

HOUSE FINAL STATUS

HB 17 INTRODUCED BY NELSON

EXEMPT OUTPATIENT SURGICAL CENTERS FROM PROPERTY
TAXATION

1/05 INTRODUCED

1/05 REFERRED TO TAXATION

1/05 FISCAL NOTE REQUESTED

1/08 FISCAL NOTE RECEIVED

1/13 HEARING

1/14 COMMITTEE REPORT--BILL NOT PASSED

1/15 ADVERSE COMMITTEE REPORT ADOPTED

90 7

1 HOUSE BILL NO. 17
 2 INTRODUCED BY NEILSON
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT OUTPATIENT
 5 SURGICAL CENTERS FROM PROPERTY TAXATION; AMENDING SECTION
 6 15-6-201, MCA; AND PROVIDING AN APPLICABILITY DATE."
 7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 9 Section 1. Section 15-6-201, MCA, is amended to read:
 10 "15-6-201. Exempt categories. (1) The following
 11 categories of property are exempt from taxation:
 12 (a) the property of:
 13 (i) the United States, the state, counties, cities,
 14 towns, school districts, except, if congress passes
 15 legislation that allows the state to tax property owned by
 16 an agency created by congress to transmit or distribute
 17 electrical energy, the property constructed, owned, or
 18 operated by a public agency created by the congress to
 19 transmit or distribute electric energy produced at privately
 20 owned generating facilities (not including rural electric
 21 cooperatives);
 22 (ii) irrigation districts organized under the laws of
 23 Montana and not operating for profit;
 24 (iii) municipal corporations; and
 25 (iv) public libraries;

1 (b) buildings, with land they occupy and furnishings
 2 therein, owned by a church and used for actual religious
 3 worship or for residences of the clergy, together with
 4 adjacent land reasonably necessary for convenient use of
 5 such buildings;
 6 (c) property used exclusively for agricultural and
 7 horticultural societies, for educational purposes, and for
 8 hospitals and outpatient surgical centers;
 9 (d) property that meets the following conditions:
 10 (i) is owned and held by any association or
 11 corporation organized under Title 35, chapter 2, 3, 20, or
 12 21;
 13 (ii) is devoted exclusively to use in connection with a
 14 cemetery or cemeteries for which a permanent care and
 15 improvement fund has been established as provided for in
 16 Title 35, chapter 20, part 3; and
 17 (iii) is not maintained and operated for private or
 18 corporate profit;
 19 (e) institutions of purely public charity;
 20 (f) evidence of debt secured by mortgages of record
 21 upon real or personal property in the state of Montana;
 22 (g) public art galleries and public observatories not
 23 used or held for private or corporate profit;
 24 (h) all household goods and furniture, including but
 25 not limited to clocks, musical instruments, sewing machines,

1 and wearing apparel of members of the family, used by the
2 owner for personal and domestic purposes or for furnishing
3 or equipping the family residence;

4 (i) a truck canopy cover or topper weighing less than
5 300 pounds and having no accommodations attached. Such
6 property is also exempt from the fee in lieu of tax.

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

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

11 (l) motorcycles and quadricycles;

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

16 (n) the right of entry that is a property right
17 reserved in land or received by mesne conveyance (exclusive
18 of leasehold interests), devise, or succession to enter land
19 whose surface title is held by another to explore, prospect,
20 or dig for oil, gas, coal, or minerals;

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

1 (p) all farm buildings with a market value of less
2 than \$500 and all agricultural implements and machinery with
3 a market value of less than \$100.

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

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

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

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

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

22 NEW SECTION. Section 2. Extension of authority. Any
23 existing authority of the department of revenue to make
24 rules on the subject of the provisions of this act is
25 extended to the provisions of this act.

LC 0290/01

1 NEW SECTION. Section 3. Applicability. This act
2 applies to taxable years beginning after December 31, 1986.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB017, as originally introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill to exempt outpatient surgical centers from property taxation.

ASSUMPTIONS:

- 1) The taxable value of the state will be \$1,997,193,000 in FY88 and \$2,024,661,000 in FY89 (REAC).
- 2) The bill would exempt only those facilities licensed by the Department of Health as outpatient surgical centers from property taxation.
- 3) The following table provides a list of the currently licensed facilities, their taxable value (1986) and the 1986 mill levy for the city in which they are located.

<u>Facility</u>	<u>1986 Taxable Value</u>	<u>Total Mill Levy</u>
Eye Surgi Center	\$ 17,889	336.75
Yellowstone Eye Surgi Center	2,289 w/o Building	336.75
W.E.B. Properties Inc.	18,713	336.75
Northern Rockies Surgi Center	90,955	336.75
Gallatin Outpatient Clinic	35,132	401.82
Highland View Outpatient Surgical Center	17,437	442.10
Columbus Hospital Outpatient Surgical Center	Exempt, part of hospital	
<u>Flathead Outpatient Surgical Center</u>	<u>20,894*</u>	<u>457.91</u>
Total	<u>\$ 203,309</u>	

* Excludes personal property, will not be assessed until 1987.

- 4) Mill levies are assumed constant at 6 mills for the university levy, 45 mills for the school foundation program, and at the 1986 levels above for the total levy. The taxable values are also assumed constant.

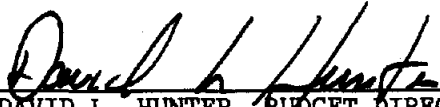
FISCAL IMPACT:


Expenditures:

N/A

Revenues:

	<u>FY88</u>			<u>FY89</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
University Levy	\$ 11,983,158	\$ 11,981,938	(\$ 1,220)	\$ 12,147,966	\$ 12,146,746	(\$ 1,220)
School Equalization	89,873,685	89,864,536	(9,149)	91,109,745	91,100,596	(9,149)
Total	101,856,843	101,846,474	(10,369)	103,257,711	103,247,342	(10,369)

 DATE 1/2/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

 DATE 1/9/87
 RICHARD NELSON, PRIMARY SPONSOR

Fiscal Note for HB017, as originally introduced.

HB17

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The following table shows the estimated impact on local governments.

<u>Governmental Unit</u>	<u>Estimated Reduction</u>	
	<u>FY88</u>	<u>FY89</u>
Yellowstone Co. and Billings	\$ 37,103	\$ 37,103
Gallatin Co. and Bozeman	12,325	12,325
Butte/Silver Bow	6,820	6,820
Flathead Co. and Kalispell	8,502	8,502

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

N/A

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

This fiscal note assumes that the exemption is limited to licensed outpatient surgical facilities. Courts and tax appeal boards may offer the exemption to other facilities that provide outpatient care, for example doctor's offices. Some clarification of the intent of the legislation may be in order to limit the exemption and avoid litigation.