac.

$$
17,075
$$

28, 309
\$175,025,183
23,373
38,216
\$289, 200, 339
s954, 768, 715
$\frac{5-19.999 \mathrm{ac}}{13,173}$
139, 920
\$191,150,573
8,783
80,237
\$198, 686, 436
\$394, 259, 360

Over 20 ac. 9,720
357,477
\$276, 546, 575
2,519
94,080
\$120,775, 002
$\$ 137,406,909$
4. Average taxable value of agricultural land is $\$ 2.66$ per acre.
5. The improvementa on land granted agricultural or timber land status by the proposal vould be given the 20 percent tax rate reduction for class 14 property.
6. Mill levies are 6 mills for the university levy, 45 wills for the school foundation program and 160.85 mills for local governments (1985 average).
7. The proposal affects 74,643 parcels containing 738,149 acres. It would require 112 (grade 9 , step 2 ) staff members vorking for four months to review parcels, update records, and provide taxpayer notification.
8. The proposal vould require the mailing of 74,643 assessment notices to property ovners at a cost of s7, 465 for forms and $\$ 16,420$ for postage.
9. County computers vould have to be reprogrammed to accommodate the reduction in tax rate and the value changes at


Office of Budget and Program Planning
PRIMARY SPONSOR
DATE
Fiscal Note for

## Expenditures:

| Personnel (86 payplan incl. benefits) $--\$ 723,827$ |  |
| :--- | ---: |
| Forme and postage -- | 23,885 |
| Progranming -- | 20,000 |
| Total | $\$ 767,712$ |

## Fiscel Inpact:

As intraduced:
a.) Land and improvements on 5 to 20 acres get a 50 percent tax rate reduction.
b.) Land over 20 acres gets agricultural atatus.
c.) Land under 20 acres vith multiple ovnership gets agricultural statue.

| Loss in taxable value - |  |
| :--- | :--- |
|  |  |
| Loss in revenue (FY B7): |  |
| University Levy -- | $\$ 57,977,009$ |
| School Foundation Program | $\$ 2,608,962$ |
| Local Governments -- | $\$ 9,325,602$ |

Alternative options:

Option 1-- Current Lav with :
a.) Land and improvements on 5 to 20 acres get 50 percent tax rate reduction.

| Loss in taxable value | \$15, 133, 060 |
| :---: | :---: |
| Lose in revenue (FY 87): |  |
| Univeraity Levy | \$ 90,798 |
| School Foundation Program | \$ 680,988 |
| Local Governments | \$ 2, 434, 153 |

Option 2 -- Current Lav vith :
a.) All land over 20 acres get agricultural status.

| Lose in taxable value | \$15, 200, 768 |
| :---: | :---: |
| Loas in revenue (FY 87) : |  |
| University Levy | \$ 91,205 |
| School Foundation Program | \$ 684,035 |
| Local Governments | \$ 2,445, 044 |

## page 3

Option 3 -- Current Lav vith:
a.) All land under 20 acres with multiple ovnership gets agricultural status.

| Loss in taxable value -- | $\$ 42,776,241$ |
| :--- | :--- | ---: |
| Loss in revenue (FY 87): |  |
| University Levy -- | $\$ \quad 256,657$ |
| School Foundation Program | $\$ 1,924,930$ |
| Local Governments -- | $\$ 6,880,558$ |

Option 4 -- Current Lav vith:
a.) Undeveloped (bare) land over 20 acres gets agricultural status.
Loss in taxable value -- $\$ 9,737,384$

Loss in revenue (FY 87): University Levy -- $\$ \quad 58,424$ School Foundation Program -- \$ 438, 182
Local Governments -- $\quad \$ 1,566,258$

## SENATE BILL NO． 20

INTRODUCED BY MCCALLUM，SWIFT，RAPP－SVRCEK，COBE， KEATING，O＇HARA，FARRELL，NORMAN，BRANDEWIE，GLASER， PHILLIPS，RAMIREZ，CONNELLY，NATHE，SEVERSON，PATTERSON， CHRISTIAENS，DRISCOLL，BOYLAN，MARKS

A BILL for an act entitled：＂AN ACt to REVISE the CRiteria FOR CLASSIFICATION OF CERTAIN PROPERTY AS EछASS－THREE－ER CLASS FOUR；TO ESTABLISH A NEW CLASS EIGHTEEN PROPERTY FOR NONPRODUCTIVE REAL PROPERTY CONTAINING 20 ACRES OR MORE；TO ESTABLISH A NEW CLASS NINETEEN PROPERTY FOR REAL PROPERTY CONTAINING LESS THAN 20 ACRES AND THAT IS RENDERED NONPRODUCTIVE BY LAND USE LAWS；TO EXTEND THE APPLICATION deadline for reduction in 1986 valuations；amending seeqfens 45－6－134－－ANB－ $\mathbf{4 5 - 7 - z \theta z}$ SECTION 15－8－111，MCA；AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE．＂
be it enacted by the legislature of the state of montana：
Seetion－z－－－Seetion－ $\mathbf{~ 5 - 6 - 1 3 4 ; - M e A ; - i s - a m e n d e d - t o - - r e a d : ~}$
 taxabłe－percentage－－－f¥f－Ełass－four－property－inezudes：
tat－－ałz－łand－except－－that－－specifieałły－－inełuded－－in another－etess；
tbt－－ati－－－improvements－－－exeept－－－those－－－speeifieatzy inetuded－in－another－etassi
 any－－imprevement－－on－－reaz－property－and－appurtenant－zand－not exceeding－5－actes－owned－－or－－under－－contract－－for－－deed－－and aetuatiy－－oceupied－－for－－at－－zeast－－zo－－months－a－year－as－the primary－residentiaz－－dweiting－－of－－any－－person－－whose－－totaz income－－from－－aft－－seurees－－ineluding－－otherwise－－tax－exempt
 person－er－\＄まZ；日ө日－for－a－married－eoupłe；
（dう－－ałま－－goif－coursest－inciuding－tand－and－improrements actuazまy－and－necessariły－used－for－that－purposef－that－consist of－at－łeast－9－hotes－and－not－łess－than－3－ө日者－－tineat－－yardsi＝
fet－－aft－－tand－together－with－improvementsi－not－devoted
to－a－residentiati－commereiati－industriaz；－agrieuteurazy－－or timbertand－use－if
tij－－the－iand－contains－more－than－s－acres－and－zess－than zo－acresi－or
fiti－the－iand－contains－not－more－than－－5－－aeres－－and－－is prectuded－－from－being－devoted－to－residentiałf－commereiazf－or industriat－－use－－because－－of－－subdiyision－－or－－zoning－－tawsi regułations，－or－ordinanees？
tzf－モtass－four－property－is－taxed－as－fotłows：
tat－ExCept－－as－－provided－－in－ま5－24－ま4日z－or－ま5－z4－ま5日ま， property－deseribed－in－subsections－tキナtat－and－tま†tbt－is－taxed at－the－taxabłe－percentage－rate－upu－of－its－market－vałue－
tbt－－Property－described－in－subsection－fłttet－－is－－taxed
SECOND READING
SB 20
at－－the－－taxabłe－－percentage－－rate－－＂$P^{u}--o f-i t s-m a r k e t-v a ł t e$ muttiptied－by－－a－－pereentage－－figure－－based－－on－－income－－and determined－from－the－fottowing－table：

| Income | £neome | Percentage |
| :---: | :---: | :---: |
| Single－Person | Married－Eouple | Muttiptier |
| \＄$\theta----\$ \pm ; \theta \theta \theta$ | \＄日－－－－－sまyz | － 0 \％ |
|  | z，2өz－－－－z－4өt | 10\％ |
|  | $z ; 4 \theta z---3 ; 6 \theta \theta$ | 20\％ |
|  | Э76日z－－－－4－8ө日 | 30\％ |
| 4－$\theta \theta z---5 ; \theta \theta \theta$ | $4 ; 8 \theta z=--6 ; \theta \theta \theta$ | 40\％ |
|  | $67 \theta \theta \pm---7 \div z \theta \theta$ | 50\％ |
| $67 \theta \theta \pm---77 \theta \theta \theta$ |  | 60\％ |
|  | 8；4日土－－－9－6日王 | 70\％ |
|  | $976 \theta \pm-- \pm \theta ; 8 \theta \theta$ | 00\％ |
|  | $\pm \theta ; \theta \theta \pm -- \pm z ; \theta \theta \theta$ | 90\％ | is－－taxed－－at－－one－hazf－－the－－taxable－－percentage－－rate－－${ }^{\prime} P^{4}$ estabtished－in－subsection－tz才tat＝

 нри－for－cłass－four－property－is－8－55\％．
 shati－－determine－－the－taxabłe－percentage－rate－＂pu－appiteabłe to－etass－four－property－for－the－revatuetion－－eyete－－beginning fantary－まォ－ま9日6т－as－fotions：
tat－－qhe－－director－－of－－the－department－of－revenue－shatit
eertify－to－the－governor－before－fせまy－まт－ま9日6т－the－－pereentage by－－which－－the－－appraised－vatue－of－ati－property－in－the－state ełassified－under－etass－four－－as－－of－－Jantary－－ます－－士986；－－has increased－－due－－to－the－revafuation－conducted－under－土5－7－łtif This－figure－is－the－certified－statewide－pereentage－－inerease－
fby－－The－－taxable－－vatue－－of－－property－in－cłass－four－is determined－－as－－a－－function－－of－－the－－－eertified－－－statewide percentage－－increase－－in－－aceordance－－with－－the－－tabte－shown betow：
tet－－This－－tabłe－－timits－－the－－statewide－－inerease－－－in
 cateułating－the－percentage－increaser－the－department－may－－not consider－changes－resufting－from－new－construction－－additionst or－detetions－during－catendar－year－ $4985=$
fat－－The－－taxabłe－－pereentage－－must－－be－－cazeazated－－by interpolation－to－coineide－－with－－the－－nearest－－whote－－number certified－－statewide－－percentage－inerease－from－the－fołłowing tabze：

Eertified－Statewide
Percentage－increase

## $\theta$

$\nsucceq \theta$
$z \theta$
$3 \theta$
$4 \theta$

Etass－Pour－Taxabte
Percentage－＂p＂
8：55
$7: 77$
$7= \pm z$
$6 \div 57$
$6 \div \pm \theta$


| Ełass－Pour－Taxabte | 1 |
| :---: | :---: |
| －Pereentage－ 4 Pu | 2 |
| 5－70 | 3 |
| 5－34 | 4 |
| 5－0z | 5 |
| 4．75 | 6 |
| $4-50$ | 7 |
| 4.27 | 8 |
| 4－97 | 9 |
| 3－80 | 10 |
| 3－7士 | 11 |
| 3－56 | 12 |
| 3－42 | 13 |
| 3－28 | 14 |
| 3－$\pm 6$ | 15 |
| 3－85 | 16 |
| 2－94 | 17 |
| z－85 | 18 |
| z－75 | 19 |
| 2．67 | 20 |
| 2－59 | 21 |
| 2－5ı | 22 |
| z－44 | 23 |
| $2-37$ | 24 |
| 2－3i | 25 |

Eertified－Statewide
Percentage－禾nerease

## $z 8 \theta$

290
$3 \theta \theta$
Ełass－Pout－Taxabłe Percentage－upu

z：79
2－モヨ
f5t－－After－juty－zт－1986；－mo－adjustment－may－be－－made－－by the－－department－－to－－the－taxabie－percentage－rate－＂p\＃－untiz－a revaitation－has－been－made－as－provided－in－i5－7－ままま～
f6t－－Within－－the－－meaning－－of－－comparable－－property－－as defined－－～in－－－$\ddagger 5- \pm- \pm \theta \pm$－－property－－assessed－－as－－commeretał property－is－eomparabłe－onty－to－other－－property－－assessed－－as commeriat－－propertyi－－and－－property－－assessed－as－other－than commereiat－property－is－comparabze－－onły－－to－－other－－property assessed－as－other－than－commereiat－property－＂


agrieutturat $f$ ff－－Eontiguous－－or－－noncontiguous－pareets－of fand－totazing－ze－acres－or－more－ander－one－ownership－shatz－－be ełigibte－－－for－－－vataationy－－－assessmenti－－and－taxation－－as agrieutturat－tand－each－year－that－－nene－－of－－the－－pareetg－－is devoted－to－commereiat－or－industriat－user
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Year－－the－－pareets－meet－any－of－the－fotzowing－quatifications－
tat－－the－parcets－produce－and－the－owner－or－－the－－owners
 annuat－gress－income－from－the－raising－of－tivestocki－－pouttry； fieze－－eropsi－－fruit；－－and－other－animat－and－vegetabie－matter for－food－or－fiber；－or
tbt－－the－parcels－woułd－have－met－the－－quatifieation－set out－－in－－subsection－－ftltzftat－－were－－it－not－for－independent intervening－causes－of－production－faiture－beyond－the－－controz of－～the－－producer－or－marketing－detay－for－economie－adyantage； in－which－case－proof－of－quatification－in－a－－prier－－year－－wiz suffiee：
tZf－－Parcets－－that－－do－－not－meet－the－quatifications－set out－in－subsection－fłt－shałz－not－be－ezassified－or－－vałued－as agrieutturaz－－if－they－are－part－of－a－płatted－sabdivisien－that is－fited－with－the－county－eterk－and－－recorder－－in－－compitance with－the－Montana－Subdivision－and－Pzatting－Aet：
t 3 －－eontiguous－pareezs－of－zand－containing－tess－than－ze aeres－per－parcet－under－differing－ownership－that－are－activety deroted－to－agrieutturat－use－shaił－be－etigibte－for－vazuation assessmenty－and－taxation－as－agricutearaz－zand－each－year－that the－parcets－as－one－combined－operating－entity－meet－any－of－the

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NEW SECTION．SECTION 1．CLASS EIGHTEEN PROPERTY－－ DESCRIPTION … TAXABLE PERCENTAGE．（1）CLASS EIGHTEEN PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE REAL PROPERTY CONTAINING 20 OR MORE CONTIGUOUS ACRES UNDER ONE ONNERSHIP THAT DO NOT QUALIFY AS AGRICULTURAL LAND，TIMBERLAND，OR COMMERCIAL OR INDUSTRIAL PROPERTY．
（2）IMPROVEMENTS TO CLASS EIGHTEEN PROPERTY ARE TAXED AS CLASS FOUR PROPERTY．
（3）CLASS EIGHTEEN PROPERTY IS TAXED AT $2 \%$ OF ITS MARKET VALUE．

NEW SECTION．SECTION 2．CLASS NINETEEN PROPERTY－－ DESCRIPTION－－TAXABLE PERCENTAGE．（1）CLASS NINETEEN

PROPERTY INCLUDES PARCELS OE NONPRODUCTIVE REAL PROPERTY CONTAINING LESS THAN 20 ACRES THAT ARE PRECLUDED FROM BEING DEVELOPED FOR RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS, OR ORDINANCES OR THAT ARE PRECLUDED FROM BEING SO DEVELOPED EOR OTHER REASONS.
(2) IMPROVEMENTS TO CLASS NINETEEN PROPERTY ARE TAXED AS CLASS FOUR PROPERTY.
(3) CLASS NINETEEN PROPERTY IS TAXED AT $2 \%$ OF ITS MARKET VALUE.

NEW SECTION. SECTION 3. APPLICATION FOR CLASSIFICATION AS CLASS NINETEEN PROPERTY. A PERSON APPLYING FOR CLASSIFICATION OF PROPERTY AS CLASS NINETEEN PROPERTY SHALL MAKE AN AFFIDAVIT TO THE DEPARTMENT OF REVENUE, ON A FORM PROVIDED BY THE DEPARTMENT WITHOUT COST, STATING:
(1) THAT THE PROPERTY IS PRECLUDED FROM BEING DEVELOPED FOR RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS, OR ORDINANCES OR FOR OTHER REASONS:
(2) WHAT LAW, REGULATION, OR ORDINANCE OR OTHER REASON PRECLUDES SUCH USE;
(3) WHAT DETERMINATIONS, IF ANY, BY A GOVERNMENTAL ENTITY HAVE BEEN MADE TO SUBSTANTIATE THE APPLICATION FOR CLASSIFICATION AS CLASS NINETEEN PROPERTY; AND
(4) SUCH OTHER INFORMATION AS IS RELEVANT TO THE

APPLICATION OR AS MAY BE REQUIRED BY THE DEPARTMENT.
SECTION 4. SECTION 15-8-111, MCA, IS AMENDED TO READ:
"15-8-111. Assessment -- market value standard -exceptions. (1) A11 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 seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.
(b) 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 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 showing the average wholesale value when no national appraisal guide exists.
(3) 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, and 15-6-145 through 15-6-147, and [sections 1 and 2], 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.
(4) For purposes of taxation, assessed value is the same as appraised value.
(5) The taxable value for all property in classes four through eleven and fifteen through seventeen nineteen is the percentage of market value established for each class of property in 15-6-134 through 15-6-141, and 15-6-145 through 15-6-147, and [sections 1 and 2].
(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:
(a) Properties in 15-6-131, under class one, are assessed at $100 \%$ of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.
(b) Properties in 15-6-132, under class two, are assessed at $100 \%$ of the annual gross proceeds.
(c) Properties in 15-6-133, under class three, are 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.
(d) Properties in 15-6-143, under class thirteen, are assessed at $100 \%$ of the combined appraised value of the standing timber and grazing productivity of the land when valued as timberland.
(7) Land and the improvements thereon are separately assessed when any of the following conditions occur:
(a) ownership of the improvements is different from ownership of the land;
(b) the taxpayer makes a written request; or
(c) the land is outside an incorporated city or town.
(8) The taxable value of all property in 15-6-131 and classes two, three, and thirteen is the percentage of assessed value established in 15-6-131(2), 15-6-132, 15-6-133, and 15-6-143 for each class of property. (Subsections (3)(a) and (3)(b) applicable to tax years beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985. Subsection (6)(d) and references in (8) to class thirteen and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

NEW SECTION. SECTION 5. CODIFICATION INSTRUCTION. SECTIONS 1 THROUGH 3 ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 15, CHAPTER 6, PART 1, AND THE PROVISIONS OF TITLE 15 APPLY TO SECTIONS 1 THROUGH 3.

NEW SECTION. Section 6. Application deadline for reduction in 1986 valuation. Notwithstanding the provisions of 15-15-102, the application deadine for reduction in 1986 taxable valuations is August 1, 1986, OR 15 DAYS AFTER RECEIPT BY THE TAXPAYER OF A REVISED NOTICE OF CLASSIFICATION AND APPRAISAL.

NEW SECTION. Section 7. 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.

NEW SECTION. Section 8. Applicability. This act applies retroactively, within the meaning of $1-2-109$, to taxable years beginning after December 31, 1985.

NEW SECTION. Section 9. Effective date. This act is effective on passage and approval.
-End-

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Special Session 6/8

\section*{SENATE BILL NO． 20}
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INTRODUCED BY MCCALLUM，SWIFT，RAPP－SVRCEK，COBB， KEATING，O＇HARA，FARRELL，NORMAN，BRANDEWIE，GLASER， PHILLIPS，RAMIREZ，CONNELLY，NATHE，SEVERSON，PATTERSON， CHRISTIAENS，DRISCOLL，BOYLAN，MARKS
A bill for an act entitled：＂AN act to revise the criteria for Classification of certain property as ebass－qhree－er CLASS FOUR；TO ESTABLISH A NEW CLASS EIGHTEEN PROPERTY FOR NONPRODUCTIVE REAL PROPERTY CONTAINING 20 ACRES OR MORE；TO ESTABLISH A NEW CLASS NINETEEN PROPERTY FOR REAL PROPERTY CONTAINING LESS THAN 20 ACRES AND THAT IS RENDERED NONPRODUCTIVE BY LAND USE LAWS；TO EXTEND THE APPLICATION DEADLINE FOR REDUCTION IN 1986 VALUATIONS：AMENDING SEE 9 I日NS 25－6－ұ34－－ANB－15－7－z日z SECTION 15－8－111，MCA；AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE EFFECTIUE DATE．＂
Be it enacted by the legislature of the state of montana：

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NEW SECTION. SECTION 1. CLASS EIGHTEEN PROPERTY -DESCRIPTION -- TAXABLE PERCENTAGE. (1) CLASS EIGHTEEN PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE REAL PROPERTY CONTAINING 20 OR MORE CONTIGUOUS ACRES UNDER ONE OWNERSHIP THAT DO NOT QUALIFY AS AGRICULTURAL LAND, TIMBERLAND, OR COMMERCIAL OR INDUSTRIAL PROPERTY.
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(3) CLASS EIGHTEEN PROPERTY IS TAXED AT 28 OF ITS MARKET VALUE.

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(2) WHAT LAW, REGULATION, OR ORDINANCE OR OTHER REASON PRECLUDES SUCH USE;
13) WHAT DETERMINATIONS, IF ANY, BY A GOVERNMENTAL ENTITY HAVE BEEN MADE TO SUBSTANTIATE THE APPLICATION FOR CLASSIFICATION AS CLASS NINETEEN PROPERTY; AND
14) SUCH OTHER INFORMATION AS IS RELEVANT TO THE

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(3) 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, and 15-6-145 through 15-6-147, and [sections 1 and 2], except:
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(5) The taxable value for all property in classes four through eleven and fifteen through seventeen nineteen is the percentage of market value established for each class of property in 15-6-134 through 15-6-141, and 15-6-145 through 15-6-147, and [sections 1 and 21.
(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:
(a) Properties in 15-6-131, under class one, are assessed at 100 of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.
(b) Properties in 15-6-132, under class two, aré assessed at $100 \%$ of the annual gross proceeds.
(c) Properties in 15-6-133, under class three, are 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 walued as agricultural
lands for tax purposes.
(d) Properties in 15-6-143, under class thirteen, are
assessed at 100 of the combined appraised value of the
standing timber and grazing productivity of the land when
valued as timberland.
(7) Land and the improvements thereon are separately assessed when any of the following conditions occur:
(a) ownership of the improvements is different from ownership of the land;
(b) the taxpayer makes a written request: or
(c) the land is outside an incorporated city or town.
(8) The taxable value of all property in 15-6-131 and classes two, three, and thirteen is the percentage of assessed value established in 15-6-131(2), 15-6-132, 15-6-133, and 15-6-143 for each class of property. (Subsections (3)(a) and (3)(b) applicable to tax years beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985. Subsection (6)(d) and references in ( 8 ) to class thirteen and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L. 1985.1"
NEW SECTION. SECTION 5. CODIFICATION INSTRUCTION. SECTIONS 1 THROUGH 3 ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 15, CHAPTER 6, PART 1, AND THE PROVISIONS OF TITLE 15 APPL,Y TO SECTIONS 1 THROUGH 3.

```
    NEW SECTION. Section 6. APplication deadline for
reduction in }1986\mathrm{ valuation. Notwithstanding the provisions
of 15-15-102, the application deadine for reduction in 1986
taxable valuations is August 1, 1986, OR 15 DAYS AFTER
RECEIPT BY THE TAXPAYER OF A REVISED NOTICE OF
CLASSIFICATION AND APPRAISAL.
    NEW SECTION. Section 7. 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.
    NEW SECTION. Section 8. Applicability. This act
applies retroactively, within the meaning of l-2-109, to
taxable years beginning after December 31, 1985.
    NEW SECTION. Section 9. Effective date. This act is
effective on passage and approval.
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    -End-
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－
SEnate bill no． 20
INTRODUCED BY MCCALLUM，SWIFT，RAPP－SVRCEK，COBB， keating，o＇hara，farrell，norman，brandewie，glaser， phillips，ramirez，Connelly，nathe，severson，patterson， CHRISTIAENS，DRISCOLL，BOYLAN，MARKS
A BILL FOR AN ACT ENTITLED：＂AN ACT TO REVISE THE CRITERIA FOR CLASSIFICATION OF CERTAIN PROPERTY AS EEASS－qHREE－QR CLASS FOUR；T日－ESTABGまSH－A－NEW－CLASS－EIGHPEEN－－PROPERYY－－FOR
 ESTABEISH－A－NEH－ESASS－NINEPEEN－PROPERTY－－FOR－－REAE－－PREPERTY
 NӨNPREBGETIVE－BY－EANB－GSE－EANS TO REVISE THE ELIGIBILITY OF LAND FOR VALUATION AS AGRICULTURAL；TO EXTEND THE APPLICATION DEADLINE FOR REDUCTION IN 1986 VALUATIONS；
 15－6－134，15－7－202，AND 15－8－111，MCA；AND PROVIDING AN APPLICABILITY DATE AND AN Immediate effective date．＂
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA：
Section－z－－－Section－－75－6－734，－MeA；－is－amended－to－read
İ5－6－794：－－Ełass－－four－－property－－－－－－description－－－－－ taxabłe－percentager－－†tナ－ełass－four－property－inezudes：
tat－－azz－－zand－－exeept－－that－－specificazty－－inezuded－in another－etass；
tbi--ati---improvements---except---those---speet£icatzy inctuded－in－another－ełass；

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$$ any－improvement－on－reat－property－and－－appurtenant－－zand－－not exceeding－－5－－acres－－owned－－or－－under－－contract－for－deed－and actuatiy－occupied－for－at－łeast－－$\ddagger \theta$－－months－－a－－year－－as－－the primary－－residentiat－－dwełting－－of－－any－－person－－whose－totat income－－from－－ait－－sourees－－inetuding－－otherwise－－tax－exempt

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fitit－the－－tand－－contains－－not－－more－than－5－acres－and－is prectuded－from－being－devoted－to－residentiaiz－commereiati－－or industriat－－use－－because－－of－－subatuision－－or－－zoning－－tawsy regutations，－or－ordinanees：

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$$ property－deseribed－in－subsections－tまttat－and－tittbt－is－taxed

REFERENCE BILL

at-the-taxabie-percentage-rate-np"-af-its-market-vazuet

## January－łt－ł9867－as－fotłows：

tat－－The－director－of－the－departanent－of－r－revenue－－shati certify－－to－the－governor－before－juty－士t－i9867－the－pereentage by－which－the－appraised－vatue－of－ati－property－－in－－the－－state etassified－－under－－ełass－－four－－as－－of－－January－if－i9867－has inereased－due－te－the－revałuation－condueted－－under－－¥5－7－łまます This－－figure－is－the－certified－statewide－pereentage－increasé
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tef－－This－－－table－－ifmits－－the－－statewide－－inerease－－in taxabłe－vatuation－－resułting－－from－－reappraisał－－to－－0\％－－£n eateutating－the－percentage－inerease；－the－department－may－not consider－ehanges－resutting－from－new－constructionf－additions； or－detetions－during－catendar－year－ł985＝
fot--The--taxabłe--pereentage--must--be--cateuzated--by interpołation－－to－－coineide－－with－－the－－nearest－whote－number eertified－statewide－percentage－increase－from－－the－－fołłowing eable：

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f5t－After－－よuły－－ます－ł9日6；－no－adjastment－may－be－made－by the－department－to－the－taxabie－pereentage－rate－－4ph－－untit－－a revałtation－has－been－made－as－provided－in－士5－7－士̇í
（6t－－Within－－the－－meaning－－oE－－comparabłe－－property－－as
 property－－is－－comparabze－－onty－to－other－property－assessed－as commerciat－property；－and－property－－assessed－as－－other－－than commereiaz－－property－－is－－comparabłe－－onty－to－other－property assessed－as－other－than－commereiat－property：4

SECTION 1．SECTION 15－6－134，MCA，IS AMENDED TO READ：
＂15－6－134．Class four property－－description－－ taxable percentage．（1）Class four property includes：
（a）all land except that specifically included in another class；
（b）all improvements except those specifically included in another class；
（c）the first $\$ 35,000$ or less of the market value of any improvement on real property and appurtenant land not

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another class;
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ny improvement on real property and appurtenant land not



exceeding 5 acres owned or under contract for deed and
actually occupied for at least 10 months a year as the
primary residential dwelling of any person whose total
income from all sources including otherwise tax-exempt
income of all types is not more than $\$ 10,000$ for a single
person or $\$ 12,000$ for a married couple;
(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least 9 holes and not less than 3,000 lineal yardsi;
(e) all land, together with improvements, not devoted to a residential, commercial, industrial, agricultural, or timberland use if the land contains more than 5 acres and less than 20 acres.
(2) Class four property is taxed as follows:
(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a) and (1)(b) is taxed at the taxable percentage rate " $P$ " of its market value.
(b) Property described in subsection (1)(c) is taxed at the taxable percentage rate "P" of its market value multiplied by a percentage figure based on income and determined from the following table:

| Income | Income | Percentage |
| :---: | :---: | :---: |
| Single Person | Married Couple | Multiplier |
| $\$ 0-\$ 1,000$ | $\$ 0-\$ 1,200$ | 08 |
| $1,001-2,000$ | $1,201-2,400$ | $10 \%$ |


| $2,001-3,000$ | $2,401-3,600$ | $20 \%$ |
| :--- | :--- | :--- |
| $3,001-4,000$ | $3,601-4,800$ | $30 \%$ |
| $4,001-5,000$ | $4,801-6,000$ | $40 \%$ |
| $5,001-6,000$ | $6,001-7,200$ | $50 \%$ |
| $6,001-7,000$ | $7,201-8,400$ | $60 \%$ |
| $7,001-8,000$ | $8,401-9,600$ | $70 \%$ |
| $8,001-9,000$ | $9,601-10,800$ | $80 \%$ |
| $9,001-10,000$ | $10,801-12,000$ | $90 \%$ |

(c) Property described in subsection subsections (1)(d) and (l)(e) is taxed at one-half the taxable percentage rate " P " established in subsection (2)(a).
(3) Until January 1,1986 , the taxable percentage rate "P" for class four property is 8.55\%.
(4) Prior to July 1,1986 , the department of revenue shall determine the taxable percentage rate "p" applicable to class four property for the revaluation cycle beginning January 1, 1986, as follows:
(a) The director of the department of revenue shall certify to the governor before July 1,1986 , the percentage by which the appraised value of all property in the state classified under class four as of January 1, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the certified statewide percentage increase.
(b) The taxable value of property in class four is determined as a function of the certified statewide

| percentage increase in accordance with the table shown 1 |  |  |
| :---: | :---: | :---: |
| below. |  | 3 |
| (c) This table limits the statewide increase in . 4 |  |  |
| taxable valuation resulting from reappraisal to 08. In 5 |  |  |
| calculating the percentage increase, the department may not 6 |  |  |
| consider changes resulting from new construction, additions, 7 |  |  |
|  |  |  |
| (d) The taxable percentage must be calculated by |  |  |
| interpolation to coincide with the nearest whole number 10 |  |  |
| certified statewide p | crease from the follo | 11 |
| table: 12 |  |  |
| Certified Statewide Percentage Increase | Class Four Taxable | 13 |
|  | $8.55$ | 14 |
| 10 | 7.77 | 15 |
| 20 | 7.12 | 16 |
| 30 | 6.57 | 17 |
| 40 | 6.10 | 18 |
| 50 | 5.70 | 19 |
| 60 | 5.34 | 20 |
| 70 | 5.02 | 21 |
| 80 | 4.75 | 22 |
| 90 | 4.50 | 23 |
| 100 | 4.27 | 24 |
| 110 | 4.07 | 25 |
| 120 | 3.88 | 26 |

percentage increase in accordance with the table shown
below.
taxable valuation resulting from reappraisal to 08 . In
calculating the percentage increase, the department may not
consider changes resulting from new construction, additions,
(d) The taxable percentage must be calculated by
certified statewide percentage increase from the following
table:
Certified Statewide
Percentage Increase
10
20
30
40
50
60
70
80
90
100
110
120
-9-

| Certified Statewide Percentage Increase 130 | Class Four Taxable <br> Percentage "p" 3.71 |
| :---: | :---: |
| 140 | 3.56 |
| 150 | 3.42 |
| 160 | 3.28 |
| 170 | 3.16 |
| 180 | 3.05 |
| 190 | 2.94 |
| 200 | 2.85 |
| 210 | 2.75 |
| 220 | 2.67 |
| 230 | 2.59 |
| 240 | 2.51 |
| 250 | 2.44 |
| 260 | 2.37 |
| 270 | 2.31 |
| 280 | 2.25 |
| 290 | 2.19 |
| 300 | 2.13 |
| (5) After July 1, 1986, no adjustment may be made by department to the taxable percentage rate "p" until a |  |
| luation has been made as provided in 15-7-111. |  |
| ed in 15-1-101, | assessed as commer |
| rty is comparable of |  |

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SB 20
comercial property，and property assessed as other than comercial property is comparable only to other property assessed as other than commercial property．＂

Section－z＝－Seetion－－¥5－7－zөz7－MeA7－is－amended－to－read＝
 ageteuteurat：$\ddagger \pm \dagger$－－Contiguous－－or－－noneontiguous－parcets－of fand－totating－z $\theta$－acres－or－more－under－one－ownership－shatit－－be ełigibłe－－－for－－－vałuationt－－－assessmenty－－and－－taxation－－as agrieuteurat－tand－each－year－that－－none－－of－－the－－parcets－is devoted－to－a－commerciat－or－industriat－usez
tiffz！－－Contiguous－－or－－noncontiguous－－parcels－－of－łand totaling－tess－than－ze－aeres under－－one－－ownership－that－－are activeły－－devoted－－to－agrieutturał－use－shałz－be－ełigibte－for vatuationj－assessmenty－and－taxation－as－herein－provided－eaeh year－－the－－parcełs－meet－any－of－the－fołłowing－quatifieations：
tat－－the－parcels－produce－and－the－owner－or－－the－－ownerts agent；－－empłoyee；－－or－łessee－markets－not－łess－than－\＄ty50日－in annuat－gross－income－from－the－raising－of－tivestockj－－pouteryj fietd－－eropsi－－fruity－－and－ether－animat－and－vegetabłe－matter for－food－or－fiberf－or
thf－－the－parcets－woute－have－met－the－－quatifieation－－set out－－in－－subsection－－tまftztfat－－were－－it－not－for－independent intervening－causes－of－produetion－faiture－beyond－the－－control of－－the－－producer－or－marketing－detay－for－economie－advantagef in－which－ease－proof－of－quatifieation－in－a－prior－year－witz

## suffice：

tzf－－Pareets－－that－－do－－not－meet－the－quatifications－set out－in－subsection－t¥t－shałt－not－be－ciassificed－or－－vałued－－as agrieutturaz－－if－they－are－part－af－a－płatted－subdivision－that is－fited－with－the－county－ełerk－and－－recorder－－in－－comptiance with－the－Montana－Subdivision－and－Płatting－Act－
f3t－－Contiguous－pareets－of－tand－containing－tess－than－ze acres－per－parcet－under－differing－ownership－that－are－activety devoted－to－agrieutturat－use－shati－be－etigibte－for－vatuationf assessmentr－and－taxation－as－agrieutturat－tand－each－year－that the－pareets－as－one－combined－operating－entity－meet－any－of－the quatifieations－in－subsection－tzit
 agrientturat－if－it－is－subdivided－with－－stated－－restrictions pronibiting－its－use－for－agricutturat－purposes．
t4t－－The－－grazing－－on－－tand－by－a－horse－or－other－animałs kept－－as－－a－－hobby－－and－－not－－as－－a－－part－－of－－a－－bona－－fide agrieuteuraz－enterprise－shałz－not－be－considered－a－－bona－fide agrieutturał－operation
f5t－－玉f－－łand－－has－－been－vatued；－assessedf－and－taxed－as agrieutturaz－łand－in－any－ycary－it－shałt－continue－－to－－be－－so vatuedr－－－assessed；－－－and－－－taxed－－－untit－－－the－－department rectassifies－the－property－－A－reetassification－does－not－mean revazuation－pursuant－to－ま5－7－ままま
t6t－－For－－the－－parposes－of－this－party－growing－timber－is

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    SECTION 2. SECTION 15-7-202, MCA, IS AMENDED TO READ:
    "15-7-202. Eligibility of land for valuation as
agricultural. (1) Contiguous or noncontiguous parcels of
land totaling 20 acres or more under one ownership shall be
eligible for valuation, assessment, and taxation as
agricultural land each year that none of the parcels is
devoted to a commercial or industrial use.
tit(2) Contiguous or noncontiguous parcels of land totaling less than 20 acres under one ownership that are actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year the parcels meet any of the following qualifications:
(a) the parcels produce and the owner or the owner's agent, employee, or lessee markets not less than \(\$ \pm 750 \theta\) \(\$ 1,000\) in annual gross income from the raising of livestock, poultry, field crops, fruit, and other animal and vegetable matter for food or Eiber; or
(b) the parcels would have met the qualification set out in subsection \(t \pm+12 \boldsymbol{j}(a)\) were it not for independent intervening causes of production failure beyond the control of the producer or marketing delay for economic advantage, in which case proof of qualification in a prior year will suffice.
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$t z+(3)$ Parcels that do not meet the qualifications set out in subsection subsections (1) and (21 shall not be classified or valued as agricultural if they are part of a platted subdivision that is filed with the county clerk and recorder in compliance with the Montana Subdivision and platting Act.
$+3+(4)$ Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes.
t4t(5) The grazing on land by a horse or other animals kept as a hobby and not as a part of a bona fide agricultural enterprise shall not be considered a bona fide agricultural operation.
$t 5+(6)$ If land has been valued, assessed, and taxed as agricultural land in any year, it shall continue to be so valued, assessed, and taxed until the department reclassifies the property. A reclassification does not mean revaluation pursuant to 15-7-111.
$+6 t(7)$ For the purposes of this part, growing timber is not an agricultural use. (Subsection (6) (now (7)) terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

 PROPERTY-- INEGBEES--PAREEES--OF--NONPROBUETEVE-REAB-PREPERYY EӨNTA天NING-Z日-ӨR-MORE-CONTIGUӨGS-AERES-UNBER--ONE--OWNERSHIP



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AS-EGASS-POUR-PROPERTY:
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MARKET-VABUE:
    NEW SECTION. SECTION 3. CLASS NINETEEN EIGHTEEN
PROPERTY -- DESCRIPTION -- TAXABLE PERCENTAGE. (1) CLASS
NINEPEEN EIGHTEEN PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE
REAL PROPERTY CONTAINING LESS THAN 20 ACRES THAT ARE
PRECLUDED FROM BEING DEVELOPED FOR RESIDENTIAL, COMMERCIAL,
OR INDUSTRIAL PURPOSES BECAUSE OF SUBDIVISION OR ZONING
LAWS, REGULATIONS, OR ORDINANCES OR THAT ARE PRECLUDED FROM
BEING SO DEVELOPED FOR OTHER REASONS.
    (2) IMPROVEMENTS TO CLASS FINETEEN EIGHTEEN PRORERTY
ARE TAXED AS CLASS FOUR PROPERTY.
    (3) CLASS NINETEEN EIGHTEEN PROPERTY IS TAXED AT 2% OF
ITS MARKET VALUE.
    NEW SECTION. SECTION 4. APPLICATION
    FOR
CLASSIFICATION AS CLASS NINEPBEN EIGHTEEN PROPERTY. A PERSON APPLYING FOR CLASSIFICATION OF PROPERTY AS CLASS NENETEEN EIGHTEEN PROPERTY SHALL MAKE AN AFFIDAVIT TO THE DEPARTMENT OF REVENUE, ON A FORM PROVIDED BY THE DEPARTMENT WITHOUT COST, STATING:
(1) THAT THE PROPERTY IS PRECLUDED FROM BEING
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DEVELOPED FOR RESIDENTIAL, COMMERCIAI, OR INDUSTRIAL PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS, OR ORDINANCES OR FOR OTHER REASONS;
(2) WHAT LAW, REGULATION, OR ORDINANCE OR OTHER REASON PRECLUDES SUCH USE;
(3) WHAT DETERMINATIONS, IF ANY, BY A GOVERNMENTAL ENTITY HAVE BEEN MADE TO SUBSTANTIATE THE APPLICATION FOR CLASSIFICATION AS CLASS HモNETEEN EIGHTEEN PROPERTY; AND
14) SUCH OTHER INFORMATION AS IS RELEVANT TO THE APPLICATION OR AS MAY BE REQUIRED BY THE DEPARTMENT.

SECTION 5. SECTION 15-8-111, MCA, IS AMENDED TO READ:
"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 seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.
(b) 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 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
(Subsections (3)(a) and (3)(b) applicable to tax years beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985. Subsection (6)(d) and references in (8) to class thirteen and 15-6-143 terminate January 1, 1991--sec. 10, Ch, 681, L. 1985.)"

NEW SECTION. SECTION 6. CODIFICATION INSTRUCTION.
 INTEGRAL PART OF TITLE 15, CHAPTER 6, PART 1, AND THE PROVISIONS OF TITLE 15 APPLY TO SECTIONS $\pm$-YHR日UGH 3 AND 4.

NEW SECTION. Section 7. Application deadline for reduction in 1986 valuation. Notwithstanding the provisions of 15-15-102, the application deadline for reduction in 1986 taxable valuations is August 1, 1986, OR 15 DAYS AFTER RECEIPT BY THE TAXPAYER OF A REVISED NOTICE OF CLASSIPICATION AND APPRAISAL.

NEW SECTION. Section 8. 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.

NEW SECTION. Section 9. Applicability. This act applies retroactively, within the meaning of $1-2-109$, to taxable years beginning after December 31, 1985.

NEW SECTION. Section 10. Effective date. This act is effective on passage and approval.
reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.
(3) 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, and 15-6-145 through 15-6-147, and (sections-t-and-z SECTION 3], except:
(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the official Guide, Tractor and Farm Equipaent, 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.
(4) For purposes of taxation, assessed value is the same as appraised value.
(5) The taxable value for all property in classes four through eleven and fifteen through seventeen mineteen EIGHTEEN is the percentage of market value established for each class of property in 15-6-134 through 15-6-1412 and 15-6-145 through 15-6-147, and [sections-z-and-z SECTION 3].
(6) The assessed value of properties in 15-6-131
assessed value established in 15-6-131(2), 15-6-132, 15-6-133, and 15-6-143 for each class of property.
through 15-6-133 is as follows:
(a) Properties in 15-6-131, under class one, are assessed at $100 \%$ of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.
(b) Properties in 15-6-132, under class two, are assessed at $100 \%$ of the annual gross proceeds.
(c) Properties in 15-6-133, under class three, are assessed at 1008 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.
(d) Properties in 15-6-143, under class thirteen, are assessed at $100 \%$ of the combined appraised value of the standing timber and grazing productivity of the land when valued as timberland.
(7) Land and the improvements thereon are separately assessed when any of the following conditions occur:
(a) ownership of the improvements is different from ownership of the land;
(b) the taxpayer makes a written request; or
(c) the land is outside an incorporated city or town.
(8) The taxable value of all property in 15-6-131 and
(8) The taxable value of all property in 15-6-131 and
classes two, three, and thirteen is the percentage of

MR. PRESIDENT
We, your
FREE
Conference Committee on
Senate Bill 20
met and considered
Senate Bill 20

We recommend as follows:

1. Amend House Committee of the Whole Amendments to SB 20 as follows:
a. Strike: Amendment dated 6/28/86,7:58 A.M., sponsored by Swift, and amendment dated 6/28/86, 8:00 A.M., sponsored by Cobb, in their entirety.
b. Amend House Committee of the Whole Amendment dated 6/28/86, 7:45 A.M., sponsored by Mercer, as follows:
2. Amendment No.l, location line.

Following: "through"
Strike: "13"
Insert: "11"
2. Amendment No. 1, Strike line.

Following: "through"
Strike: "LAWS" Insert: "MORE;"
(continued)

And that this Conference Committee report be adopted.


FOR THE HOUSE


```
3.Amendment No.1.
Following: Insert instruction
Insert: "Following: "CLASS" on line 11
Strike: "NINETEEN"
Insert: "EIGHTEEN"
```

4. Amendment No. 2, Insert line.
Following: "SECTIONS"
Insert: "15-6-144,"
Following: "15-7-202"
Insert: ","
5. Amendment No. 3, line 3 of Insert instruction.
Following: "(1) Contiguous"
Strike: "or noncontiguous"
6. Amendment No. 3, Insert section.
Following: subsection (6)
Insert: "Section 2. Section 15-6-144, MCA, is amended
to read:
"15-6-144. Class fourteen property -- description --
taxable percentage. (1) Class fourteen property
includes all improvements on agrieuteuraz land that is
eligible for valuation, assessment, and taxation as
agricultural land undert-as-deftned-in 15-7-202(2).
Class fourteen property includes 1 acre of real
property beneath the agricultural improvements. The 1
acre shall be valued at market value.
(2) Class fourteen property is taxed at $80 \%$ of the
taxable percentage applicable to class four property."
2.Amend SB 20, third reading copy, blue, as follows:
a. Page 12, line 23.
Following: "SECTIONS"
Strike: "1 THROUGH"
Following: "3"
Insert: "and 4"
b. Page 12, line 25.
Following: "SECTIONS"
Strike: "1 THROUGH"
Following: "3"
Insert: "and 4"
c. Page 13, line 6.
Following: "APPRAISAL"
Insert: ", whichever is later"


# CONFERENCE COMMITTEE REPORT 

2
Report No.
JUNE 30, 1986

MR. PRESIDENT

We, your $\qquad$ Conference Committee on FREE
met and considered $\qquad$
SENATE BILL 20, reference copy salmon, which includes
House Taxation Committee Amendments of 6/28/86 and Committee of the Whole Amendments of $6 / 28 / 86$ - Mercer (7:45 a.m.). Swift (7:58 a.m.), and Cobb (8:00 a.m.)

We recommend as follows:

```
Page 1 of 2
1. Title, line 13.
Following: " LAWS "
Insert: " TO ESTABLISH A NEW CLASS EIGHTEEN PROPERTY FOR REAL
    PROPERTY CONTAINING LESS THAN 20 ACRES AND THAT IS RENDEREDNONPRODUCTIVE BY LAND USE LAWS; "
2. Title, line 17.
Strike: " 15-6-134 "
Insert: " 15-6-144 "
3. Page 6, line 17 through line 3, page 11.
Strike: section 1 in its entirety
Renumber subsequent sections
4. Page 13, line 5.
Strike: " or noncontiguous "
```

And that this Conference Committee report be adopted.

FOR THE SENAIE]


BOYLAiv

FOR THE HOUSE

SCHYE

MERCER

KEENAN
5. Page 14, following line 21.

Insert: "Section 2. Section 15-6-144, MCA, is amended to read: "15-6-144. Class fourteen property -- description -- taxable percentage. (1) Class fourteen property includes all improvements on agrieuteurat land that is eligible for valuation, assessment, and taxation as agricultural land under, as-defined-ía 15-7-202(2). Class fourteen property includes 1 acre of real property beneath the agricultural improvements. The 1 acre shall be valued at market value.
(2) Class fourteen property is taxed at $80 \%$ of the taxable percentage applicable to class four property." " Renumber: subsequent sections
6. Page 17, line 8 and

17, 24.
Strike: "SECTION 3"
Insert: "Sections 1 and $2 "$
7. Page 19, line 15.

Following: " APPRAISAL "
Insert: " , whichever is later "
8. Page 19, following line 15.

Insert: "NEW SECTION. Section 8. Land valued in excess of average county land value -- renotification to taxpayer. For persons paying taxes on real property containing more than 5 acres but less than 20 acres, the department of revenue shall notify each taxpayer whose land value for 1986 due to reclassification to class four by application of 15-7-202 exceeds the average value per acre for such land in the taxpayer's county. The new notice must fully inform the taxpayer as to the reasons for the new notice, including the cause of the increase in value, the right to appeal to the county tax appeal board, and the extension of time for appeal." "
Renumber: subsequent sections
d. Page 13.

Following: line 6
Insert: "NEW SECTION. Section 8. Land valued in excess of average county land value -- renotification to taxpayer. For persons paying taxes on real property containing more than 5 acres but less than 20 acres, the department of revenue shall notify each taxpayer whose land value for 1986 due to reclassification to class four by application of 15-7-202 exceeds the average value per acre for such land in the taxpayer's county. The new notice must fully inform the taxpayer as to the reasons for the new notice, including the cause of the increase in value, the right to appeal to the county tax appeal board, and the extension of time for appeal."

Renumber: subsequent sections

SB20CCR. 1


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$$ <br> $$
12: 30 \mathrm{q} . \mathrm{m} .
$$ 

We, your
FREE
Conference Committee on
met and considered
SENATE BILL 20, reference copy salmon, which includes House Taxation Committee Amendments of 6/28/86 and Committee of the Whole Amendments of 6/28/86 - Mercer (7:45 a.m.t, Swift (7:58 am.), and cobb (8:00 a.m.)

We recommend as follows:
Page 1 of 2

1. Title, line 13.

Following: " LAWS "
Insert: " TO ESTABLISH A NEW CLASS EIGHTEEN PROPERTY FOR REAL PROPERTY CONTAINING LESS THAN 20 ACRES AND THAT IS RENDERED NONPRODUCTIVE BY LAND USE LAWS: "
2. Title, line 17 .

Strike: " $15-6-134$ "
Insert: " $\overline{15-6-144}$ "
3. Page 6, line 17 through line 3 , page 11.

Strike: section 1 in its entirety
Renumber subsequent sections
4. Page 13, line 5 .

Strike: " or noncontiguous "

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5. Page 13, line 17.
Strike: " $1,000
```

And that this Conference Committee report be adopted.

FOR THE SENATE


BOYLA
ADOPT REJECT

FOR THE HOUSE

$\pm 3$
CCR ON SB 20,
Page 2 of 2

July I:
12:30 a.m.
6. Page 14, following line 21.

Insert: "Section 2. Section 15-6-144, MCA, is amended to read: "15-6-144. Class fourteen property -- description -- taxable percentage. (1) Class fourteen property includes all improvements on agłieuteuret land that is eligible for valuation, assessment, and taxation as agricultural land underf-as-de£imed-in 15-7-202(2). Class fourteen property includes 1 acre of real property beneath the agricultural improvements. The 1 acre shall be valued at market value. (2) Class fourteen property is taxed at $80 \%$ of the taxable percentage applicable to class four property." " Renumber: subsequent sections
7. Page 17, line 8 and 17. 24.

Strike: "SECTION 3"
Insert: "Sections 1 and 2"
8. Page 19, line 15.

Following: " APPRAISAL "
Insert: " , whichever is later "
9. Page 19, following line 15.

Insert: "NEW SECTION. Section 8. Land valued in excess of average county land value -- renotification to taxpayer. For persons paying taxes on real property containing more than 5 acres but less than 20 acres, the department of revenue shall notify each taxpayer whose land value for 1986 due to reclassification to class four by application of 15-7-202 exceeds the average value per acre for such land in the taxpayer's county. The new notice must fully inform the taxpayer as to the reasons for the new notice, including the cause of the increase in value, the right to appeal to the county tax appeal board, and the extension of time for appeal." "
Renumber: subsequent sections

# COMMITTEE OF THE WHOLE AMENDMENT 

MR. CHAIRMAN: IMOVE TO AMEND $\quad$| $\frac{6 / 28 / 86}{\text { DATE }}$ |
| :--- |
| $\frac{7: 45 \mathrm{a} \cdot \mathrm{m} .}{\text { TIME }}$ |

3rd reading copy 1 $\qquad$ ) as follows:

Page 1 of 2

1. Title, lines 9 through 13.

Strike: " TO " on line 9 through " LAWS " on line 13
Insert: " TO REVISE THE ELIGIBILITY OF LAND FOR VALUATION AS AGRICULTURAL "
2. Title, line 15.

Strike: " SECTION "
Insert: " SECTIONS 15-7-202 AND
3. Page 8, following line 13.

Insert: "SECTION 1. Section 15-7-202, MCA, is amended to read:
"15-7-202. Eligibility of land for valuation as agricultural. (1) Contiguous or noncontiguous parcels of land totaling 20 acres or more under one ownership shall be eligible for valuation, assessment, and taxation as agricultural land each year that none of the parcels is devoted to a commercial or industrial use.
ftt (2) Contiguous or noncontiguous parcels of land totaling less than 20 acres under one ownership that are actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year the parcels meet any of the following qualifications:
(a) the parcels produce and the owner or the
owner's agent, employee, or
lessee markets not less
than $\$ 1,500$ in annual gross income from the raising of livestock, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber; or
(b) the parcels would have met the qualification set out in subsection $+4+$ (2) (a) were it not for independent intervening causes of production failure beyond the control of the producer or marketing delay for economic advantage, in which case proof of qualification in a prior year will suffice.
(2) Parcels that do not meet the qualifications set out in subsection subsections (1) and (2) shall not be classified or valued as agricultural if they are part of a platted subdivision that is filed with the county clerk and recorder in compliance with the Montana Subdivision and Platting Act.
(3) Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes.
(4) The grazing on land by a horse or other animals kept as a hobby and not as a part of a bona fide agricultural enterprise shall not considered a bona fide agricultural operation.
(5) If land has been valued, assessed, and taxed as agricultural
land in any year, it shall continue to be so valued, assessed, and taxed until the department reclassifies the property. reclassification does not mean revaluation pursuant to 15-7-111.
(6) For the purposes of this part, growing timber is not an agricul (Subsection (6) terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)" "

Renumber: subsequent sections
4. Page 8, lines 14 through 23.

Strike: section 1 in its entirety
Renumber: subsequent sections
5. Page 8, line 24.

| 8, | 25. |
| ---: | ---: |
| 9, | 7. |
| 9, | 9. |
| 9, | 12. |
| 9, | 13. |
| 11, | 12. |

Strike: " NINETEEN " Insert: " eighteen "

# COMMITTEE OF THE WHOLE AMENDMENT 

$$
\begin{aligned}
& \text { 6/28/86 }
\end{aligned}
$$

MR. CHAIRMAN: I MOVE TO AMEND
SENATE BILL _20
end_... reading copy $(\underset{\text { Color }}{\text { blue }}$ ) as follows:
Page 1 of 4

1. Title, line 15.

Strike: " SECTION "
Insert: " SECTIONS 15-6-134 AND "
2. Page 6, Following line 14.

Insert: "Section 1. Section 15-6-134, MCA, is amended to read: "15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:
(a) all land except that specifically included in another class; (b) all improvements except those specifically included in another class;
(c) the first $\$ 35,000$ or less of the market value of any improvementon real property and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources including otherwise tax-exempt income of all types is not more than $\$ 10,000$ for a single person or $\$ 12,000$ for a married couple;
(d) all golf courses, including land and improvements actually andnecessarily used for that purpose, that consist of at least 9 holes and not less than 3,000 lineal yards- ;
(e) all land, together with improvements, not devoted to a residential, commercial, industrial, agricultural, or timberland use if the land contains more than 5 acres and less than 20 acres.
(2) Class four property is taxed as follows:
(a) Except as provided in 15-24-1402 or 15-24-1501, property describedin subsections (1) (a) and (1) (b) is taxed at the taxable percentage rate "P" of its market value.
(b) Property described in subsection (1) (c) is taxed at the taxable percentage rate "P" of its market value multiplied by a percentage figure based on income and determined fromthe following table:

REP. SWIFT
Sosmex Mevifl

## Income* Income*Percentage

Single Person*Married Couple*Multiplier

$$
\begin{gathered}
\$ 0-\$ 1,000 * \$ 0-2, \$ 1,200 * 0 \% \\
1,001-2,000 * 1,201-2,400 * 10 \% \\
2,001-3,000 * 2,401-3,600 * 20 \% \\
3,001-4,000 * 3,601-4,800 * 30 \% \\
4,001-5,000 * 4,801-6,000 * 40 \% \\
5,001-6,000 * 6,001-7,200 * 50 \% \\
6,001-7,000 * 7,201-8,400 * 60 \% \\
7,001-8,000 * 8,401-9,600 * 70 \% \\
8,001-9,000 * 9,601-10,800 * 80 \% \\
9,001-10,000 * 10,801-12,000 * 90 \%
\end{gathered}
$$

(c) Property described in subsection (1) (d) and (1)(e) is taxed at one-half the taxable percentage rate "P" established in subsection (2) (a).
(3) Until January 1, 1986, the taxable percentage rate "P" for class four
property is $8.55 \%$.
(4) Prior to July 1, 1986, the department of revenue shall determine thetaxable percentage rate "P" applicable to class four property for the revaluation cycle beginning January 1 , 1986, as follows:
(a) The director of the department of revenue shall certify to thegovernor before July 1, 1986, the percentage by which the appraised value of all property in the state classified under class four as of January 1, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the certified statewide percentage increase.
(b) The taxable value of property in class four is determined as afunction of the certified statewide percentage increase in accordance with the table shown below.
(c) This table limits the statewide increase in taxable valuationresulting from reappraisal to 0\%. In calculating the percentage increase, the department may not consider changes resulting from new construction, additions, or deletions during calendar year 1985.

REP. SWIFT

(d) The taxable percentage must be calculated by interpolation to coincide with the nearest whole number certified statewide percentage increase from the following table:

## Certified Statewide*Class Four Taxable Percentage Increase*Percentage "P"

$0 * 8.55$
10*7.77
20*7.12
$30 * 6.57$
$40 * 6.10$
$50 * 5.70$
$60 * 5.34$
$70 * 5.02$
80 * 4.75
90*4. 50
100*4.27
110*4.07
120*3.88
130*3.71
140*3.56
150*3.42
160*3.28
$170 * 3.16$
$180 * 3.05$
190*2.94
200*2.85
210*2.75
$220 * 2.67$
230*2.59
240*2.51
250*2. 44
260*2.37
270*2.31
280*2. 25
290*2.19
$300 * 2.13$

REP. SWIFT

(5) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-11:.
(6) Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property.

REP. SWIFT


## COMMITTEE OF THE WHOLE AMENDMENT

|  |  | $6 / 28 / 86$ |
| :---: | :---: | :---: |
|  |  | $\text { 8:00 } \underset{\text { TIME }}{ } \mathrm{a} . \mathrm{m} \text {. }$ |
| MR. CHAIRMAN IMOVE TO AMEND) | SENATE BILL 20 |  |
| 3 ra .-..... readng copy | blue \|as follows: Color |  |

Page 1 of 2.

1. Title, lines 9 through 13.

Strike: " TO " on line 9 through " LAWS " on line 13
2. Title, line 15.

Strike: " SECTION "
Insert: " SECTIONS 15-7-202 AND "
3. Page 8, following line 13.

Insert: "SECTION 1. Section 15-7-202, MCA, is amended to read: "15-7-202. Eligibility of land for valuation as agricultural. (1) Contiguous or noncontiguous parcels of land under one ownership that are actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year the parcels meet any of the following qualifications:
(a) the parcels produce and the owner or the owner's agent, employee, or lessee markets not less than $\$ \neq 5 \theta \theta \$ 1,000$ in annual gross income from the raising of livestock, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber; or
(b) the parcels would have met
the
qualification set out in subsection (1)(a) were it not for independent intervening causes of production
failure beyond the control of the producer or marketing delay foreconomic advantage, in which case proof of qualification in a prior year will suffice.
(2) Parcels that do not meet the qualifications set out in subsection (1) shall not be classified or valued as agricultural ifthey are part of a platted subdivision that is filed with the county clerk and recorder in compliance with the Montana Subdivision and Platting Act.


Page 2 of 2
(3) Land shall not be classified or valued as agricultural if it issubdivided with stated restrictions prohibiting its use for agricultural purposes.
(4) The grazing on land by a horse or other animals kept as a hobbyand not as a part of a bona fide agricultural enterprise shall not be considered a bona fide agricultural operation.
(5) If land has been valued, assessed, and taxed as agricultural
land in any year, it shall continue to be so valued, assessed, and taxed until the department reclassifies the property. Areclassification does not mean revaluation pursuant to 15-7-111. (6) For the purposes of this part, growing timber is not an agricultural use. (Subsection (6) terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)

Renumber: subsequent sections

| 2. Page | 10, | line | 24 |
| :---: | :---: | :---: | :---: |
|  | , 11 |  | 15. |
| Strike: | " 1 | " |  |
| Insert: | " 2 | " |  |
| Strike: | " 2 | " |  |
| Insert: | " $\overline{3}$ | " |  |
| 3. Page | 12, | line | 23. |
|  | 12, |  | 25. |
| Strike: | " 1 | " |  |
| Insert: | " $\overline{2}$ | " |  |
| Strike: | 13 |  |  |
| Insert: | " 4 | " |  |

SENATE BILL NO． 20 INTRODUCED BY MCCALLUM，SWIFT，RAPP－SVRCEK，COBB， KEATING，O＇HARA，FARRELL，NORMAN，BRANDEWIE，GLASER， PHILLIPS，RAMIREZ，CONNELLY，NATHE，SEVERSON，PATTERSON CHRISTIAENS，DRISCOLL，BOYLA，MARKS

A BILL FOR AN ACT ENTITLED：＂AN ACT TO REVISE THE CRITERIA FOR CLASSIFICATION OF CERTAIN PROPERTY AS EGASS－THREE－OR CLASS FOUR：$\Psi$ Q－ESPABEISH－A－NEW－EbASS－EI6HPEEN－－PREPERTY－－FOR
 ESTABGISH－A－NEW－EEASS－NINETEEN－PROPERTY－－P日R－－REAG－－PROPERTY CONTAINING－－－GESS－－－THAN－－ze－－AERES－－ANB－－THAT－－モS－－RENEEREB NONPR $\because 日 U E \Phi \mp \forall E-B Y-$ GANB－HSE－GANS TO ESTABLISH A NEW CLASS EIGHTEEN PROPERTY FOR REAL PROPERTY CONTAINING LESS THAN 20 ACRES AND THAT IS RENDERED NONPRODUCTIVE BY LAND USE LAWS； TO REVISE THE ELIGIBILITY OF LAND FOR VALUATION AS AGRICULTURAL；TO EXTEND THE APPLICATION DEADLINE FOR REDUCTION IN 1986 VALUATIONS；AMENDING SEET¥日NS－士5－6－ł34－ANB $\mathbf{~} 5-7-2 \theta z$ SEEPI日N SECTIONS $\pm 5-6-\mathbf{7 3 4}$ 15－6－144，15－7－202，AND 15－8－111，MCA；AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE．＂

BE It enacted by the legislature of the state of montana
Section－士＝－－Section－－15－6－ı34；－MEA；－is－amended－to－read：


Montana legislative council
taxabłe－pereentage：－－fもう－ełass－four－property－inetudes＝
tat－－ałi－－łand－－except－－that－－specifieatiy－－inetuded－in another－etass：
tbt－－ałt－－－improvements－－－except－－－those－－－specificatzy inełuded－in－another－etass；
tet－the－first－－\＄35；$\theta \theta \theta$－or－tess－of－the－market－vatue－of any－improvement－on－reaz－property－and－－appurtenant－－zand－－not exeeeding－5－acres－－owned－－or－－under－－contract－for－deed－and aetuatiy－occupied－for－at－łeast－－ł日－－months－－a－－year－－as－the primary－－residentiat－－dwełting－－of－－any－－person－－whose－totat income－－from－－ałł－－sources－－incłuding－－otherwise－－tax－exempt income－－of－－ałま－－types－is－not－more－than－\＄ま日－$\theta \theta \theta-f o r-a-s i n g ł e$

tdf－atz－gotf－eourses；－inctuding－łand－and－improvements actuatly－and－necessarity－used－for－that－purposer－that－consist

fet－－ati－tand－－together－with－improvementsi－not－devoted te－－a－－residentiazi－commereiati－indastriaty－agrieuteurazi－or timberłand－use－if：
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－2－$\quad$ REFERENCE：BILL：SB 20
$\begin{array}{cc}\text {－2－} & \text { REFERENCE．BILL：SB } 20 \\ \text { inCludes FREF：CONFERENCE REPORT \＃3 } \\ \text { DATED JLLY 1，} 1986\end{array}$
†モみ－－Ełass－four－property－is－taxed－as－fotlows：
 property－described－in－subsections－fittat－and－titfbt－is－taxed at－the－taxabłe－percentage－rate－Mpu－of－its－market－vatue－
fbt－－Property－－deseribed－－in－subsection－tittet－is－taxed at－the－taxable－pereentage－－rate－－upu－－of－－its－－maritet－－vatue muttipłied－－by－－a－－percentage－－figure－－based－－on－－imeome－and determined－from－the－fotfowing－table：

| freome | £ncome | Percentage |
| :---: | :---: | :---: |
| Singze－Person | Married－eoupte | Muttiplier |
| \＄$\theta----\$ ま \sim \theta \theta \theta$ |  | －0\％ |
|  | ¥゙Z日̇－－－ | $\pm \theta \%$ |
| そтө日ま－－－－3；日团 | Z74日土～－－－3－60日 | 7 0 \％ |
|  | 3760土－－－－4－80日 | 30\％ |
|  | 478日z－－－6－ $80 \theta$ | 40\％ |
| 5；$\theta$ 暗－－－ $6 ; \theta \theta \theta$ | 6\％ө日玉－－－7\％z | 50\％ |
|  | 7－20t－－－8，40日 | 60\％ |
|  | 日；4日土－－－－9760日 | 70\％ |
|  | 9－60土－－ 7 －880 | 80\％ |
| $9 \boldsymbol{9} \theta \theta \pm-- \pm \theta$ ¢ $\theta \theta \theta$ |  | 90\％ |
| tet－－Property－deseribed－in－subsection－t¥ttat and－tiftet |  |  |
| fs－－taxed－－at－－one－hazf－－the－－taxable－－percentage－－rate－－upu |  |  |
| stabisshed－in－subsection－tz＋tat\％ |  |  |
|  |  |  |
| －for－ełass－four | operty－is－8－55\％． |  |

 shati－determine－the－taxabłe－percentage－rate－－upu－－appitcabłe to－－etass－－four－property－for－the－revatuation－cyete－beginning

tat－－The－director－of－the－department－－of－－revente－－shatz certify－－to－the－governor－before－duły－まj－ま9B6；－the－percentage by－which－the－appraised－vazue－of－ati－property－－in－－the－－state
 inereased－due－to－the－revatuation－conducted－－under－－75－7－iti＝ This－－Eigure－is－the－certified－statewide－pereentage－inereaser
tbi－－The－taxable－vaite－of－property－－in－－etass－－foar－－is determined－－－as－－－a－－function－－of－－the－－certified－－statewide percentage－increase－－in－－aceordance－－with－－the－－tabte－－shown betow
tet－－This－－－tabłe－－itmits－－the－－statewide－－inerease－－in taxabte－vatuation－－resutting－－from－－reappraisaz－－to－－0\％－－－£n eateutating－－the－percentage－inereaser－the－department－may－not consider－changes－resułting－from－new－constructiont－additionst or－detetions－during－catendar－year－t985＝
fdf－－The－－taxabłe－－pereentage－－must－－be－－całeułated－－by interpotation－－to－－coincide－－with－－the－－nearest－whote－number certified－statewide－percentage－inerease－from－－the－－fołtowing table：

| eertified－Statewide |
| :---: |
| $\theta$ |
| $\pm \theta$ |
| $z \theta$ |
| $\exists \boldsymbol{\theta}$ |
| 40 |
| 50 |
| $6 \theta$ |
| 70 |
| $8 \theta$ |
| 98 |
| $\pm \boldsymbol{\theta}$ |
| $\pm \pm \theta$ |
| $z z \theta$ |
| $\pm 38$ |
| $\pm 4 \theta$ |
| $\pm 50$ |
| $\pm 60$ |
| $\pm 78$ |
| $\pm 88$ |
| $\pm 90$ |
| $z \boldsymbol{z} \boldsymbol{\theta}$ |
| $z \pm \theta$ |
| 220 |

Ezess－Pour－qaxabłe
Fercentage- "P ${ }^{\sharp} \quad 2$
日-55 3
7.77
$7 . \pm z$
6.57
$6: 7 \theta$
$5 \div 7 \theta$3：－85z－94$z=85$$z=75$2－67

Certified－Statewide Percentage－£nerease

230
$z 4 \theta$
250
260
$7 \theta$
$8 \theta$
$8 \theta$
$30 \theta$
$\qquad$
f5t－After－－よせまy－－まт－t986；－no－adjustment－may－be－made－by the－department－to－the－taxabie－percentage－rate－－4pu－－untit－－a revatuation－has－been－made－as－provided－in－ł5－7－łłt＝
f6t－－Within－－the－－meaning－－of－－comparabze－－property－－as

property－－is－－comparable－－onły－to－other－property－assessed－as
eommerciat－propertyr－and－property－－assessed－－as－－other－－than
commereiat－－property－－is－－comparabłe－－onty－to－other－property
assessed－as－other－than－eommerciat－property：＂

＂ı5－6－ı34－－－Ełass－－－four－－property－－－－－－deseription－－－－ taxable－percentage－－－ttf－Ezass－lour－property－inetades：
fat－－azz－tand－－except－－that－－specifieatły－－inetuded－－in another－etass；
tbt－－ałł－－－improvements－－－exeept－－－those－－－specificaży
inetuded－in－another－etass：
tet－－the－first－s35；$\theta \theta \theta-$ or－tess－of－the－market－vazue－－of any－－improvement－－on－－reaz－property－and－appurtenant－iand－not exceeding－5－acres－owned－－or－－under－－contract－－for－deed－－and actuatiy－oceupied－for－－at－－łeast－－ł日－－montins－a－year－as－the primary－residentiat－dwełłing－－of－－any－－person－－whose－－totaz income－－£rom－－ałt－－sources－－inełuding－－otherwise－－tax－exempt income－of－ałz－types－is－not－more－than－\＄$\ddagger \theta ; \theta \theta \theta--f o r-a--s i n g ł e$ person－or－$\$ \ddagger z ; \theta \theta \theta$－for－a－marited－coupte；
fdt－azt－－gotf－eoursesj－inetuding－tand－and－improvements actuatiy－and－necessarity－used－for－thet－purpose－that－consist

tet－－atz－－tand；－together－with－improvementsi－not－devoted
 timbertand－－use－－if－－the－tand－contains－more－than－5－actes－and tess－than－ze－aeres－
tzr－－ełass－four－property－is－taxed－as－folłows
tat－－Except－as－provided－in－－士5－24－ま4日z－－or－－ま5－z4－z5日ま， property－described－in－subsections－tまłtaf－end－ft†tbt－is－taxed at－the－taxabie－percentage－rate－upu－of－its－market－vazuer
fbł－－Property－－deseribed－－in－subsection－tłttet－is－taxed at－the－taxabłe－percentage－－rate－－npu－－of－－its－－market－－vałae muttipifed－－by－－a－－percentage－－figure－－based－－on－－income－and determined－from－the－fottowing－table：

| Singte－Person | Married－Eoupte | Muttiptier |
| :---: | :---: | :---: |
| －\＄日－－－－－\＄士⿻日禸日 |  | －6\％ |
| $z \boldsymbol{z} \theta \pm \pm-\cdots-z ; \theta \theta \theta$ |  | $\pm \boldsymbol{\text { \％}}$ |
|  | z；4日z－－－－3；6ө日 | 20\％ |
|  | Э $6 \theta \pm$－－－ 4 ； $8 \theta \theta$ | 30\％ |
| $47 \theta \theta \pm---5 ; \theta \theta \theta$ |  | 40\％ |
| $57 \theta \theta z---6 \% \theta \theta \theta$ | 6；0日土…－7；2日豕 | 50\％ |
|  | 772日立－－－8740日 | 60 \％ |
|  | 8；40̇－－－9760日 | $7 \theta \%$ |
|  |  | $8 \theta$ \％ |
|  | $\pm \theta ; 8 \theta \ddagger- - \pm z ; \theta \theta \theta$ | 90\％ |

tef－－Property－－described－in－－－subsection subsections fまうtat and－－－tまttet ts－－taxed－－at－one－hatf－the－taxabte percentage－rate－＂pu－estabitshed－in－sabsection－tzttat，
（3）－－Untiz－dantary－zf－t986；－the－taxabze－pereentage－rate нри－for－etass－four－property－is－8：55\％－
f4才－－Prior－to－Juły－z－－1986；－the－department－－of－－revenue shati－－determine－－the－taxabłe－percentage－rate－upu－appiteabłe to－etass－four－property－for－the－revatuation－－cyete－－beginning Jantary－士f－ま9月6；－as－fołtews：
fat－－The－－director－－of－－the－department－of－revenue－shatit certify－to－the－governar－before－juły－ます－$\ddagger 986$ ；－the，－percentage by－which－the－－appraised－vatue－of－atz－property－in－the－state etessified－under－etass－four－－as－－of－－denuary－－ます－－7986；－－has Increased－due－－to－the－revatuation－condacted－under－ł5－7－ztı

| tbi--The--taxabie--vatue--of--property-in-etass-four-is |  | 1 |
| :---: | :---: | :---: |
| determined--as--a--functi | --certificd---statewide | 3 |
| percentage--inerease--in- | -with--the--table-shown | 4 |
| betow: |  | 5 |
| tet--This--table--ti | tatewide--inerease---in | 6 |
| taxabte--vatuation--resu | reappraisat--to--0\%\%-系 | 7 |
| cateutating-the-percenta | the-department-may--not | 8 |
| eonsider-ehanges-resuttin | construction, -aditions; | 9 |
| or-detetions-during-eaten |  | 10 |
| tat--The--taxable-- | must--be--eateutated--by | 11 |
| interpozation-to-coincide | -nearest--whote--number | 12 |
| eertified--statewide--pe | crease-from-the-fotzowing | 13 |
| tabze |  | 14 |
| Certified-Statewide | Etass-Pour-qaxabie | 15 |
| Percentage-¥nerease | Percentage-"pu | 16 |
| $\theta$ | 8-55 | 17 |
| $\pm \theta$ | 7-77 | 18 |
| $z \theta$ | 7*モz - | 19 |
| $\boldsymbol{\exists \theta}$ | 6.57 | 20 |
| $4 \theta$ | $6-7 \theta$ | 21 |
| 50 | $5-78$ | 22 |
| 60 | 5.34 | 23 |
| 78 | $5: \theta z$ | 24 |
| $8 \theta$ | 4.75 | 25 |


the－－department－－to－－the－taxabte－pereentage－rate－${ }^{\prime} p^{u}-u n t i z-a$ revatuation－has－been－made－as－provided－in－$\ddagger 5-7- \pm \pm t$ ；
f6t－－Within－－the－－meaning－－of－－comparabite－－property－－as defined－－－in－－－ま5－ま－i $\theta_{i}--$ property－－assessed－－as－－commereiat property－is－comparabte－oniy－to－other－－property－－assessed－－as eammereiaz－－property；－－and－－property－－assessed－as－other－than commereitat－property－is－comparabte－－onty－－to－－other－－preperty assessed－as－other－than－eommerciaz－property－l

 agrieutiurat tit－eontiguous－－or－noncontiguous－parcetg－of tand－totaitng－ze－acres－or－more－under－one－ownership－shati－－be extgibze－－－for－－－vataation－－－assessment，－－and－－taxation－－as agrieutturat－zand－each－year－that－none－－of－the－－parcetg－－is devoted－to－a－commereiat－or－industriat－use
tまりたZさ－－Eontiguous－－or－－noneontiguous－－pareets－of－tand totating－tess－then－z $\theta$－acres under－－one－－ownership－－that－－are activety－devoted－－to－agrientturat～use－shatt－be－eifgibte－for vałuationj－assessment－－and－taxation－as－herein－provided－－each year－－the－－parcets－meet－any－of－the－folfowing－quatifteations：
tat－－the－parcezs－produce－and－the－owner－or－－the－－owner＇s agent；－－emptoyee；－or－tessee－markets－not－łess－than－\＄t－5日五in annuat－gross－ineome－from－the－raising－of－łivestock；－－pouttry； fietd－－cropst－－fruity－－and－other－animaz－and－vegetabze－matter for－food－or－fiber；－or
fbt－－the－pareets－wouzd－have－met－the－－quatifieation－－set out－－in－－subsection－－t¥ttzttat－－were－－it－not－for－independent intervening－eauses－of－production－faifure－beyond－the－－eontroz of－－the－－producer－or－marketing－dezay－for－economie－advantager in－which－ease－proof－of－quatification－in－a－－prior－－year－－witt suffice：
fZf－－Pareets－－that－－do－－not－meet－the－quatifications－set out－in－subsection－tłf－shałz－not－be－cłassified－or－－vazued－－as agrieutturaz－－if－they－are－part－of－a－piatted－subdivision－that in－fited－with－the－county－eterk－and－－recorder－－in－－comptianee with－the－Montana－Subdivision－and－Płatting－Act－
t $\ddagger$ t－－Eentiguous－parceis－of－tand－centaining－tess－than－z $\theta$ aeres－per－pareet－under－differing－ownership－that－are activety devoted－to－agrieufturaz－use－shati－be－etigibłe－for－vatuationt assessmenti－and－taxation－as－agricutturaz－zand－each－year－that the－parcets－as－one－combined－operating－entity－meet－any－of－the guatificationg－in－subsection－tzt－
 agrieutturai－if－it－is－subdivided－－with－－stated－restrifetions prohibiting－its－use－for－agricutturat－purposes．
t4t－－The－grazing－－on－－tand－by－a－horse－or－other－animais kept－－as－－a－－hobby－－and－－not－－as－－－a－－part－－of－－a－－bona－－fide agricutturat－enterprise－shati－not－be－censidered－a－－bona－fide agricutetraz－operation－
f5t－－まf－－łand－－has－－been－vałued；－assessedt－and－taxed－as
agrieutturaz－tand－in－any－yeary－it－shaまま－continue－to－－be－so vałued；－－－assessed；－－－and－－－taxed－－－untiz－－－the－－－department rectassifies－the－property－－A－rectassifieation－does－not－mean revatuation－pursuant－to－ł5－7－まま！
t6t－－For－－the－－purposes－of－this－partigrowing－timber－is not－an－agrifattaraz－use：－－tSubsection－f6t－terminates－danaary


SECTION 1．SECTION 15－7－202，MCA，IS AMENDED TO READ：
＂15－7－202．Eligibility of land for valuation as agricultural．（1）Contiguous or－－neneontigueus parcels of land totaling 20 acres or more under one ownership shall be eligible for valuation，assessment，and taxation as agricultural land each year that none of the parcels is devoted to a commercial or industrial use．
$t+\dagger(2)$ Contiguous or noncontiguous parcels of land totaling less than 20 acres under one ownership that are actively devoted to agricultural use shall be eligible for valuation，assessment，and taxation as herein provided each year the parcels meet any of the following qualifications：
（a）the parcels produce and the owner of the owner＇s agent，employee，or lessee markets not less than $\$ \pm, 5 \theta \theta$ Stie日e $\$ 1,500$ in annual gross income from the raising of livestock，poultry，field crops，fruit，and other animal and vegetable matter for food or fiber；or
（b）the parcels would have met the qualification set
out in subsection $t \ddagger+(2)(a)$ were it not for independent intervening causes of production failure beyond the control of the producer or marketing delay for economic advantage， in which case proof of qualification in a prior year will suffice．
$+\boldsymbol{Y}+(3)$ Parcels that do not meet the qualifications set out in subsection subsections（1）and（2）shall not be classified or valued as agricultural if they are part of a platted subdivision that is filed with the county clerk and recorder in compliance with the Montana Subdivision and Platting Act．

3＇（4）$^{(4)}$ Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes．
t4t（5）The grazing on land by a horse or other animals kept as a nobby and not as a part of a bona fide agricultural enterprise shall not be considered a bona fide agricultural operation．
t5t（6）If land has been valued，assessed，and taxed as agricultural land in any year，it shall continue to be so valued，assessed，and taxed until the department reclassifies the property．A reclassification does not mean revaluation pursuant to 15－7－111．
t6ł（7）For the purposes of this part，growing timber is not an agricultural use．（Subsection（6）（now（7））
terminates January 1，1991－－sec．10，Ch．681，L．1985．）＂ SECTION 2．SECTION 15－6－144，MCA，IS AMENDED TO READ：
＂15－6－144．Class fourteen property－－description－－ taxable percentage．（1）Class fourteen property includes all improvements on agrieqteurat land－－as－defined－in that is eligible for valuation，assessment，and taxation as agricultural land under 15－7－20212）．Class fourteen property includes 1 acre of real property beneath the agricultural improvements．The 1 acre shall be valued at market value．
（2）Class fourteen property is taxed at $80 \%$ of the taxable percentage applicable to class four property．＂


 EӨNTAINING－Z日－ӨR－MӨRE－E日NQIGHӨ日S－AERES－GNBER－－ONE－－OWNERSHIP


 AS－ELASS－FEGR－PREPERTY－
† 3t－－EEASS－－EIGHPEEN－－PR日PERTY－－IS－－TANEB－－AT－z\％－ӨR－モTS MARKEP－$\forall$ ABHE：

NEW SECTION．SECTION 3．CLASS N¥NEPEEN EIGHTEEN PROPERTY ．－．DESCRIPTION ．．．TAXABLE PERCENTACE．（1）CLASS HINEPEEN EIGHTEEN PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE REAL PROPERTY CONTAINING LESS THAN 20 ACRES THAT ARE

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PRECLUDED FROM BEING DEVELOPED FOR RESIDENTIAL, COMMERCIAL,
OR INDUSTRIAL PURPOSES BECAUSE OF SUBDIVISION OR ZONING
LAWS, REGULATIONS, OR ORDINANCES OR THAT ARE PRECLUDED FROM
BEING SO DEVELOPED FOR OTHER REASONS.
    (2) IMPROVEMENTS TO CLASS NINEPEEN EIGHTEEN PROPERTY
ARE TAXED AS CLASS FOUR PROPERTY.
    (3) CLASS N¥NEQEEN EIGHTEEN PROPERTY IS TAXED AT 2% OF
ITS MARKET VALUE.
    NEW SECTION. SECTION 4. APPLICATION
    FOR
CLASSIFICATION AS CLASS HINEPEEN EIGHTEEN PROPERTY. A PERSON
APPLYING FOR CLASSIFICATION OF PROPERTY AS CLASS NINETEEN
EIGHTEEN PROPERTY SHALL MAKE AN AG'FIDAVIT TO THE DEPARTMENT
OF REVENUE, ON A FORM PROVIDED BY THE DEPARTMENT WITHOUT
COST, STATING:
    (1) THAT THE PROPERTY IS PRECLUDED FROM BEING
DEVELOPED FOR RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL
PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS,
OR ORDINANCES OR FOR OTHER REASONS;
（2）WHAT LAW，REGULATION，OR ORDINANCE OR OTHER REASON PRECLTJDES SUCH USE；
（3）WHAT DETERMINATIONS，IF ANY，BY A GOVERNMENTAL ENTITY HAVE BEEN MADE TO SUBSTANTIATE THE APRLICATION FOR CLASSIFICATION AS CLASS NINEPEEN EIGHTEEN PROPERTY；AND
（4）SUCH OTHER INFORMATION AS IS RELEVANT TO THE APPLICATION OR AS MAY BE REQUIRED BY THE DEPARTMENT．
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SECTION 5. SECTION 15-8-111, MCA, IS AMENDED TO READ:
"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 seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.
(b) 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 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 showing the average wholesale value when no national appraisal guide exists.
(3) 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, and 15-6-145 through 15-6-147, and [seetions-t-and-z SEETFON-ヨ SECTIONS 1 AND 2], 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.
(4) For purposes of taxation, assessed value is the same as appraised value.
(5) The taxable value for all property in classes four through eleven and fifteen through seventeen nineteen EIGHTEEN is the percentage of market value established for each class of property in 15-6-134 through 15-6-141, and 15-6-145 through 15-6-147, and [sections-土-and-z SEEQEQN-3 SECTIONS 1 AND 2].
(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:
(a) Properties in 15-6-131, under class one, are assessed at $100 \%$ of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.
(b) Properties in 15-6-132, under class two, are assessed at $100 \%$ of the annual gross proceeds.
(c) Properties in $15-6-133$, under class three, are assessed at 1008 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.
(d) Properties in 15-6-143, under class thirteen, are assessed at $100 \%$ of the combined appraised value of the standing timber and grazing productivity of the land when valued as timberland.
(7) Land and the improvements thereon are separately assessed when any of the following conditions occur:
(a) Ownership of the improvements is different from ownership of the land;
(b) the taxpayer makes a written request; or
(c) the land is outside an incorporated city or town.
(8) The taxable value of all property in 15-6-131 and classes two, three, and thirteen is the percentage of assessed value established in 15-6-131(2), 15-6-132, 15-6-133, and 15-6-143 for each class of property. (Subsections (3)(a) and (3)(b) applicable to tax years beginning after December 31; 1985--sec. 4, Ch. 463, L. 1985. Subsection (6)(d) and references in (8) to class thirteen and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

NEW SECTION. SECTION 6. CODIFICATION INSTRUCTION. SECTIONS $\pm$-ФHROUGH 3 AND 4 ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 15. CHAPTER 6, PART 1, AND THE

## PROVISIONS OF TITLE 15 APPLY TO SECTIONS $\ddagger-9 H R \Theta G G H 3$ AND 4.

NEW SECTION. Section 7. Application deadline for reduction in 1986 valuation. Notwithstanding the provisions of 15-15-102, the application deadline for reduction in 1986 taxable valuations is August 1, 1986, OR 15 DAYS AFTER RECEIPT BY THE TAXPAYER OF A REVISED NOTICE OF CLASSIFICATION AND APPRAISAL, WHICHEVER IS LATER.

NEW SECTION. SECTION 8. LAND VALUED IN EXCESS OF AVERAGE COUNTY LAND VALUE -- RENOTIFICATION TO TAXPAYER. FOR PERSONS PAYING TAXES ON REAL PROPERTY CONTAINING MORE THAN 5 ACRES BUT LESS THAN 20 ACRES, THE DEPARTMENT OF REVENUE SHALL NOTIFY EACH TAXPAYER WHOSE LAND VALUE FOR 1986 DUE TO RECLASSIFICATION TO CLASS FOUR BY APPLICATION OF 15-7-202 EXCEEDS THE AVERAGE VALUE PER ACRE FOR SUCH LAND IN THE TAXPAYER'S COUNTY. THE NEW NOTICE MUST FULLY INFORM THE TAXPAYER AS TO THE REASONS FOR THE NEW NOTICE, INCLUDING THE CAUSE OF THE INCREASE IN VALUE, THE RIGHT TO APPEAL TO THE COUNTY TAX APPEAL BOARD, AND THE EXTENSION OF TIME FOR APPEAL.

NEW SECTION. Section 9. 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 $0:$ this act.

NEW SECTION. Section 10. Applicability. This act applies retroactively, within the meaning of $1-2-109$, to

1 taxable years beginning after December 31, 1985.
2 NEW SECTION. Section 11. Effective date. This act is 3 effective on passage and approval.
-End-

