HB 138 INTRODUCED BY RANEY, ET AL.
PROVIDE $20,000 EXEMPTION FROM APPRAISED VALUE ON OWNER OCCUPIED RESIDENCES

1/12	INTRODUCED
1/12	REFERRED TO TAXATION
1/12	FISCAL NOTE REQUESTED
1/19	FISCAL NOTE RECEIVED
1/29	HEARING
3/19	TABLED IN COMMITTEE

HB BILL NO. 138

INTRODUCED BY [illegible]

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A $20,000 EXEMPTION FROM APPRAISED VALUE OF ALL OWNER-OCCUPIED SINGLE FAMILY RESIDENTIAL PROPERTY IN CLASS FOUR AND CLASS TWELVE; AMENDING SECTIONS 15-6-134, 15-6-142, 15-6-151, AND 15-6-201, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land except that specifically included in another class;

(b) all improvements except those specifically included in another class;

(c) ~~the-first-$35,000-or-less-of-the-market-value~~ not to exceed $35,000 of appraised value, remaining after the $20,000 exemption under 15-6-201(4), of any improvement on real property and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources

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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.

(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"~~ 3.86% of its market value.

(b) Property described in subsection (1)(c) is taxed at ~~the-taxable-percentage-rate-"p"~~ 3.86% of its market value multiplied by a percentage figure based on income and determined from the following table:

Income Single Person	Income Married Couple	Percentage Multiplier
$0 - $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%

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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) is taxed at one-half the taxable percentage ~~rate-"P"~~ established in subsection (2)(a).

~~(3)--Until-January-1,-1986,-the-taxable-percentage-rate "P"-for-class-four-property-is-8.55%.~~

~~(4)--Prior-to-July-1,-1986,-the-department--of--revenue shall--determine--the-taxable-percentage-rate-"P"-applicable to-class-four-property-for-the-revaluation--cycle--beginning January-1,-1986,-as-follows:~~

~~(a)--The--director--of--the-department-of-revenue-shall certify-to-the-governor-before-July-1,-1986,-the--percentage by--which--the--appraised-value-of-all-property-in-the-state classified-under-class-four--as--of--January--1,--1986,--has increased--due--to-the-revaluation-conducted-under-15-7-111. This-figure-is-the-certified-statewide-percentage--increase.~~

~~(b)--The--taxable--value--of--property-in-class-four-is determined--as--a--function--of--the---certified---statewide percentage--increase--in--accordance--with--the--table-shown 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.~~

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

~~Certified-Statewide Percentage-Increase~~	~~Class-Four-Taxable 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~~

~~Certified-Statewide Percentage-Increase~~	~~Class-Four-Taxable Percentage-"P"~~
~~180~~	~~3.05~~
~~190~~	~~2.94~~
~~200~~	~~2.85~~
~~210~~	~~2.75~~
~~220~~	~~2.67~~
~~230~~	~~2.59~~
~~240~~	~~2.51~~
~~250~~	~~2.44~~
~~260~~	~~2.37~~
~~270~~	~~2.31~~
~~280~~	~~2.25~~
~~290~~	~~2.19~~
~~300~~	~~2.13~~

~~(5)--After-July-1,-1986,-no-adjustment-may-be--made--by the--department--to--the-taxable-percentage-rate-"P"-until-a revaluation-has-been-made-as-provided-in-15-7-111.~~

~~(6)~~(3) Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

Section 2. Section 15-6-142, MCA, is amended to read:

"15-6-142. Class twelve property -- description -- taxable percentage. (1) Class twelve property includes:

(a) a trailer or mobile home used as a residence except when:

(i) held by a distributor or dealer of trailers or mobile homes as his stock in trade; or

(ii) specifically included in another class;

(b) ~~the--first-$35,000-or-less-of-the-market-value~~ not to exceed $35,000 of appraised value, remaining after the $20,000 exemption under 15-6-201(4), of a trailer or mobile home used as a residence 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.

(2) Class twelve property is taxed as follows:

(a) Property described in subsection (1)(a) that is not of the type described in subsection (1)(b) is taxed at ~~the-taxable-percentage--rate--"P",--described--in--15-6-134,~~ 3.86% of its market value.

(b) Property described in subsection (1)(b) is taxed at ~~the-taxable-percentage-rate-"P",-described--in--15-6-134,~~ 3.86% of its market value multiplied by a percentage figure based on income and determined from the table established in subsection (2)(b) of 15-6-134."

Section 3. Section 15-6-151, MCA, is amended to read:

"15-6-151. Application for certain class four and class twelve classifications. (1) A person applying for classification of property described in subsection (1)(c) of 15-6-134 or subsection (1)(b) of 15-6-142 shall make an affidavit to the department of revenue, on a form provided by the department without cost, stating:

(a) his income;

(b) the fact that he maintains the land and improvements as his primary residential dwelling, where applicable; and

(c) such other information as is relevant to the applicant's eligibility.

(2) This application must be made before ~~March-1~~ April 15 of ~~the~~ each year ~~after~~ the applicant ~~becomes~~ is eligible. ~~The-application-remains-in-effect-in-subsequent-years-unless there-is-a--change--in--the--applicant's--eligibility.---The taxpayer--shall--inform--the--department--of--any--change-in eligibility.--The-department-may-inquire-by-mail-whether--any change--in-eligibility-has-taken-place-and-may-require-a-new statement-of-eligibility-at-any-time-it-considers-necessary.~~

(3) The affidavit is sufficient if the applicant signs a statement affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the

application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for the purposes of 45-7-202, relating to the criminal offense of false swearing."

Section 4. Section 15-6-201, MCA, is amended to read:

"15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation:

(a) the property of:

(i) the United States, the state, counties, cities, towns, school districts, except, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, the property constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);

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

(iii) municipal corporations; and

(iv) public libraries;

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

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for hospitals;

(d) property that meets the following conditions:

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

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

(iii) is not maintained and operated for private or corporate profit;

(e) institutions of purely public charity;

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

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

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

(i) a truck canopy cover or topper weighing less than

300 pounds and having no accommodations attached. Such property is also exempt from the fee in lieu of tax.

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

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

(l) motorcycles and quadricycles;

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

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

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

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

(2) (a) The term "institutions of purely public

charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit.

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

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

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

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

(4) Up to $20,000 of the appraised value of all owner-occupied single family residential property that would otherwise be classified as class four and class twelve property is exempt from taxation if:

(a) by April 15 of the tax year:

(i) the taxpayer successfully applies for an exemption, on a form provided by the department, stating:

(A) that he maintains the property as his primary

residential dwelling for at least 10 months a year; and

(B) such other information determined by the department as being relevant to the applicant's eligibility; or

(ii) the taxpayer applies for a residential property tax credit for the elderly under 15-30-171, constituting an automatic application for the tax exemption allowed under this subsection (4), and the department determines that the taxpayer is entitled to the exemption; and

(b) special assessments and taxes on the property upon which the residence is situated are not delinquent. (Subsection (1)(p) applicable to taxable years beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.)"

NEW SECTION. Section 5. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 6. Effective date -- applicability. This act is effective on passage and approval and applies to taxable years beginning after December 31, 1987.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB138, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act to provide a $20,000 exemption from the appraised value of all owner-occupied single family residential property in class four and class 12; and providing an immediate effective date and an applicability date.

ASSUMPTIONS:

1. The proposal applies to tax year 1988.
2. The taxable value of the state will be $2,024,661,000 in tax year 1988 (FY89 receipts -- REAC).
3. Mill levies are 6 mills for the university levy, 45 mills for the school foundation program, the average county levy is 229.09 mills (280.09 - 6 - 45), and the average city and town levy is 63.36 mills. These levies are assumed constant.
4. The proposal does not apply to vacant land (no single family residence) or class 14 single family dwellings.
5. 80% of the single family residential dwellings are owner occupied. (1980 Bureau of the Census Data.)
6. According to property tax reappraisal records, 104,122 single family dwellings have a value of less than $20,000 and will have an average exemption of $11,136. 80% of these dwellings will be exempt from property taxation (83,722). 80% of the 123,713 single family residential dwellings valued over $20,000 will receive the $20,000 exemption (99,474).
7. It is assumed that the 183,196 taxpayers will be notified to allow certification in FY88 at a cost of $0.35 per taxpayer. Calculating the new market values with the exemption would be done on the state computer at a total cost of $63,622. Counties would have some increase in their costs for updating the tax rolls. These costs are not estimated.

FISCAL IMPACT:

Revenue Impact:

	FY89		
	Current Law	Proposed Law	Difference
University Levy	$ 12,147,966	$ 11,474,712	($ 673,254)
School Equalization	91,109,745	86,060,338	(5,049,407)
Total	$103,257,711	$ 97,535,050	($5,722,661)

Expenditure Impact:

The proposal would increase expenditures to the Property Assessment Division of the Department of Revenue by $64,119 for notification for certification and $63,622 for the recalculation and notification of changes in assessments in FY88.

David L Hunter DATE 1/20/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

Bob Raney DATE 1/22/87
BOB RANEY, PRIMARY SPONSOR

Fiscal Note for HB138, as introduced.

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EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:
The proposal would reduce county and local school district revenues by $ 25,705,972 in FY89. City and towns would experience a revenue loss of $ 7,088,247.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:
The loss in revenue in FY89 would continue each year into the future.

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:
N/A

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