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	Introduced and referred to Committee on Taxation.
June	25,	1986	Committee recommend bill do pass as amended. Report adopted.
June	26,	1986	Second reading, do pass.
			Third reading, passed. Ayes, 49; Noes, 0.
			Transmitted to House.
		*** my	

IN THE HOUSE

1N 1	THE HOUSE
June 26, 1986	Introduced and referred to Committee on Taxation.
June 28, 1986	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

June 28, 1986 Received from House.

Second reading, amendments not concurred in.

June 28, 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.

June 30, 1986

July 1, 1986

July 1, 1986

Second reading, Free Conference Committee Report No. 3 adopted.

Third reading, Free Conference Committee Report No. 3 adopted. Ayes, 43; Noes, 5.

Free Conference Committee Report No. 3 adopted by House.

Sent to enrolling.

Reported correctly enrolled.

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1,001 - 2,000

49th Legislature Special Session 6/86

SB BILL NO. 20 Hating O'How labb 1 INTRODUCED BY Mi Pon Me FOR CLASSIFICATION OF CERTAIN PROPERTY AS CLASS THREE OR CLASS FOUR: TO EXTEND THE APPLICATION DEADLINE FOR REDUCTION IN 1986 VALUATIONS; AMENDING SECTIONS 15-6-134 AND 15-7-202. MCA; AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE 9 EFFECTIVE DATE." 10 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12 Section 1. Section 15-6-134, MCA, is amended to read: 13 *15-6-134. Class four property -- description --14 taxable percentage. (1) Class four property includes: 15 (a) all land except that specifically included in 16 another class; (b) all improvements except those 17 specifically 18 included in another class: 19 (c) the first \$35,000 or less of the market value of 20 any improvement on real property and appurtenant land not exceeding 5 acres owned or under contract for deed and 21 actually occupied for at least 10 months a year as the 22 23 primary residential dwelling of any person whose total 24 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, commercial, 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 (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 18 at the taxable percentage rate "P" of its market value multiplied by a percentage figure based on income and 20 determined from the following table: Percentage 22 Income Income 23 Single Person Married Couple Multiplier 0% so - \$1,000 so - \$1,200 24

1,201 - 2,400

10%

INTRODUCED BILL 5B 20

1	2,001 -	3,000	2,401 -	3,600	20%
2	3,001 -	4,000	3,601 -	4,800	30%
3	4,001 -	5,000	4,801 -	6,000	40%
4	5,001 -	6,000	6,001 -	7,200	50%
5	6,001 -	7,000	7,201 -	8,400	60%
6	7,001 -	8,000	8,401 -	9,600	70%
7	8,001 -	9,000	9,601 -	10,800	80%
8	9,001 -	10,000	10,801 -	12,000	90%

- 9 (c) Property described in subsection (1)(d) and (1)(e)

 10 is taxed at one-half the taxable percentage rate "P"

 11 established in subsection (2)(a).
- 12 (3) Until January 1, 1986, the taxable percentage rate
 13 "P" for class four property is 8.55%.

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- (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 isdetermined as a function of the certified statewide

- percentage increase in accordance with the table shown
 below.
- 3 (c) This table limits the statewide increase in 4 taxable valuation resulting from reappraisal to 0%. In 5 calculating the percentage increase, the department may not 6 consider changes resulting from new construction, additions, 7 or deletions during calendar year 1985.
- 8 (d) The taxable percentage must be calculated by
 9 interpolation to coincide with the nearest whole number
 10 certified statewide percentage increase from the following
 11 table:

12	Certified Statewide	Class Four Taxable
13	Percentage Increase	Percentage "P"
14	0	8.55
15	10	7.77
16	20	7.12
17	30	6.57
18 .	40	6.10
19	50	5.70
20	60	5.34
21	70	5.02
22	80	4.75
23	90	4.50
24	100	4.27
25	110	4.07

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1	Certified Statewide	Class Four Taxable
2	Percentage Increase	Percentage "P"
3	120	3.88
4	130	3.71
5	140	3.56
6	150	3.42
7	160	3.28
8	170	3.16
9	180	3.05
10	190	2.94
11	200	2.85
12	210	2.75
13	220	2.67
14	230	2.59
15	240	2.51
16	250	2.44
17	260	2.37
18	270	2.31
19	280	2.25
20	290	2.19
21	300	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.
- 25 (6) Within the meaning of comparable property as

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- 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++(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
- 23 (b) the parcels would have met the qualification set
 24 out in subsection (1)(2)(a) were it not for independent
 25 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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- - (3) Contiguous 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).
 - $+3\frac{1}{2}$ 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-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. A reclassification does not mean

- l revaluation pursuant to 15-7-111.
- (6) For the purposes of this part, growing timber is
 not an agricultural use. (Subsection (6) terminates January
- 4 1, 1991--sec. 10, Ch. 681, L. 1985.)"
- 5 NEW SECTION. Section 3. Application deadline fo
- 6 reduction in 1986 valuation. Notwithstanding the provisions
- of 15-15-102, the application deadline for reduction in 1986
- 8 taxable valuations is August 1, 1986.
- 9 NEW SECTION. Section 4. Extension of authority. Any
- 10 existing authority of the department of revenue to make
- 11 rules on the subject of the provisions of this act is
- 12 extended to the provisions of this act.
- 13 NEW SECTION. Section 5. Applicability. This act
- 14 applies retroactively, within the meaning of 1-2-109, to
- 15 taxable years beginning after December 31, 1985.
- 16 NEW SECTION. Section 6. Effective date. This act is
- 17 effective on passage and approval.

-End-

STATE OF NONTANA - FISCAL NOTE Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB 20 , Version: As Introduced

Description:

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

Assumptions:

1.	Total a	"undeveloped (bare land)" parcels acres of "undeveloped (bare land)" parcels market value of "undeveloped (bare land)" parce	0 - 4.999 ac. 17,075 28,309 els \$175,025,183	5 - 19.999 ac. 13,173 139,920 \$191,150,573	0ver 20 ac. 9,720 357,477 \$276,546,575
2.	Total '	*developed* parcels	23, 373	8, 783	2. 519
	Total a	acres of "developed" parcels	38, 216	80, 237	94, 080
	Total m	market value of "developed" parcels	\$289, 200, 339	\$198,686,436	\$120,775,002
з.	Total :	improvement value of "developed" parcels	\$954,768,715	\$394, 259, 360	\$137, 406, 909

- 4. Average taxable value of agricultural land is \$2.66 per acre.
- 5. The improvements on land granted agricultural or timber land status by the proposal would be given the 20 percent tax rate reduction for class 14 property.
- 6. Mill levies are 6 mills for the university levy, 45 mills 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 working for four months to review parcels, update records, and provide taxpayer notification.
- 8. The proposal would require the mailing of 74,643 assessment notices to property owners at a cost of \$7,465 for forms and \$16,420 for postage.
- 9. County computers would have to be reprogrammed to accommodate the reduction in tax rate and the value changes at a cost of 920,000.

BUDGET DIRECTOR

Office of Budget and Program Planning

PRIMARY SPONSOR

DATE

Fiscal Note for

Expenditures:

Personnel (86 payplan incl. benefits) -- \$ 723,827
Forms and postage -- 23,885
Programming -- 20,000
Total \$ 767,712

Fiscal Impact:

As introduced:

- a.) Land and improvements on 5 to 20 acres get a 50 percent tax rate reduction.
- b.) Land over 20 acres gets agricultural status.
- c.) Land under 20 acres with multiple ownership gets agricultural status.

Loss in taxable value -- 957, 977, 009

Loss in revenue (FY 87):

University Levy -- \$ 347,862 School Foundation Program -- \$ 2,608,965 Local Governments -- \$ 9.325,602

Alternative options:

Option 1 -- Current Law with :

a.) Land and improvements on 5 to 20 acres get 50 percent tax rate reduction.

Loss in taxable value -- \$15,133,060

Loss in revenue (FY 87):

University Levy -- \$ 90,798 School Foundation Program -- \$ 680,988 Local Governments -- \$ 2,434,153

Option 2 -- Current Law with :

a.) All land over 20 acres get agricultural status.

Loss in taxable value -- \$15,200,768

Loss in revenue (FY 87):

University Levy -- \$ 91,205 School Foundation Program -- \$ 684,035 Local Governments -- \$ 2,445,044

Option 3 -- Current Law with:

a.) All land under 20 acres with multiple ownership gets agricultural status.

Loss in taxable value -- \$42,776,241

Loss in revenue (FY 87):

University Levy -- \$ 256,657 School Foundation Program -- \$ 1,924,930 Local Governments -- \$ 6,880,558

Option 4 -- Current Law with:

a.) Undeveloped (bare) land over 20 acres gets agricultural status.

Loss in taxable value -- \$ 9,737,384

Loss in revenue (FY 87):

University Levy -- \$ 58,424 School Foundation Program -- \$ 438,182 Local Governments -- \$ 1,566,258

SECOND READING SB 20

APPROVED BY COMMITTEE ON TAXATION

1	SENATE BILL NO. 20
2	INTRODUCED BY MCCALLUM, SWIFT, RAPP-SVRCEK, COBB,
3	KEATING, O'HARA, FARRELL, NORMAN, BRANDEWIE, GLASER,
4	PHILLIPS, RAMIREZ, CONNELLY, NATHE, SEVERSON, PATTERSON,
5	CHRISTIAENS, DRISCOLL, BOYLAN, MARKS
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7	A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE CRITERIA
8	FOR CLASSIFICATION OF CERTAIN PROPERTY AS CHASS-THREE-OR
9	CLASS FOUR; TO ESTABLISH A NEW CLASS EIGHTEEN PROPERTY FOR
10	NONPRODUCTIVE REAL PROPERTY CONTAINING 20 ACRES OR MORE; TO
11	ESTABLISH A NEW CLASS NINETEEN PROPERTY FOR REAL PROPERTY
12	CONTAINING LESS THAN 20 ACRES AND THAT IS RENDERED
13	MONPRODUCTIVE BY LAND USE LAWS; TO EXTEND THE APPLICATION
14	DEADLINE FOR REDUCTION IN 1986 VALUATIONS; AMENDING SECTIONS
15	15-6-134AND-15-7-202 SECTION 15-8-111, MCA; AND PROVIDING
16	AN APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."
17	
18	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
19	Section-1Section-15-6-134;-MCA;-is-amended-toread:
20	#15-6-134Classfourpropertydescription
21	taxable-percentage:(1)-6lass-four-property-includes:
2.2	<pre>(a)all-landexceptthatspecificallyincludedin</pre>
2 3	another-class;
24	<pre>tb)allimprovementsexceptthosespecifically</pre>
25	included-in-another-class;



1	tc}the-first-\$35,000-or-less-of-the-marketvalueof
2	anyimprovementonreal-property-and-appurtenant-land-not
3	exceeding-5-acres-ownedorundercontractfordeedand
4	actuallyoccupiedforatleastl0months-a-year-as-the
5	primary-residentialdwellingofanypersonwhosetotal
6	incomefromallsourcesincludingotherwisetax-exempt
7	income-of-all-types-is-not-more-than-\$10,000forasingle
8	person-or-\$12,000-for-a-married-couple;
9	(d)allgolf-courses;-including-land-and-improvements
LO	actually-and-necessarily-used-for-that-purpose,-that-consist
11	of-at-least-9-holes-and-not-less-than-3,000linealyards- $ au$
12	<pre>fe}allland,-together-with-improvements,-not-devoted</pre>
L 3	to-a-residential;-commercial;-industrial;agricultural;or
l 4	timberland-use-if:
15	<pre>fi)theland-contains-more-than-5-acres-and-less-than</pre>
16	20-acres;-or
17	(ii)-the-land-contains-not-more-than5acresandis
18	precludedfrom-being-devoted-to-residential;-commercial;-or
19	industrialusebecauseofsubdivisionorzoninglaws;
20	regulations,-or-ordinances.
21	(2)Class-four-property-is-taxed-as-follows:
22	(a)Exceptasprovidedin-15-24-1402-or-15-24-15017
23	property-described-in-subsections-(1)(a)-and-(1)(b)-is-taxed
24	at-the-taxable-percentage-rate-"P"-of-its-market-value-
25	<pre>(b)Property-described-in-subsection-(1)(c)istaxed</pre>

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1	atthetaxablep	ercentagerate#P#-	-of-its-market-value	
2	multiplied-byapercentagefigurebasedonincomeand			
3	determined-from-the	-following-table:		
4	Income	Income	Percentage	
5	Single-Person	Married-Couple	Multiplier	
6	\$8\$1;888	\$8\$1,200	− 0 %	
7	1,0012,000	1,2012,400	10 %	
8	2,0013,000	2,4013,600	20%	
9	3,0014,000	3,6014,800	30%	

47801----67000

67001---7,200

77201----87400

8,401---9,600

97601---107800

107001---127000

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47001----57000

57001----67000

67001----77000

77001----87000

87881---9788

97001---107000

(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)-

#P"-for-class-four-property-is-8-55%-

(4)--Prior-to-July-17-19867-the-department--of--revenue shall--determine--the-taxable-percentage-rate-"P"-applicable to-class-four-property-for-the-revaluation--cycle--beginning January-17-19867-as-follows:

ta)--The--director--of--the-department-of-revenue-shall

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certify-to-the-governor-before- δ uly-17-19867-thepercentage
bywhichtheappraised-value-of-all-property-in-the-state
classified-under-class-fourasofdanuary1719867has
increaseddueto-the-revaluation-conducted-under-15-7-111-
This-figure-is-the-certified-statewide-percentageincrease-
(b)Thetaxablevalueofproperty-in-class-four-is
determinedasafunctionofthecertifiedstatewide
percentageincreaseinaccordancewiththetable-shown
below.

(c)-This-table-limits-the-statewide-increase--in taxable-valuation-resulting-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;

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

19	Certified-Statewide	Class-Pour-Taxable
20	Percentage-Increase	Percentage-"P"
21	θ	8.55
22	±0	7-77
23	50	7-12
24	90	6 -57
25	40	6-10

SB 20

SB 0020/02

1	Certified-Statewide	Class-Pour-Paxable	1	Certified Statewide	Class-Pour-Taxable
2	Percentage-Increase	Percentage-"P"	2	Percentage-Increase	Percentage-"P"
3	50	5 .70	3	588	2-25
4	· 6 0	5-34	4	290	2-19
5	70	5-02	5	300	2-13
6	88	4-75	6	(5)After-July-1,-1986,-	no-adjustment-may-bemadeby
7 .	90	4 ₹ 5 0	7	thedepartmenttothe-taxab	le-percentage-rate-"P"-until~a
8	100	4-27	. 8	revaluation-has-been-made-as-p	rovided-in-15-7-111+
9	110	4 - 0 7	9	(6)Withinthemeaning	ofcomparablepropertyas
10	120	3-88	10	definedin15-1-1017prop	ertyassessedascommercial
11	±30	3 .7 ±	11	property-is-comparable-only-to	-otherpropertyassessedas
12	140	3-56	12	commercialproperty,andpr	opertyassessed-as-other-than
13	150	3-42	13	commercial-property-is-compara	bleonlytootherproperty
14	160	3-28	14	assessed-as-other-than-commerc	ial-property."
15	170	3-±6	15	Section-2:Section15-7	-2027-MCA7~is-amended-to-read:
16	100	3∓05	16	415-7-202Eligibility	oflandforvaluationas
17	190	2-94	17	agricultural: (1)Contiguous	ornoncontiguous-parcels-of
18	200	2-85	18	land-totaling-20-acres-or-more	-under-one-ownership-shallbe
19	210	2-75	19	eligibleforvaluation,	assessment,andtaxationas
20	220	2-67	20	agricultural-land-each-year-th	atnoneoftheparcelsis
21	230	2-59	21	devoted-to-a-commercial-or-ind	ustrial-use-
22	240	2-5 1	22	(1) <u>(2)</u> Contiguousorr	oncontiguousparcelsof-land
23	250	2-44	23	totaling-less-than-20-acres ur	deroneownershipthatare
24	260	2-37	24	activelydevotedto-agricult	ural-use-shall-be-eligible-for
25	270	2-31	25	valuation;-assessment;-and-tax	ation-as-herein-providedeach

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-5-

1	yeartheparcels-meet-any-of-the-following-qualifications:
2	ta)the-parcels-produce-and-the-owner-ortheowner-s
3	agent,employee,or-lessee-markets-not-less-than-\$1,500-in
4	annual-gross-income-from-the-raising-of-livestock;poultry;
5	fieldcrops;fruit;and-other-animal-and-vegetable-matter
6	for-food-or-fiber;-or
7	<pre>fb)the-parcels-would-have-met-thequalificationset</pre>
8	outinsubsection $\{1\}$ $\{2\}$ $\{a\}$ wereit-not-for-independent
9	intervening-causes-of-production-failure-beyond-thecontrol
10	oftheproducer-or-marketing-delay-for-economic-advantage7
11	in-which-case-proof-of-qualification-in-aprioryearwill
12	suffice.
13	(2)Parcelsthatdonot-meet-the-qualifications-set
14	out-in-subsection-(1)-shall-not-be-classified-orvaluedas
15	agriculturalif-they-are-part-of-a-platted-subdivision-that
16	is-filed-with-the-county-clerk-andrecorderincompliance
17	with-the-Montana-Subdivision-and-Platting-Act:
18	(3)~-Contiguous-parcels-of-land-containing-less-than-20
19	acres-per-parcel-under-differing-ownership-that-are-actively
20	devoted-to-agricultural-use-shall-be-eligible-for-valuation,
21	assessmenty-and-taxation-as-agricultural-land-each-year-that
22	the-parcels-as-one-combined-operating-entity-meet-any-of-the
23	qualifications-in-subsection-(2).
24	(3)(4)bandshallnotbeclassifiedorvalued-as
25	agricultural-if-it-is-subdividedwithstatedrestrictions

1	prohibiting-its-use-for-agricultural-purposes:
2	(4)Thegrazingonland-by-a-horse-or-other-animals
3	keptasahobbyandnotasapartofabonafide
4	agricultural-enterprise-shall-not-be-considered-abona-fide
5	agricultural-operation-
6	(5)Iflandhasbeen-valued;-assessed;-and-taxed-as
7	agricultural-land-in-any-year;-it-shall-continuetobesc
8	valued; assessed; and taxed until the department
9	reclassifies-the-property;-A-reclassification-does-notmean
10	revaiuation-pursuant-to-15-7-111:
11	(6)Porthepurposes-of-this-part;-growing-timber-is
12	not-an-agricultural-user(Subsection-(6)-terminates-Januar
13	1,-1991sec:-10,-Ch:-681,-b:-1985-)*
14	NEW SECTION. SECTION 1. CLASS EIGHTEEN PROPERTY
15	DESCRIPTION TAXABLE PERCENTAGE. (1) CLASS EIGHTEE
16	PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE REAL PROPERTY
17	CONTAINING 20 OR MORE CONTIGUOUS ACRES UNDER ONE OWNERSHIP
18	THAT DO NOT QUALIFY AS AGRICULTURAL LAND, TIMBERLAND, O
19	COMMERCIAL OR INDUSTRIAL PROPERTY.
20	(2) IMPROVEMENTS TO CLASS EIGHTEEN PROPERTY ARE TAXE
2 1	AS CLASS FOUR PROPERTY.
22	(3) CLASS EIGHTEEN PROPERTY IS TAXED AT 2% OF IT
23	MARKET VALUE.
24	NEW SECTION. SECTION 2. CLASS NINETEEN PROPERTY -

-7-

DESCRIPTION -- TAXABLE PERCENTAGE. (1) CLASS NINETEEN

SB 0020/02

SB 0020/02

2	CONTAINING LESS THAN 20 ACRES THAT ARE PRECLUDED FROM BEING
3	DEVELOPED FOR RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL
4	PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS,
5	OR ORDINANCES OR THAT ARE PRECLUDED FROM BEING SO DEVELOPED
5	FOR OTHER REASONS.
7	(2) IMPROVEMENTS TO CLASS NINETEEN PROPERTY ARE TAXED
3	AS CLASS FOUR PROPERTY.
9	(3) CLASS NINETEEN PROPERTY IS TAXED AT 2% OF ITS
0	MARKET VALUE.
1	NEW SECTION. SECTION 3. APPLICATION FOR
2	CLASSIFICATION AS CLASS NINETEEN PROPERTY. A PERSON APPLYING
3	FOR CLASSIFICATION OF PROPERTY AS CLASS NINETEEN PROPERTY
4	SHALL MAKE AN AFFIDAVIT TO THE DEPARTMENT OF REVENUE, ON A
5	FORM PROVIDED BY THE DEPARTMENT WITHOUT COST, STATING:
6	(1) THAT THE PROPERTY IS PRECLUDED FROM BEING
7	DEVELOPED FOR RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL
8	PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS,
9	OR ORDINANCES OR FOR OTHER REASONS;

PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE REAL PROPERTY

1	APPLICATION OR AS MAY BE REQUIRED BY THE DEPARTMENT.
2	SECTION 4. SECTION 15-8-111, MCA, IS AMENDED TO READ:
3	"15-8-111. Assessment market value standard
4	exceptions. (1) All taxable property must be assessed at
5	100% of its market value except as provided in subsection
6	(5) of this section and in 15-7-111 through 15-7-114.
7	(2) (a) Market value is the value at which property
8	would change hands between a willing buyer and a willing
9	seller, neither being under any compulsion to buy or to sell
10	and both having reasonable knowledge of relevant facts.
11	(b) Except as provided in subsection (3), the market
12	value of all motor trucks; agricultural tools, implements,
13	and machinery; and vehicles of all kinds, including but not
14	limited to aircraft and boats and all watercraft, is the
15	average wholesale value shown in national appraisal guides
16	and manuals or the value of the vehicle before
17	reconditioning and profit margin. The department of revenue
18	shall prepare valuation schedules showing the average
19	wholesale value when no national appraisal guide exists.
20	(3) The department of revenue or its agents may not
21	adopt a lower or different standard of value from market
22	value in making the official assessment and appraisal of the
23	value of property in 15-6-134 through 15-6-140, and 15-6-145

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- (b) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, nd machinery; and vehicles of all kinds, including but not imited to aircraft and boats and all watercraft, is the verage wholesale value shown in national appraisal quides and manuals or the value of the vehicle before econditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average pholesale value when no national appraisal quide exists.
- (3) The department of revenue or its agents may not dopt 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 15-6-145through 15-6-147, and [sections 1 and 2], except:
- (a) the wholesale value for agricultural implements

(2) WHAT LAW, REGULATION, OR ORDINANCE OR OTHER REASON

(3) WHAT DETERMINATIONS, IF ANY, BY A GOVERNMENTAL

(4) SUCH OTHER INFORMATION AS IS RELEVANT TO THE

ENTITY HAVE BEEN MADE TO SUBSTANTIATE THE APPLICATION FOR

CLASSIFICATION AS CLASS NINETEEN PROPERTY; AND

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PRECLUDES SUCH USE;

- 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
- 5 (b) for agricultural implements and machinery not 6 listed in the official guide, the department shall prepare a 7 supplemental manual where the values reflect the same 8 depreciation as those found in the official guide.
- 9 (4) For purposes of taxation, assessed value is the 10 same as appraised value.

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- (5) The taxable value for all property in classes four through eleven and fifteen through seventeen <u>nineteen</u> 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].
- 16 (6) The assessed value of properties in 15-6-131
 17 through 15-6-133 is as follows:
- 18 (a) Properties in 15-6-131, under class one, are
 19 assessed at 100% of the annual net proceeds after deducting
 20 the expenses specified and allowed by 15-23-503.
- 21 (b) Properties in 15-6-132, under class two, are 22 assessed at 100% of the annual gross proceeds.
- 23 (c) Properties in 15-6-133, under class three, are 24 assessed at 100% of the productive capacity of the lands 25 when valued for agricultural purposes. All lands that meet

- the qualifications of 15-7-202 are valued as agricultural
- 2 lands for tax purposes.
- 3 (d) Properties in 15-6-143, under class thirteen, are
 4 assessed at 100% of the combined appraised value of the
- 5 standing timber and grazing productivity of the land when
- 6 valued as timberland.
- 7 (7) Land and the improvements thereon are separately
 - assessed when any of the following conditions occur:
- 9 (a) ownership of the improvements is different from10 ownership of the land;
- (b) the taxpayer makes a written request; or
 - (c) the land is outside an incorporated city or town.
- 13 (8) The taxable value of all property in 15-6-131 and
- 14 classes two, three, and thirteen is the percentage of
- 15 assessed value established in 15-6-131(2), 15-6-132,
- 16 15-6-133, and 15-6-143 for each class of property.
- 17 (Subsections (3)(a) and (3)(b) applicable to tax years
- 18 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
- 19 Subsection (6)(d) and references in (8) to class thirteen
- 20 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
- 21 1985.)"

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

NE	SECT	ION.	Section 6.	App	licat	ion	dead	lline	£	or
reduction	on in	1986	valuation.	Notw	ithst	anding	the	prov	isio	ns
of 15-19	5-102,	the a	application	dead	line	for re	duct	ion i	n 19	86
taxable	valua	tions	is August	1,	1986 <u>,</u>	OR	15	DAYS	AFT	ER
RECEIPT	ВЧ	THE	TAXPAYER	OF	Α	REVI	SED	NOTI	CE	OF
CLASSIF	CATIO	N 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.

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11 <u>NEW SECTION.</u> Section 8. Applicability. This act
12 applies retroactively, within the meaning of 1-2-109, to
13 taxable years beginning after December 31, 1985.

<u>NEW SECTION.</u> Section 9. Effective date. This act is effective on passage and approval.

-End-

1	SENATE BILL NO. 20
2	INTRODUCED BY MCCALLUM, SWIFT, RAPP-SVRCEK, COBB,
3	KEATING, O'HARA, FARRELL, NORMAN, BRANDEWIE, GLASER,
4	PHILLIPS, RAMIREZ, CONNELLY, NATHE, SEVERSON, PATTERSON,
5	CHRISTIAENS, DRISCOLL, BOYLAN, MARKS
6	
7	A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE CRITERIA
8	FOR CLASSIFICATION OF CERTAIN PROPERTY AS CHASS-THREE-OR
9	CLASS FOUR; TO ESTABLISH A NEW CLASS EIGHTEEN PROPERTY FOR
10	NONPRODUCTIVE REAL PROPERTY CONTAINING 20 ACRES OR MORE; TO
11	ESTABLISH A NEW CLASS NINETEEN PROPERTY FOR REAL PROPERTY
12	CONTAINING LESS THAN 20 ACRES AND THAT IS RENDERED
13	NONPRODUCTIVE BY LAND USE LAWS; TO EXTEND THE APPLICATION
L 4	DEADLINE FOR REDUCTION IN 1986 VALUATIONS; AMENDING SECTIONS
15	15-6-134ANB-15-7-202 SECTION 15-8-111, MCA; AND PROVIDING
16	AN APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."
17	
18	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
19	Section-1;Section-15-6-134;-MCA;-is-amended-toread:
20	#15-6-134;Classfourpropertydescription
21	taxable-percentage(1)-Elass-four-property-includes-
22	<pre>{a}all-landexceptthatspecificallyincludedin</pre>
23	another-class;
24	(b)allimprovementsexceptthosespecifically
25	included-in-another-class;

-	(c) the first \$33,000 of fess of the market value of
2	anyimprovementonreal-property-and-appurtenant-land-not
3	exceeding-5-acres-ownedorundercontractfordeedand
4	actuallyoccupiedforatleastl8months-a-year-as-the
5	primary-residentialdwellingofanypersonwhosetotal
6	incomefromallsourcesincludingotherwisetax-exempt
7	income-of-all-types-is-not-more-than-\$10,000forasingle
8	person-or-\$12,000-for-a-married-couple;
9	<pre>td)allgolf-courses;-including-land-and-improvements</pre>
10	actually-and-necessarily-used-for-that-purpose;-that-consist
11	of-at-least-9-holes-and-not-less-than-3,000linealyards.
12	fe}allland;-together-with-improvements;-not-devoted
13	to-a-residential;-commercial;-industrial;agricultural;or
14	timberland-use-if:
15	fi)theland-contains-more-than-5-acres-and-less-than
16	20-acres;-or
17	tiit-the-land-contains-not-more-than5acresandis
18	precludedfrom-being-devoted-to-residential;-commercial;-or
19	industrialusebecauseofsubdivisionorzoninglaws;
20	regulations,-or-ordinances.
21	<pre>+2}Elass-four-property-is-taxed-as-follows:</pre>
22	<pre>fajExceptasprovidedin-15-24-1402-or-15-24-1501;</pre>
23	property-described-in-subsections-(i)(a)-and-(i)(b)-is-taxed
24	at-the-taxable-percentage-rate-"P"-of-its-market-value:
25	(b)Property-described-in-subsection-(1)(c)istaxed

THIRD READING

at-the--tsuebis--percentage--rate--*P*--ef-its-market-value
multiplied-by--a--percentage--figure--based--on--income--and
determined-from-the-following-table:

1

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4	income	incone	Percentage
5	Single-Person	Married-Couple	Multiplier
6	98\$17888	\$8\$172 88	-0%
7	1,0012,000	1,2012,498	184
9	2700137000	2740137680	20%
9	3700147000	3768147889	30%
10	4700±57000	4780167888	40%
11	5,0016,000	6700177200	584
12	6788177888	7720187400	60%
13	7,0018,000	8740197608	79%
14	8,0029,000	97601107800	804
15	9,00110,000	10,00112,000	904

(c)--Property-described-in-subsection-(i)(d) and-(i)(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%+

t41--Prior-to-duly-17-19867-the-department--of--revenue shall--determine--the-taxable-percentage-rate-"P"-applicable to-class-four-property-for-the-revaluation--cycle--beginning danuary-17-19867-as-follows:

tay--The--director--of--the-department-of-revenue-shall

4	centiti-co-sus-donetuot-perote-dati-tatio1-cus-betceusade
2	bywhichtheappraised-value-of-all-groperty-in-the-state
3	clessified-under-class-fourasofJanuarylyl986;has
4	increaseddueto-the-revaluation-conducted-under-15-7-111-
5	This-figure-is-the-certified-statewide-percentageincrease-
_	

fb)--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
below:

(c)--This--table--limits--the--statewide--increase---in taxable--valuation--resulting--from--reappraissle--to--0%:-In calculating-the-percentage-increase;-the-department-may--not consider-changes-resulting-from-new-construction;-additions; or-deletions-during-calendar-year-1905;

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

19	Certified-Statewide	Cless-Pour-Texable
20	Percentage-Increase	Percentage-#PM
21	•	0 ∓55
22	±0	7:37
23	2.6	7:12
24	3.9	6=57
25	40	6-10

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SB 0020/02

1 .	Certified-Statewide	Class-Four-Taxable	1	Certified-Statewide	Class-Pour-Taxable
2	Percentage-Increase	Percentage-"P"	2	Percentage-Increase	Percentage-"P"
3	56	5 - 70	3	288	5-55
4	68	5+34	4	298	2-19
5	70	5.02	5	300	2+13
6	88	4 =75	. 6	(5)After-July-17-19867-	no-adjustment-may-bemadeby
7	90	4 ±5 0	7	thedepartmenttothe-taxab	le-percentage-rate-#P#-until-a
8	100	4 - 27	8	revaluation-has-been-made-as-p	rovided-in-15-7-111-
9	110	4 = 87	9	+6}Withinthemeaning	ofcomparablepropertyas
10	120	9 - 08	10	definedin15-1-1017prop	ertyassessedascommercial
11	1 3 0	3+7±	11	property-is-comparable-only-to	-otherpropertyassessedas
12	±40	3∓56	12	commercialpropertyandpr	opertyassessed-as-other-than
13	150	3 ₹ 4 €	13	commercial-property-is-compara	bleonlytootherproperty
14	160	3-20	14	assessed-as-other-than-commerc	ial-property-"
15	±70	3-16	15	Section-2Section15-7	-202;-MCA;-is-amended-to-read:
16	±80	3∓85	16	#15-7-202Eligibility	oflandforvaluationas
17	±90	2+94	17	agricultural: (1)Contiguous	ornoncontiguous-parcels-of
18	200	2-85	. 18	tand-totaling-20-acres-or-more	-under-one-ownership-shallbe
19	210	2-75	19	eligibleforvaluation;	assessment,andtaxationas
- 20	220	2:67	20	agricultural-land-cach-year-th	natnoneoftheparcelsis
21	230	2-59	21	devoted-to-a-commercial-or-ind	lustrial-use:
22	249	2+5±	22	(1) (2) Contiguous or n	oncontiguousparcelsof-land
23	250	2:44	23	totaling-less-than-20-acres un	nderoneownershipthatare
24	260	2+37	24	activelydevotedto-agricult	ural-use-shall-be-eligible-for
25	278	2.31	25	valuation;-assessment;-and-tax	cation-as-herein-providedeach

1	yeartheparcels-meet-any-of-the-following-qualifications:
2	(a)therpassels-produce-and-the-owner-ortheowner-s
3.	agentyemployeeyor-lessee-markets-not-less-than-\$2y500-in
4	annual-gross-income-from-the-raising-of-livestock;poultry;
5	fieldcropsyfruityand-other-animal-and-vegetable-matter
6	for-food-or-fiber;-or
7	(b)the-parcels-would-have-met-thequalificationset
8	outinsubsection(1)(2)(a)wereit-not-for-independent
9	intervening-causes-of-production-failure-beyond-thecontrol
10	oftheproducer-or-marketing-delay-for-economic-advantage $ au$
11	in-which-case-proof-of-qualification-in-aprioryearwill
12	sufficer
13	(2)Parcelsthatdonot-meet-the-qualifications-set
14	out-in-subsection-(1)-shall-not-be-classified-orvaluedas
15	agriculturalif-they-are-part-of-a-platted-subdivision-that
16	is-filed-with-the-county-clerk-andrecorderincompliance
17	with-the-Montana-Subdivision-and-Platting-Act:
18	(3)Contiguous-parcels-of-land-containing-less-than-20
19	acres-per-parcel-under-differing-ownership-that-are-actively
20	devoted-to-agricultural-use-shall-be-eligible-for-valuationy
21	assessment,-and-taxation-as-agricultural-land-each-year-that
22	the-parcels-as-one-combined-operating-entity-meet-any-of-the
23	qualifications-in-subsection-{2};
24	t3) <u>t41</u> bandshallnotbeclassifiedorvalued-as

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prohibiting-its-use-for-agricultural-purposes-
1
          (4);-The-grazing-on-land-by-a-horse-or-other-animals
2
     kept--as--a--hobby--and--not--as--a--partm-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
6
     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
10
     revaluation-pursuant-to-15-7-111:
          t6)--Por--the--purposes-of-this-party-growing-timber-is
11
     not-an-agricultural-user--{Subsection-(6)-terminates-danuary
12
     17-1991--sec:-107-Ch:-6017-b:-1985:}#
13
          NEW SECTION. SECTION 1. CLASS EIGHTEEN PROPERTY --
14
     DESCRIPTION -- TAXABLE PERCENTAGE. (1) CLASS EIGHTEEN
15
     PROPERTY INCLUDES PARCELS OF MONPRODUCTIVE REAL PROPERTY
16
     CONTAINING 20 OR MORE CONTIGUOUS ACRES UNDER ONE OWNERSHIP
17
     THAT DO NOT QUALIFY AS AGRICULTURAL LAND, TIMBERLAND, OR
10
     COMMERCIAL OR INDUSTRIAL PROPERTY.
19
          (2) IMPROVEMENTS TO CLASS EIGHTEEN PROPERTY ARE TAXED
20
      AS CLASS FOUR PROPERTY.
          (3) CLASS EIGHTEEN PROPERTY IS TAXED AT 2% OF ITS
22
      MARKET VALUE.
23
          NEW SECTION. SECTION 2. CLASS NINETEEN PROPERTY --
24
      DESCRIPTION -- TAXABLE PERCENTAGE.
                                             (1) CLASS NINETEEN
```

agricultural-if-it-is-subdivided--with--stated--restrictions

1	PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE REAL PROPERTY
2	CONTAINING LESS THAN 20 ACRES THAT ARE PRECLUDED FROM BEING
3	DEVELOPED FOR RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL
4	PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS
5	OR ORDINANCES OR THAT ARE PRECLUDED FROM BEING SO DEVELOPED
6	FOR OTHER REASONS.

- 7 (2) IMPROVEMENTS TO CLASS NINETEEN PROPERTY ARE TAXED
 8 AS CLASS FOUR PROPERTY.
- 9 (3) CLASS NINETEEN PROPERTY IS TAXED AT 2% OF ITS
 10 MARKET VALUE.

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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;
- 20 (2) WHAT LAW, REGULATION, OR ORDINANCE OR OTHER REASON
 21 PRECLUDES SUCH USE;
- 22 (3) WHAT DETERMINATIONS, IF ANY, BY A GOVERNMENTAL
 23 ENTITY HAVE BEEN MADE TO SUBSTANTIATE THE APPLICATION FOR
 24 CLASSIFICATION AS CLASS NINETEEN PROPERTY; AND
- 25 (4) SUCH OTHER INFORMATION AS IS RELEVANT TO THE

-9-

APPLICATION OR AS MAY BE REQUIRED BY THE DEPARTMENT.

2 SECTION 4. SECTION 15-8-111, MCA, IS AMENDED TO READ:
3 "15-8-111. Assessment -- market value standard -4 exceptions. (1) All taxable property must be assessed at
5 100% of its market value except as provided in subsection
6 (5) of this section and in 15-7-111 through 15-7-114.

- 7 (2) (a) Market value is the value at which property
 8 would change hands between a willing buyer and a willing
 9 seller, neither being under any compulsion to buy or to sell
 10 and both having reasonable knowledge of relevant facts.
- 11 (b) Except as provided in subsection (3), the market 12 value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not 13 14 limited to aircraft and boats and all watercraft, is the average wholesale value shown in national appraisal guides 15 and manuals or the value of the vehicle before 16 17 reconditioning and profit margin. The department of revenue 18 shall prepare valuation schedules showing the average wholesale value when no national appraisal quide exists. 19
 - (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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25 (a) the wholesale value for agricultural implements

SB 20

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

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- (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.
- 3 (4) For purposes of taxation, assessed value is the 10 same as appraised value.
 - (5) The taxable value for all property in classes four through eleven and fifteen through seventeen <u>nineteen</u> 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].
- 16 (6) The assessed value of properties in 15-6-131
 17 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.
- 21 (b) Properties in 15-6-132, under class two, are22 assessed at 100% of the annual gross proceeds.
- 23 (c) Properties in 15-6-133, under class three, are 24 assessed at 100% of the productive capacity of the lands 25 when valued for agricultural purposes. All lands that meet

-11-

- 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.
- 19 Subsection (6)(d) and references in (8) to class thirteen
- 20 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
- 21 1985.}"

3

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

-12-

25 PROVISIONS OF TITLE 15 APPLY TO SECTIONS 1 THROUGH 3.

NEW SECTION.	Section 6.	Applicati	on dead	lline	for
reduction in 1986	valuation.	Notwithsta	inding the	provisi	ons
of 15-15-102, the a	application	deadline f	or reduct	ion in 1	986
taxable valuations	is August	1, 1986,	OR 15	DAYS AF	'TER
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.

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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-

SB 0020/03

1	SENATE BILL NO. 20
2	INTRODUCED BY MCCALLUM, SWIFT, RAPP-SVRCEK, COBB,
3	KEATING, O'HARA, FARRELL, NORMAN, BRANDEWIE, GLASER,
4	PHILLIPS, RAMIREZ, CONNELLY, NATHE, SEVERSON, PATTERSON,
5	CHRISTIAENS, DRISCOLL, BOYLAN, MARKS
6	
7 .	A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE CRITERIA
8	FOR CLASSIFICATION OF CERTAIN PROPERTY AS CLASS-THREE-OR
9	CLASS FOUR; TO-ESTABLISH-A-NEW-CLASS-EIGHTEENPROPERTYFOR
0	NONPRODUCTIVEREAL-PROPERTY-CONTAINING-20-ACRES-OR-MORE;-TO
1	establish-a-new-class-nineteen-propertyforrealproperty
12	CONTAININGBESSTHAN20ACRESANDTHATISRENDERED
13	NONPRODUCTIVE-BY-BAND-USE-BAWS TO REVISE THE ELIGIBILITY OF
L 4	LAND FOR VALUATION AS AGRICULTURAL; TO EXTEND THE
15	APPLICATION DEADLINE FOR REDUCTION IN 1986 VALUATIONS;
16	AMENDING SECTIONS15-6-134AND15-7-202 SECTIONS
17	15-6-134, 15-7-202, AND 15-8-111, MCA; AND PROVIDING AN
18	APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."
19	
20	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
21	Section-ltSection15-6-134;-MCA;-is-amended-to-read:
22	#15-6-134Classfourpropertydescription
23	taxable-percentage(1)-Class-four-property-includes:
24	<pre>{a}alllandexceptthatspecificallyincluded-in</pre>
25	another-class;

1	(b)allimprovementsexceptthosespecifically
2	included-in-another-class;
3	(c)thefirst\$35,000-or-less-of-the-market-value-of
4	any-improvement-on-real-property-andappurtenantlandnot
5	exceeding5acresownedorundercontract-for-deed-and
6	actually-occupied-for-at-least10monthsayearasthe
7	primaryresidentialdwellingofanypersonwhose-total
8	incomefromallsourcesincludingotherwisetax-exempt
9	incomeofalltypes-is-not-more-than-\$10,000-for-a-single
10	person-or-\$12,000-for-a-married-couple;
11	<pre>fd;all-golf-courses;-including-land-andimprovements</pre>
12	actually-and-necessarily-used-for-that-purpose;-that-consist
13	ofatleast-9-holes-and-not-less-than-3,000-lineal-yards+?
14	<pre>fe)all-land,-together-with-improvements,-notdevoted</pre>
15	toaresidentialy-commercialy-industrialy-agriculturaly-or
16	timberland-use-if:
17	(i)the-land-contains-more-than-5-acres-and-lessthan
18	20-acres;-or
19	fiit-thetandcontainsnotmore-than-5-acres-and-is
20	precluded-from-being-devoted-to-residential,-commercial,or
21	industrialusebecauseofsubdivisionorzoninglaws;
22	regulations,-or-ordinances,
23	(2)Class-four-property-is-taxed-as-follows:
24	(a)Except-as-provided-in15-24-1402or15-24-15017
25	property-described-in-subsections-(1)(a)-and-(1)(b)-is-taxed REFERENCE BILL



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at-the-taxable-percentage-rate-sps-of-its-market-value-

tb)--Property--described--in-subsection-(i)(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:

6	Income	Income	Percentage
7	Single-Person	Married-Gouple	Multiplier
8	\$8\$1,000	\$0\$17200	-0%
9	1,0012,000	1720127400	18 4
10	2,0013,000	2740137600	20%
11	3,0014,000	3760147800	30%
12	4700157000	4788167888	40%
13	5,0016,000	6700177200	50%
14	6,0017,000	7720187400	60%
15	7,00±8,000	8,4019,600	70%
16	8,0019,000	97601107800	60%
17	9,00110,000	10,00112,000	90%

(c)--Property-described-in-subsection-(1)(d) and-(1)(e)
is--taxed--at--one-half--the--taxable--percentage--rate--upu
established-in-subsection-(2)(a)-

+37--Until-January-17-19867-the-taxable-percentage-rate
"P"-for-class-four-property-is-8-55%-

(4)--Prior--to--July-17-19867-the-department-of-revenue shall-determine-the-taxable-percentage-rate--"P"--applicable to--class~-four-property-for-the-revaluation-cycle-beginning

-3-

January-1,-1986,-as-follows:

 ta)--The-director-of-the-department--of--revenue--shall certify--to-the-governor-before-July-17-19867-the-percentage by-which-the-appraised-value-of-all-property--in--the--state classified--under--class--four--as--of--January-17-19867-has increased-due-to-the-revaluation-conducted--under--15-7-lilt This--figure-is-the-certified-statewide-percentage-increase-th)--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 below:

(c)--This---table--limits--the--statewide--increase--in taxable-valuation--resulting--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;

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

21	Certified-Statewide	Class-Pour-Taxable
22	Percentage-Increase	Percentage- "P"
23	θ	8.55
24	±θ	7.77
25	20	7-12

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1	Certified-Statewide	Elass-Pour-Taxable	1	Certified-Statewide	Class-Pour-Taxable
2	Percentage-Increase	Percentage-#P#	2	Percentage-Increase	Percentage-#P#
3	30	6+57	. 3	2 6€	2.37
4	40	6-10	. 4	2 70	2.3±
5	50	5-70	5	288	2-25
6	6 0	5-34	6	298	2 ;±9
7	78	5+02	7	3 <u>9</u> 9	2+13
8	89	4 - 75	8	(5)AfterJulyl7-1986	57-no-adjustment-may-be-made-by
9	90	4 ∓50	9	the-department-to-the-taxable-	-percentage-rate#P#untila
10	· 100	4-27	10	revaluation-has-been-made-as-p	provided-in-15-7-111+
11	1 10	4-07	11	(6)Withinthemeaning	gofcomparablepropertyas
12	1 20	3-88	12	definedin15-1-101;proper	tyassessedascommercial
13	130	3.7±	13	propertyiscomparableonly	y-to-other-property-assessed-as
14	±40	3 - 56	14	commercial-property,-and-prope	ertyassessedasotherthan
15	±5θ	3-42	15	commercialpropertyiscomp	parableonly-to-other-property
16	160	3+28	16	assessed-as-other-than-commerc	cial-property."
17	170	3+16	17	SECTION 1. SECTION 15-6-	-134, MCA, IS AMENDED TO READ:
18	100	3 ∓ 0 5	18	"15-6-134. Class four	property description
19	1 98	2-94	19	taxable percentage. (1) Class	four property includes:
20	500	2-05	20	(a) all land except the	nat specifically included in
21	570	2-75	21	another class;	
22	220	2-67	22	(b) all improvements	except those specifically
23	230	2.59	23	included in another class;	
24	240	2.51	24	(c) the first \$35,000 or	r less of the market value of
25	258	2-44	25	any improvement on real pro	operty and appurtenant land not

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-6-

SB 20

- 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, 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:

-7-

22	Income	Income	Percentage
23	Single Person	Married Couple	Multiplier
24	\$0 - \$1,000	\$0 - \$1,200	0%
25	1,001 - 2,000	1,201 - 2,400	10%

1	2,001 - 3,000	2,401 - 3,600	20%
2	3,001 - 4,000	3,601 - 4,800	30%
3	4,001 - 5,000	4,801 - 6,000	40%
4	5,001 - 6,000	6,001 - 7,200	50%
5	6,001 - 7,000	7,201 - 8,400	60%
6	7,001 - 8,000	8,401 - 9,600	70%
7	8,001 - 9,000	9,601 - 10,800	¥08
	9,001 - 10,000	10,801 - 12,000	90%
8	3,001 TO1000		

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- 9 (c) Property described in subsection subsections
 10 (l)(d) and (l)(e) is taxed at one-half the taxable
 11 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%.
- 14 (4) Prior to July 1, 1986, the department of revenue 15 shall determine the taxable percentage rate "P" applicable 16 to class four property for the revaluation cycle beginning 17 January 1, 1986, as follows:
- 18 (a) The director of the department of revenue shall
 19 certify to the governor before July 1, 1986, the percentage
 20 by which the appraised value of all property in the state
 21 classified under class four as of January 1, 1986, has
 22 increased due to the revaluation conducted under 15-7-111.
 23 This figure is the certified statewide percentage increase.
- (b) The taxable value of property in class four isdetermined as a function of the certified statewide

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1 2	percentage increase in accordance below.	lance with the table shown	1 2 3	Certified Statewide Percentage Increase 130	Class Four Taxable Percentage "P" 3.71
3		he statewide increase in	. 4	140	3.56
4	taxable valuation resulting		5	150	3.42
5	calculating the percentage incre		6	160	3.42
6	consider changes resulting from	•	7	170	3.16
7	or deletions during calendar ye		8	180	
. 8	-	age must be calculated by			3.05
		-	9	190	2.94
9	interpolation to coincide with		10	200	2.85
10	certified statewide percentage	e increase from the following	11	210	2.75
11	table:		12	220	2.67
12 13	Certified Statewide Percentage Increase	Class Four Taxable Percentage "P"	13	230	2.59
14	0	8.55	14	· 240	2.51
15	10	7.77	15	250	2.44
16	20	7.12	16	260	2.37
17	30	6.57	17	270	2.31
18	40	6.10	18	280	2.25
19	50	5.70	19	290	2.19
20	60	5.34	20	300	2.13
21	70	5.02	21	(5) After July 1, 1986,	no adjustment may be made by
22	80	4.75	22		ble percentage rate "P" until a
23	90	4.50	23	revaluation has been made as	
24	100	4.27	24		g of comparable property as
25	110	4.07	25		perty assessed as commercial
26	120	3.88	26		o 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:Section15-7-2027-MCA7-is-amended-to-read:
#15-7-202Bligibilityoflandforvaluationas
agricultural: (1)Contiguousornoncontiguous-parcels-of
land-totaling-20-acres-or-more-under-one-ownership-shallbe
eligibleforvaluationyassessmentyandtaxationas
agricultural-land-each-year-thatnoneoftheparcelsis
devoted-to-a-commercial-or-industrial-use-
(1)(2)Contiguousormoncontiguousparcelsof-land
totaling-less-than-20-acres underoneownershipthatare
activelydevotedto-agricultural-use-shall-be-eligible-for
valuation,-assessment,-and-taxation-as-herein-providedeach
yeartheparcels-meet-any-of-the-following-qualifications:
{a}the-parcels-produce-and-the-owner-ortheowner+s
agent;employee;or-lessee-markets-not-less-than-\$1,500-in
annual-gross-income-from-the-raising-of-livestock;poultry;
fieldcrops;fruit;and-other-animal-and-vegetable-matter
for-food-or-fibery-or
(b)the-parcels-would-have-met-thequalificationset
outinsubsection(1)(2)(a)wereit-not-for-independent
intervening-causes-of-production-failure-beyond-thecontrol
-afkhamroducar-or-marketima-delay-for-economic-advantage-

in-which-case-proof-of-qualification-in-a--prior--year--will

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suffice.
(2)Parcelsthatdonot-meet-the-qualifications-set
out-in-subsection-(1)-shall-not-be-classified-orvaluedas
agriculturalif-they-are-part-of-a-platted-subdivision-that
is-filed-with-the-county-clerk-andrecorderincompliance
with-the-Montana-Subdivision-and-Platting-Act.
(3) Contiguous-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,
assessmenty-and-taxation-as-agricultural-land-each-year-that
the-parcels-as-one-combined-operating-entity-meet-any-of-the
qualifications-in-subsection-(2):
t3) <u>f4)</u> bandshallnotbeclassifiedorvalued-as
agricultural-if-it-is-subdividedwithstatedrestrictions
prohibiting-its-use-for-agricultural-purposes-
<pre>+4)Thegrazingonland-by-a-horse-or-other-animals</pre>
keptasahobbyandnotasapartofabonafide
agricultural-enterprise-shall-not-be-considered-abona-fide
agricultural-operation.
(5)Iflandhasbeen-valued;-assessed;-and-taxed-as
agricultural-land-in-any-year;-it-shall-continuetobeso
valued,assessed,andtaxeduntilthedepartment
reclassifies-the-propertyA-reclassification-does-notmean
revaluation-pursuant-to-15-7-111:
+6}Porthepurposes-of-this-part;-growing-timber-is

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1 not-an-agricultural-user--{Subsection-{6}}-terminates-danuary
2 l₇-l99l--secr-l0₇-Chr-60l₇-br-l905r}^µ

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.

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- (1)(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 \$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}(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.

1 (2)(3) Parcels that do not meet the qualifications set
2 out in subsection subsections (1) and (2) shall not be
3 classified or valued as agricultural if they are part of a
4 platted subdivision that is filed with the county clerk and
5 recorder in compliance with the Montana Subdivision and
6 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.

(4)(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.

(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.

19 (6)(7) For the purposes of this part, growing timber 20 is not an agricultural use. (Subsection (6) (now (7)) 21 terminates January 1, 1991—sec. 10, Ch. 681, L. 1985.)"

23 BESCRIPTION----TAXABLE--PERCENTAGE-----(1)--CLASS--EIGHTEEN
24 PROPERTY--INCLUDES--PARCELS--OF--NONPRODUCTIVE-REAL-PROPERTY
25 CONTAINING-20-OR-MORE-CONTIGUOUS-ACRES-UNDER--ONE--OWNERSHIP

NEW-SECTION: -- SECTION-1: -- CLASS--EIGHTEEN--PROPERTY----

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1	THATBONOTQUALIPYAS-AGRICULTURAL-LAND7-TIMBERLAND7-OR
2	COMMERCIAL-OR-INDUSTRIAL-PROPERTY:
3	<u> 12}IMPROVEMENTS-TO-CLASS-EIGHTEEN-PROPERTY-ARETAXED</u>
4	AS-CLASS-POUR-PROPERTY:
5	137CLASSEIGHTEENPROPERTYISTAXEDAT-2%-OP-ITS
6	MARKET-VALUET
7	NEW SECTION. SECTION 3. CLASS NINETEEN EIGHTEEN
8	PROPERTY DESCRIPTION TAXABLE PERCENTAGE. (1) CLASS
9	NINETEEN EIGHTEEN PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE
LO	REAL PROPERTY CONTAINING LESS THAN 20 ACRES THAT ARE
11	PRECLUDED FROM BEING DEVELOPED FOR RESIDENTIAL, COMMERCIAL,
12	OR INDUSTRIAL PURPOSES BECAUSE OF SUBDIVISION OR ZONING
1.3	LAWS, REGULATIONS, OR ORDINANCES OR THAT ARE PRECLUDED FROM
l 4	BEING SO DEVELOPED FOR OTHER REASONS.
L5	(2) IMPROVEMENTS TO CLASS NINETEEN EIGHTEEN PROPERTY
16	ARE TAXED AS CLASS FOUR PROPERTY.
i 7	(3) CLASS NINETEEN EIGHTEEN PROPERTY IS TAXED AT 2% OF
L 8	ITS MARKET VALUE.
19	NEW SECTION. SECTION 4. APPLICATION FOR
20	CLASSIFICATION AS CLASS NINETBEN EIGHTEEN PROPERTY. A PERSON
21	APPLYING FOR CLASSIFICATION OF PROPERTY AS CLASS NINETEEN
22	EIGHTEEN PROPERTY SHALL MAKE AN AFFIDAVIT TO THE DEPARTMENT
23	OF REVENUE, ON A FORM PROVIDED BY THE DEPARTMENT WITHOUT
24	COST, STATING:
16	() musm mus propermy to precipies beam being

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1
    DEVELOPED FOR RESIDENTIAL, COMMERCIAI,
                                                OR INDUSTRIAL
2
    PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS,
    OR ORDINANCES OR FOR OTHER REASONS;
3
4
         (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 NINETERN EIGHTEEN PROPERTY; AND
```

SECTION 5. SECTION 15-8-111, MCA, IS AMENDED TO READ: 11 12 "15-8-111. Assessment -- market value standard -exceptions. (1) All taxable property must be assessed at 13 100% of its market value except as provided in subsection 14 (5) of this section and in 15-7-111 through 15-7-114. 15

APPLICATION OR AS MAY BE REQUIRED BY THE DEPARTMENT.

(4) SUCH OTHER INFORMATION AS IS RELEVANT TO THE

- (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 20 value of all motor trucks; agricultural tools, implements, 21 and machinery; and vehicles of all kinds, including but not 22 23 limited to aircraft and boats and all watercraft, is the 24 average wholesale value shown in national appraisal guides the vehicle before 25 value of manuals or the

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- 1 (Subsections (3)(a) and (3)(b) applicable to tax years
- 2 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
- 3 Subsection (6)(d) and references in (8) to class thirteen
- 4 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
- 5 1985.)"
- 6 NEW SECTION. SECTION 6. CODIFICATION INSTRUCTION.
- 7 SECTIONS 1-THROUGH 3 AND 4 ARE INTENDED TO BE CODIFIED AS AN
- B INTEGRAL PART OF TITLE 15, CHAPTER 6, PART 1, AND THE
- 9 PROVISIONS OF TITLE 15 APPLY TO SECTIONS 1-THROUGH 3 AND 4.
- 10 NEW SECTION. Section 7. Application deadline for
- 11 reduction in 1986 valuation. Notwithstanding the provisions
- of 15-15-102, the application deadline for reduction in 1986
- 13 taxable valuations is August 1, 1986, OR 15 DAYS AFTER
- 14 RECEIPT BY THE TAXPAYER OF A REVISED NOTICE OF
- 15 CLASSIFICATION AND APPRAISAL.
- 16 NEW SECTION. Section 8. Extension of authority. Any
- 17 existing authority of the department of revenue to make
- 18 rules on the subject of the provisions of this act is
- 19 extended to the provisions of this act.
- 20 NEW SECTION. Section 9. Applicability. This act
- 21 applies retroactively, within the meaning of 1-2-109, to
- 22 taxable years beginning after December 31, 1985.
- 23 NEW SECTION. Section 10. Effective date. This act is
- 24 effective on passage and approval.

-End-

reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.

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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 SECTION 3), except:
- 9 (a) the wholesale value for agricultural implements
 10 and machinery is the loan value as shown in the Official
 11 Guide, Tractor and Farm Equipment, published by the national
 12 farm and power equipment dealers association, St. Louis,
 13 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.
- 18 (4) For purposes of taxation, assessed value is the
 19 same as appraised value.
- 20 (5) The taxable value for all property in classes four
 21 through eleven and fifteen through seventeen nineteen
 22 <u>BIGHTEEN</u> is the percentage of market value established for
 23 each class of property in 15-6-134 through 15-6-141, and
 24 15-6-145 through 15-6-147, and [sections-1-and-2 SECTION 3].
 - (6) The assessed value of properties in 15-6-131

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- through 15-6-133 is as follows:
- 2 (a) Properties in 15-6-131, under class one, are
 3 assessed at 100% of the annual net proceeds after deducting
 4 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.
- 7 (c) Properties in 15-6-133, under class three, are 8 assessed at 100% of the productive capacity of the lands 9 when valued for agricultural purposes. All lands that meet
- 10 the qualifications of 15-7-202 are valued as agricultural
- 11 lands for tax purposes.
- 12 (d) Properties in 15-6-143, under class thirteen, are
 13 assessed at 100% of the combined appraised value of the
 14 standing timber and grazing productivity of the land when
- 15 valued as timberland.
- 16 (7) Land and the improvements thereon are separately
 17 assessed when any of the following conditions occur:
- (a) ownership of the improvements is different from ownership of the land;
- 20 (b) the taxpayer makes a written request; or
- 21 (c) the land is outside an incorporated city or town.
- 22 (8) The taxable value of all property in 15-6-131 and 23 classes two, three, and thirteen is the percentage of
- 24 assessed value established in 15-6-131(2), 15-6-132,
- 25 15-6-133, and 15-6-143 for each class of property.

CONFERENCE COMMITTEE REPORT Report No.

MD DDECIDENT	June 30, ₁₉ 86
MR. PRESIDENT	
We, your FREE	Conference Committee on
Senate B	ill 20
met and considered Senate B	ill 20
We recommend as follows: 1. Amend House Committee follows:	of the Whole Amendments to SB 20 as
a.Strike: Amendment dated by Swift, and amendment d sponsored by Cobb, in the	8 6/28/86,7:58 A.M., sponsored Nated 6/28/86, 8:00 A.M., Pair entirety.
b.Amend House Committee of 6/28/86, 7:45 A.M., spons	of the Whole Amendment dated sored by Mercer, as follows:
1.Amendment No.1, lo Following: "through	ocation line.
Strike: "13" Insert: "11"	
2. Amendment No. 1, S	
Following: "through' Strike: " <u>LAWS</u> " Insert: " <u>MORE</u> ;"	
	(continued)
And that this Conference Committee report be adopted.	
FOR THE SENATE	FOR THE HOUSE
Marguel	Led Selve
MAZUREK, CHAIR	Mence
ICCALLUM	MERCER /
BOYLAN	KEENAN KEENAN

ADOPT

REJECT

June 30, 19.86

3.Amendment No.1.

Following: Insert instruction

Insert: "Following: "CLASS" on line 11 Strike: "NINETEEN"

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:

to read:

"15-6-144. Class fourteen property -- description -- taxable percentage. (1) Class fourteen property includes all improvements on agricultural land that is eligible for valuation, assessment, and taxation as agricultural land under--as-defined-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"

(continued)

CONFERENCE COMMITTEE REPORT 2 Report No.

JUNE 30, 19...86

MR	PRE	รเก	FNT

ADOPT

REJECT

We, your	Conference Committee on
FREE	SS. NOI STINGS SOMMITTEE OF
met and considered	
SENATE BILL 20, refer	ence copy salmon, which includes
House Taxation Committee Amendm	ents of 6/28/86 and Committee of
the Whole Amendments of 6/28/86 (7:58 a.m.), and Cobb (8:00 a.m.	- Mercer (7:45 a.m.), Swift
We recommend as follows:	
,	
Page 1 of 2 1. Title, line 13. Following: "LAWS" Insert: "TO ESTABLISH A NEW C PROPERTY CONTAINING LESS T NONPRODUCTIVE BY LAND USE	LASS EIGHTEEN PROPERTY FOR REAL HAN 20 ACRES AND THAT IS RENDERED LAWS; "
2. Title, line 17. Strike: " 15-6-134 " Insert: " 15-6-144 "	
3. Page 6, line 17 through lin Strike: section 1 in its entir Renumber subsequent sections	e 3, page 11. ety
4. Page 13, line 5. Strike: " or noncontiguous "	
And that this Conference Committee report be adopted.	
FOR THE SENAPE	FOR THE HOUSE
MAZUREK, CHAIR	SCHYE
McCALLUM	MERCER
BOYLAN	KEENAN

SWIFT

والمراجع والمراجع والمراجع والمحاج والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع

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 agricultural land that is eligible for valuation, assessment, and taxation as agricultural land under,-as-defined-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." "

Page 17, line 8 and

17, 24.

Renumber: subsequent sections

"SECTION 3" Strike:

"Sections 1 and 2" Insert:

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

June 30, 19 86

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

Mayuul

CONFERENCE COMMITTEE REPORT Report No. 3 ... July 1 ... 19....86 MR. SPEAKER /2:30 g.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.), 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 RENDERED NONPRODUCTIVE 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 " 5. Page 13, line 17. Strike: " \$1,000 " Insert: And that this Conference Committee report be adopted. FOR THE HOUSE FOR THE SENATE

BOYLAN

ADOPT REJECT

.....19......

13:30 p.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 agricultural land that is eligible for valuation, assessment, and taxation as agricultural land under,-as-defined-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

Page 17, line 8 and 17, "SECTION 3" Strike:

"Sections 1 and 2" Insert:

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

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

-3.T

COMMITTEE OF THE WHOLE AMENDMENT

6/28/86 DATE 7:45 a.m.

MR. CHAIRMAN: I MOVE TO AMEND	SENATE BILL 20
reading copy	<u>blue</u>) 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.

- (+) (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 (1) (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.

36A

REP. Mercer

ADOPT

REJECT

- (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 clark 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.

 12.

 9, 13.

 9, 24.

 11, 12.

Strike: "NINETEEN "Insert: "eighteen "

REP. Merce

COMMITTEE OF THE WHOLE AMENDMENT

MR. CHAIRMAN: IMOVE TO AMEND SENATE BILL 20

3rd____reading copy (<u>blue</u>) 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 (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 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, 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 from the following table:

REP. SWIFT

Income * Income * Percentage

Single Person*Married Couple*Multiplier

```
- $1,000* $0 - $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
```

- (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 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 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.

Cernie Sweet

......19......

(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

Besnie Swift Chairman.

- (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.

REP. SWIFT

Besuie Swell

COMMITTEE OF THE WHOLE AMENDMENT

6/28/86 DATE 8:00 a.m.

MR. CHAIRM	AN. IMOVE	TO AMEND	SENATE I	BILL 20	· 	
3	Brd	reading copy (b <u>lue</u>) as follov Color	ws:		

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 \$1,500 \$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.



John Mit.

Page 2 of 2

(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 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: "3"
- 3. Page 12, line 23.
 12, 25.
 Strike: "1"
 Insert: "2"
 Strike: "3"
 Insert: "4"

1	SENATE BILL NO. 20
2	INTRODUCED BY MCCALLUM, SWIFT, RAPP-SVRCEK, COBB,
3	KEATING, O'HARA, FARRELL, NORMAN, BRANDEWIE, GLASER,
4	PHILLIPS, RAMIREZ, CONNELLY, NATHE, SEVERSON, PATTERSON,
5	CHRISTIAENS, DRISCOLL, BOYLAN, MARKS
6	
7	A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE CRITERIA
8	FOR CLASSIFICATION OF CERTAIN PROPERTY AS CLASS-THREE-OR
9	CLASS FOUR; TO-ESTABLISH-A-NEW-CLASS-EIGHTEENPROPERTYFOR
.0	NONPRODUCTIVE REAL-PROPERTY-CONTAINING-20-ACRES-OR-MORE;-TO
11	ESTABLISH-A-NEW-CLASS-NINETEEN-PROPERTYPORREALPROPERTY
12	CONTAININGBESSTHAN20ACRESANDTHATISRENDERED
13	NONPRODUCTIVE-BY-LAND-USE-LAWS TO ESTABLISH A NEW CLASS
14	EIGHTEEN PROPERTY FOR REAL PROPERTY CONTAINING LESS THAN 20
15	ACRES AND THAT IS RENDERED NONPRODUCTIVE BY LAND USE LAWS;
16	TO REVISE THE ELIGIBILITY OF LAND FOR VALUATION AS
17	AGRICULTURAL: TO EXTEND THE APPLICATION DEADLINE FOR
18	REDUCTION IN 1986 VALUATIONS; AMENDING SECTIONS-15-6-134-AND
19	15-7-202 SECTIONS 15-6-134 15-6-144, 15-7-202, AND
20	15-8-111, MCA; AND PROVIDING AN APPLICABILITY DATE AND AN
21	IMMEDIATE EFFECTIVE DATE."
22	
23	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
24	Section-1:Section15-6-1347-MCA7-is-amended-to-read:
25	#15-6-134Classfourpropertydescription

	_	
٨		
Montana	Legislative	Council

1	taxable-percentage:(1)-@lass-four-property-includes:
2	<pre>{a}alllandexceptthatspecificallyincluded-in</pre>
3	another-class;
4	<pre>fb;allimprovementsexceptthosespecifically</pre>
5	included-in-another-class;
6	(e)thefirst\$35,000-or-less-of-the-market-value-of
7	any-improvement-on-real-property-andappurtenantlandnot
8	exceeding5acresownedorundercontract-for-deed-and
9	actually-occupied-for-at-least10monthsayearasthe
10	primaryresidentialdwellingofanypersonwhose-total
11	incomefromallsourcesincludingotherwisetax-exempt
12	incomeofalltypes-is-not-more-than-\$10,000-for-a-single
13	person-or-\$127000-for-a-married-couple;
14	<pre>td)all-golf-courses,-including-land-andimprovements</pre>
15	actually-and-necessarily-used-for-that-purpose;-that-consist
16	ofatleast-9-holes-and-not-less-than-3;000-lineal-yards-2
17	<pre>fe)all-land;-together-with-improvements;-notdevoted</pre>
18	toaresidential;-commercial;-industrial;-agricultural;-or
19	timberland-use-if:
20	ti)the-land-contains-more-than-5-acres-and-lessthan
21	20-acres;-or
22	tii)-thelandcontainsnotmore-than-5-acres-and-is
23	precluded-from-being-devoted-to-residential;-commercial;or
24	industrialusebecauseofsubdivisionorzoninglaws;
25	regulations, -or-ordinances.

-2- REFERENCE BILL: SB 20 INCLUDES FREE CONFERENCE REPORT #3 DATED JULY 1, 1986 SB 0020/04 SB 0020/04

1

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23

1 †2)--Class-four-property-is-taxed-as-follows: 2 ta)--Except-as-provided-in--15-24-1402--or--15-24-1501; 3 property-described-in-subsections-(1)(a)-and-(1)(b)-is-taxed at-the-taxable-percentage-rate-upu-of-its-market-value-

4

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fb)--Property--described--in-subsection-(1)(e)-is-taxed at-the-taxable-percentage--rate--uPu--of--its--market--value multiplied--by--a--percentage--figure--based--on--income-and determined-from-the-following-table:

9	Income	Income	Percentage
10	Single-Person	Married-Couple	Multiplier
11	\$0\$1,000	\$0\$1,200	- 0 %
12	1700127000	1,2012,400	10%
13	2700137000	2740137600	20%
14	3700147000	3760147800	30%
15	4700157000	4780167000	40%
16	5,0016,000	670017,200	50%
17	6,0017,000	7,2018,400	60%
18	7,0018,000	8740197600	70%
19	8,0019,000	97601107800	80%
20	9,00110,000	10,80112,000	90%

te)--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%;

-3-

+4)--Prior--to--duly-1;-1986;-the-department-of-revenue shall-determine-the-taxable-percentage-rate--upu--applicable to--class--four-property-for-the-revaluation-cycle-beginning January-1;-1986;-as-follows:

ta}--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-

tb)--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 below-

fc}--This---table--limits--the--statewide--increase--in taxable-valuation--resulting--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;

fd}--The--taxable--percentage--must--be--calculated--by interpolation--to--coincide--with--the--nearest-whole-number certified-statewide-percentage-increase-from--the--following table:

SB 20 -4-SB 20

1	Certified-Statewide	Class-Pour-Taxable	1	Certified-Statewide	Class-Four-Taxable
2	Percentage-Increase	Percentage-"P"	2	Percentage-Increase	Percentage-"P"
3	θ	8-55	3	2 30	275 9
4	±θ	7-77	4	240	2-5±
5	20	7-12	5	250	2-44
6	. 3€	6-57	6	260	2-37
7	40	6-10	7	270	2-3±
8	50	5÷7 0	8	28€	2+25
9	68	5-3 4	9	290	2-19
10	70	5∓02	. 10	300	2+13
11	80	4-75	11	(5)AfterJuly17-1986	Gr-no-adjustment-may-be-made-by
12	90	4 ∓ 5 0	12	the-department-to-the-taxable-	-percentage-rate#Puuntila
13	100	4:27	13	revaluation-has-been-made-as-g	provided-in-15-7-111.
14	1 10	4.07	14	(6)Withinthemeaning	gofcomparablepropertyas
15	120	3.88	15	definedin15-1-1017proper	rtyassessedascommercial
16	130	3÷71	. 16	propertyiscomparableonly	y-to-other-property-assessed-as
17	±40	3.56	17	commercial-propertyand-property-	ertyassessedasotherthan
18	1 50	3:42	18	commercialpropertyiscomp	parableonly-to-other-property
19	160	3 ₹ 2 6	19	assessed-as-other-than-commer	cial-property:"
20	±70	3 ÷1€	20	SECTION-1:SECTION-15-6	-1347-MCA7-IS-AMENDED-TO-READ:
21	186	3-05	21	#15-6-134Classfour	propertydescription
22	1 90	2-94	22	taxable-percentage(1)-61as	s-four-property-includes:
23	200	2 - 85	23	<pre>{a}all-landexceptt</pre>	hatspecificallyincludedin
24	210	2-75	24	another-class;	
25	220	2-67	25	<pre>tb>ellimprovements-</pre>	exceptthosespecifically
	•				

-5- SB 20 -6- SB 20

SB 0020/04

-	incidded-in-another-ci	:4337	
2	(c)the-first-\$3	15,000-or-less-of	-the-marketvalueof
3	anyimprovementon	real-property-an	d-appurtenant-land-not
4	exceeding-5-acres-owne	dorunderco	ntractfordeedand
5	actuallyoccupiedfo	ratleastl0	months-a-year-as-the
6	primary-residential	lvellingofany	personwhosetotal
7	incomefromallsoc	rcesincluding-	-otherwisetax-exempt
8	income-of-all-types-is	-not-more-than-\$	10,000forasingle
9	person-or-\$12,000-for-	-a-married-couple	;
10	(d)allgolf-co	ourses,-including	-land-and-improvements
11	actually-and-necessari	ily-used-for-that	-purpose,-that-consist
12	of-at-least-9-holes-ar	nd-not-less-than-	3,000linealyards- <u>;</u>
13	<u>te}allland,-</u>	ogether-with-imp	rovements7-not-devoted
14	to-a-residential,-com	mercialy-industri	al7agricultural7or
15	timberlanduseif	he-land-contains	-more-than-5-acres-and
16	less-than-20-acres.		
17	(2) Class-four-p	property-is-taxed	-as-follows:
18	(a)Except-as-p	rovided-in15-24	-1402or15-24-15017
19	property-described-in-	-subsections-(1)(a)-and-(1)(b)-is-taxed
20	at-the-taxable-percen	tage-rate-"P"-of-	its-market-valuer
21	(b)Propertyd	escr i bedin-subs	section-(1)(c)-is-taxed
22	at-the-taxable-percen	tagerate#P#	-ofitsmarketvalue
23	multipliedbyape	rcentagefigure-	basedonincome-and
24	determined-from-the-f	ollowing-table:	
25	Income	Income	Percentage

1	Single-Person	Married-Couple	Multiplier
2	-\$0\$1,000	-\$8\$ 1,20 0	-8%
3	1,0012,000	1,2012,400	10%
4	2700137000	2740137600	20%
5	3,0014,000	3,6014,800	30%
6	4700157000	4780167000	40%
7	5700167000	6,0017,200	50%
8	6700177000	7,2018,400	60%
9	7700187000	8,4019,600	70%
10	8,0019,000	97601107800	80%
11	97001107000	10,00112,000	90%
12	(c)Property	-describedinsubs	ection <u>subsections</u>
13	(1)(d) and(1)(e	<u>;</u> istaxedator	e-halfthetaxable
14	percentage-rate-"P"	established-in-subsc	ction-(2)(a);
15	(3)Until-Jane	iary-1,-1986,-the-tax	able-percentage-rate
16	"P"-for-class-four-p	property-is-8-55%+	
17	(4)Prior-to-6	July-17-19867-the-dep	ertmentofrevenue
18	shalldetermineth	ne-taxable-percentage	-rate-"P"-applicable
19	to-class-four-proper	ty-for-the-revaluati	oncyclebeginning
20	January-1,-1986;-as-	-follows:	
21	(a)Thedirec	torofthe-departm	ent-of-revenue-shall
22	certify-to-the-gover	nor-before-duly-l ₇ -1	9867-the,percentage
23	bywhichtheappr	aised-value-of-all-g	property-in-the-state
24	classified-under-cla	ass-fourasofdar	uary1;1986;has

increased--due--to-the-revaluation-conducted-under-15-7-111;

-6-

1	This-figure-is-the-certified-s	tatewide-percentageincrease.	1	Cortified-Statewide	Class-Four-Taxable
2	(b)Thetaxablevalue-	-ofproperty-in-class-four-is	2	Percentage-Increase	Percentage-#P#
3	determinedasafunctiono	Fthecertifiedstatewide	3	90	4-50
4	percentageincreaseinaccor	rdancewiththetable-shown	4	±00	4=27
5	below:		S	110	4=07
6	tc)Thistablelimits-	thestatewideincreasein	6	1 20	3-88
7	taxablevaluationresulting-	-fromreappraisalto0%;-In	7	±30	3 ∓7±
8	calculating-the-percentage-inc	rease;-the-department-maynot	8	±40	3-56
9	consider-changes-resulting-from	m-new-construction;-additions;	9	1 50	3-4 2
10	or-deletions-during-calendar-y	ear-1985-	10	1 60	3-28
11	(d)Thetaxablepercen	tagemustbecalculatedby	11	1 70	3-±6
12	interpolation-to-coincidewit	nthenearestwholenumber	12	±80	3-05
13	certifiedstatewidepercenta	ge-increase-from-the-following	13	190	2-94
14	table:		14	20 0	2-85
15	Certified-Statewide	Class-Pour-Taxable	15	210	2 -75
16	Percentage-increase	Percentage-"P"	16	220	2-67
17	9	8.55	17	230	2.59
18	1 0	7.77	18	2 4 0	2-5±
19	20	7+12	19	250	2 - 44
20	30	6-57	20	260	2=37
21	40	6.10	21	27 0	2.3±
22	50	5 .70	22	28 0	2-25
23	60	5-34	23	290	2 -19
24	70	5 - 0 2	24	300	2-13
25	80	4.75	25	(5)After-duly-1,-1986,-	no-adjustment-may-bemadeby

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thedepartmenttothe-taxable-percentage-rate-"P"-until-a
revaluation-has-been-made-as-provided-in-15-7-111-
(6)Withinthemeaningofcomparablepropertyas
definedin15-1-1017propertyassessedascommercial
property-is-comparable-only-to-otherpropertyassessedas
commercialpropertyandpropertyassessed-as-other-than
commercial-property-is-comparableonlytootherproperty
assessed-as-other-than-commercial-property: u
Section-2:Section15-7-202;-MCA;-is-amended-to-read:
#15-7-202Eligibilityoflandforvaluationas
agricultural: <u>{1}</u> Contiguousornoncontiguous-parcels-of
land-totaling-20-acres-or-more-under-one-ownership-shallbe
eligibleforvaluation;assessment;andtaxationas
agricultural-land-each-year-thatnoneoftheparcelsis
devoted-to-a-commercial-or-industrial-use-
(1)(2)Contiguousornoncontiguousparcelsof-land
totaling-less-than-20-acres underoneownershipthatare
activelydevotedto-agricultural-use-shall-be-eligible-for
valuation;-assessment;-and-taxation-as-herein-providedeach
yeartheparcels-meet-any-of-the-following-qualifications:
(a)the-parcels-produce-and-the-owner-ortheowner-s
$\tt agent_7employee_7or-lessee-markets-not-less-than-\$1_7500-in$
annual-gross-income-from-the-raising-of-livestock;poultry;
fieldcrops;fruit;and-other-animal-and-vegetable-matter
for-food-or-fiber:-or

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tb}--the-parcels-would-have-met-the--qualification--set
out--in--subsection--(1)(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
en-th-endection-(1)-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)--Contiguous-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)-
     t3)(4)--band--shall--not--be--classified--or--valued-as
agricultural-if-it-is-subdivided--with--stated--restrictions
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prohibiting-its-use-for-agricultural-purposes-

agricultural-operation:

+4}--The--grazing--on--land-by-a-horse-or-other-animals

(5)--If--land--has--been-valued;-assessed;-and-taxed-as

kept--as--a--hobby--and--not--as--a--part--of--a--bona--fide

agricultural-enterprise-shall-not-be-considered-a--bona-fide

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-lii;

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- (6)--For--the--purposes-of-this-party-growing-timber-is
 not-an-agricultural-use:--(Subsection-(6)-terminates-January
 17-1991--sec--107-Chr-6817-br-1985-)*
- SECTION 1. SECTION 15-7-202, MCA, IS AMENDED TO READ:

 "15-7-202. Eligibility of land for valuation as agricultural. (1) Contiguous er-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.
- th; (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 \$\frac{1}{517600}\$ \$\frac{1}{517600}\$ 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

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- 1 out in subsection $\{\frac{1}{2}\}$ (a) were it not for independent
- 2 intervening causes of production failure beyond the control
- 3 of the producer or marketing delay for economic advantage,
- 4 in which case proof of qualification in a prior year will
- 5 suffice.
- 6 (27)(3) Parcels that do not meet the qualifications set
- 7 out in subsection subsections (1) and (2) shall not be
- 8 classified or valued as agricultural if they are part of a
- 9 platted subdivision that is filed with the county clerk and
- 10 recorder in compliance with the Montana Subdivision and
- 11 Platting Act.

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- 12 (3)(4) Land shall not be classified or valued as
- 13 agricultural if it is subdivided with stated restrictions
- 14 prohibiting its use for agricultural purposes.
- 15 +4+(5) The grazing on land by a horse or other animals
 - kept as a hobby and not as a part of a bona fide
- 17 agricultural enterprise shall not be considered a bona fide
- 18 agricultural operation.
- 19 (5) If land has been valued, assessed, and taxed as
- 20 agricultural land in any year, it shall continue to be so
- 21 valued, assessed, and taxed until the department
- 22 reclassifies the property. A reclassification does not mean
- revaluation pursuant to 15-7-111.
- 24 (6)(7) For the purposes of this part, growing timber
- 25 is not an agricultural use. (Subsection (6) (now (7))

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1	terminates January 1, 1991sec. 10, Ch. 681, L. 1985.)"
2	SECTION 2. SECTION 15-6-144, MCA, IS AMENDED TO READ:
3	"15-6-144. Class fourteen property description
4	taxable percentage. (1) Class fourteen property includes all
5	improvements on agricultural land,as-defined-in that is
6	eligible for valuation, assessment, and taxation as
7	agricultural land under 15-7-202(2). Class fourteen property
8	includes 1 acre of real property beneath the agricultural
5	improvements. The l acre shall be valued at market value.
10	(2) Class fourteen property is taxed at 80% of the
11	taxable percentage applicable to class four property."
12	NEW-SECTIONSECTION-1:CLASSBIGHTEENPROPERTY
13	DESCRIPTIONTAXABLEPERCENTAGE(1)CLASSEIGHTEEN
14	PROPERTY-INCLUDESPARCELSOFNONPRODUCTIVE-REAL-PROPERTY
15	CONTAINING-20-OR-MORE-CONTIGUOUS-ACRES-UNDERONEOWNERSHIP
16	THATDONOTQUALIFYAS-AGRICULTURAL-LAND,-TIMBERLAND,-OR
17	COMMERCIAL-OR-INDUSTRIAL-PROPERTY;
18	(2)IMPROVEMENTS-TO-CLASS-EIGHTEEN-PROPERTY-ARETAXED
19	AS-GLASS-FOUR-PROPERTY.
20	(3)CLASSEIGHTEENPROPERTYISTAXEDAT-2%-OP-ITS
21	MARKET-VALUE:
22	NEW SECTION . SECTION 3. CLASS NINETEEN EIGHTEEN
23	PROPERTY DESCRIPTION TAXABLE PERCENTAGE. (1) CLASS
24	NINETEEN EIGHTEEN PROPERTY INCLUDES PARCELS OF NONPRODUCTIVE

REAL PROPERTY CONTAINING LESS THAN 20 ACRES THAT ARE

25

- PRECLUDED FROM BEING DEVELOPED FOR RESIDENTIAL, COMMERCIAL, 1 OR INDUSTRIAL PURPOSES BECAUSE OF SUBDIVISION OR ZONING 2 LAWS, REGULATIONS, OR ORDINANCES OR THAT ARE PRECLUDED FROM 3 BEING SO DEVELOPED FOR OTHER REASONS.
- 5 (2) IMPROVEMENTS TO CLASS NINETEEN EIGHTEEN PROPERTY ARE TAXED AS CLASS FOUR PROPERTY. 6
- 7 (3) CLASS NINETEEN EIGHTEEN PROPERTY IS TAXED AT 2% OF 8 ITS MARKET VALUE.
- NEW SECTION. SECTION 4. APPLICATION CLASSIFICATION AS CLASS NINETEEN EIGHTEEN PROPERTY. A PERSON 10
- APPLYING FOR CLASSIFICATION OF PROPERTY AS CLASS NINETEEN 11
- EIGHTEEN PROPERTY SHALL MAKE AN AFFIDAVIT TO THE DEPARTMENT 12
- 13 OF REVENUE, ON A FORM PROVIDED BY THE DEPARTMENT WITHOUT
- 14 COST, STATING:

9

- (1) THAT THE PROPERTY IS PRECLUDED FROM BEING 15
- DEVELOPED FOR RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL 16
- 17 PURPOSES BECAUSE OF SUBDIVISION OR ZONING LAWS, REGULATIONS,
- 18 OR ORDINANCES OR FOR OTHER REASONS;
- (2) WHAT LAW, REGULATION, OR ORDINANCE OR OTHER REASON 19
- PRECLUDES SUCH USE; 20
- 21 (3) WHAT DETERMINATIONS, IF ANY, BY A GOVERNMENTAL
- ENTITY HAVE BEEN MADE TO SUBSTANTIATE THE APPLICATION FOR 22
- 23 CLASSIFICATION AS CLASS NINETEEN EIGHTEEN PROPERTY; AND
- (4) SUCH OTHER INFORMATION AS IS RELEVANT TO THE 24
- APPLICATION OR AS MAY BE REQUIRED BY THE DEPARTMENT. 25

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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.

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- (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 SECTIONS 1 AND 2], except:
 - (a) the wholesale value for agricultural implements

- and machinery is the loan value as shown in the Official
- 2 Guide, Tractor and Farm Equipment, published by the national
- 3 farm and power equipment dealers association, St. Louis,
- 4 Missouri; and
- 5 (b) for agricultural implements and machinery not 6 listed in the official guide, the department shall prepare a 7 supplemental manual where the values reflect the same 8 depreciation as those found in the official guide.
- 9 (4) For purposes of taxation, assessed value is the 10 same as appraised value.
- 11 (5) The taxable value for all property in classes four
 12 through eleven and fifteen through seventeen <u>nineteen</u>
 13 <u>EIGHTEEN</u> is the percentage of market value established for
 14 each class of property in 15-6-134 through 15-6-141, and
 15 15-6-145 through 15-6-147, and [sections-1-and-2 SECTIONS 1 AND 2].
- 17 (6) The assessed value of properties in 15-6-131 18 through 15-6-133 is as follows:
- 19 (a) Properties in 15-6-131, under class one, are
 20 assessed at 100% of the annual net proceeds after deducting
 21 the expenses specified and allowed by 15-23-503.
- 22 (b) Properties in 15-6-132, under class two, are 23 assessed at 100% of the annual gross proceeds.
- 24 (c) Properties in 15-6-133, under class three, are 25 assessed at 100% of the productive capacity of the lands

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- 1 when valued for agricultural purposes. All lands that meet 2 the qualifications of 15-7-202 are valued as agricultural 3 lands for tax purposes.
- 4 (d) Properties in 15-6-143, under class thirteen, are 5 assessed at 100% of the combined appraised value of the standing timber and grazing productivity of the land when 7 valued as timberland.
- 8 (7) Land and the improvements thereon are separately 9 assessed when any of the following conditions occur:
- 10 (a) ownership of the improvements is different from 11 ownership of the land;
- 12 (b) the taxpayer makes a written request; or
- 13 (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 15 16 assessed value established in 15-6-131(2), 15-6-132,
- 15-6-133, and 15-6-143 for each class of property. 17
- (Subsections (3)(a) and (3)(b) applicable to tax years 18
- beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985. 19
- 20 Subsection (6)(d) and references in (8) to class thirteen
- and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L. 21
- 22 1985.1"

1.4

- 23 NEW SECTION. SECTION 6. CODIFICATION INSTRUCTION.
- 24 SECTIONS 1-THROUGH 3 AND 4 ARE INTENDED TO BE CODIFIED AS AN
- 25 INTEGRAL PART OF TITLE 15, CHAPTER 6, PART 1, AND THE

- PROVISIONS OF TITLE 15 APPLY TO SECTIONS 1-THROUGH 3 AND 4. 1
- deadline for 2 NEW SECTION, Section 7. Application
- 3 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 6
- CLASSIFICATION AND APPRAISAL, WHICHEVER IS LATER. 7
- NEW SECTION. SECTION 8. LAND VALUED IN EXCESS OF 8
- AVERAGE COUNTY LAND VALUE -- RENOTIFICATION TO TAXPAYER. FOR 9
- 10 PERSONS PAYING TAXES ON REAL PROPERTY CONTAINING MORE THAN 5
- ACRES BUT LESS THAN 20 ACRES. THE DEPARTMENT OF REVENUE 11
- SHALL NOTIFY EACH TAXPAYER WHOSE LAND VALUE FOR 1986 DUE TO 12
- RECLASSIFICATION TO CLASS FOUR BY APPLICATION OF 15-7-202 13
- EXCEEDS THE AVERAGE VALUE PER ACRE FOR SUCH LAND IN THE 14
- TAXPAYER'S COUNTY. THE NEW NOTICE MUST FULLY INFORM THE 15
- TAXPAYER AS TO THE REASONS FOR THE NEW NOTICE, INCLUDING THE 16
- CAUSE OF THE INCREASE IN VALUE, THE RIGHT TO APPEAL TO THE 17
- COUNTY TAX APPEAL BOARD, AND THE EXTENSION OF TIME FOR 18
- 19 APPEAL.
- 20 NEW SECTION. Section 9. Extension of authority. Any
- existing authority of the department of revenue to make 21
- rules on the subject of the provisions of this act is 22
- extended to the provisions of this act. 23
- 24 NEW SECTION. Section 10. Applicability. This
- 25 applies retroactively, within the meaning of 1-2-109, to

30 0020/04

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

-End-