

HOUSE BILL NO. 157

INTRODUCED BY MERCER, BRANDEWIE,
PINSONEAULT, HARDING, MEYERS

IN THE HOUSE

JANUARY 12, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 10, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 11, 1987 PRINTING REPORT.

MARCH 13, 1987 SECOND READING, DO PASS.

MARCH 14, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.
 AYES, 94; NOES, 3.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 16, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

APRIL 4, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 6, 1987 SECOND READING, CONCURRED IN.

APRIL 7, 1987 THIRD READING, CONCURRED IN.
AYES, 39; NOES, 10.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 10, 1987 RECEIVED FROM SENATE.

 SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 11, 1987

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 HB BILL NO. 157
 2 INTRODUCED BY MERCER *Handwritten signature*
 3 *Handwritten signature*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO TRANSFER TOUR BOATS
 5 FROM CLASS SIXTEEN PROPERTY TO CLASS FIVE PROPERTY AND TAX
 6 THEM AT 3 PERCENT OF MARKET VALUE; AMENDING SECTIONS
 7 15-6-135 AND 15-6-146, MCA; AND PROVIDING AN IMMEDIATE
 8 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."
 9

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

11 Section 1. Section 15-6-135, MCA, is amended to read:

12 "15-6-135. Class five property -- description --
 13 taxable percentage. (1) Class five property includes:

14 (a) all property used and owned by cooperative rural
 15 electrical and cooperative rural telephone associations
 16 organized under the laws of Montana, except property owned
 17 by cooperative organizations described in subsection (1)(c)
 18 of 15-6-137;

19 (b) air and water pollution control equipment as
 20 defined in this section;

21 (c) new industrial property as defined in this
 22 section;

23 (d) any personal or real property used primarily in
 24 the production of gasohol during construction and for the
 25 first 3 years of its operation;

1 (e) tour boats as defined in this section.

2 (2) (a) "Air and water pollution equipment" means
 3 facilities, machinery, or equipment used to reduce or
 4 control water or atmospheric pollution or contamination by
 5 removing, reducing, altering, disposing, or storing
 6 pollutants, contaminants, wastes, or heat. The department of
 7 health and environmental sciences shall determine if such
 8 utilization is being made.

9 (b) The department of health and environmental
 10 sciences' determination as to air and water pollution
 11 equipment may be appealed to the board of health and
 12 environmental sciences and may not be appealed to either a
 13 county tax appeal board or the state tax appeal board.
 14 However, the appraised value of the equipment as determined
 15 by the department of revenue may be appealed to the county
 16 tax appeal board and the state tax appeal board.

17 (3) "New industrial property" means any new industrial
 18 plant, including land, buildings, machinery, and fixtures,
 19 used by new industries during the first 3 years of their
 20 operation. The property may not have been assessed within
 21 the state of Montana prior to July 1, 1961.

22 (4) (a) "New industry" means any person, corporation,
 23 firm, partnership, association, or other group that
 24 establishes a new plant in Montana for the operation of a
 25 new industrial endeavor, as distinguished from a mere



-2- INTRODUCED BILL
 HB-157

1 expansion, reorganization, or merger of an existing
2 industry.

3 (b) New industry includes only those industries that:

4 (i) manufacture, mill, mine, produce, process, or
5 fabricate materials;

6 (ii) do similar work, employing capital and labor, in
7 which materials unserviceable in their natural state are
8 extracted, processed, or made fit for use or are
9 substantially altered or treated so as to create commercial
10 products or materials; or

11 (iii) engage in the mechanical or chemical
12 transformation of materials or substances into new products
13 in the manner defined as manufacturing in the 1972 Standard
14 Industrial Classification Manual prepared by the United
15 States office of management and budget.

16 (5) New industrial property does not include:

17 (a) property used by retail or wholesale merchants,
18 commercial services of any type, agriculture, trades, or
19 professions;

20 (b) a plant that will create adverse impact on
21 existing state, county, or municipal services; or

22 (c) property used or employed in any industrial plant
23 that has been in operation in this state for 3 years or
24 longer.

25 (6) "Tour boat" means a watercraft, not less than 40

1 feet in length, designed and employed to accommodate
2 passengers for a fee for the purpose of sightseeing, with or
3 without food and beverage service, and intended primarily
4 for tourism promotion.

5 ~~(6)~~(7) Class five property is taxed at 3% of its
6 market value."

7 Section 2. Section 15-6-146, MCA, is amended to read:

8 "15-6-146. Class sixteen property -- description --
9 taxable percentage. (1) Class sixteen property includes:

10 (a) watercraft other than tour boats;

11 (b) all-terrain vehicles [not registered under
12 61-3-301];

13 (c) harness, saddlery, and other tack equipment;

14 (d) all other property used for noncommercial purposes
15 which is not real property or an improvement to real
16 property and which is not included in another class or
17 exempt from taxation under Title 15, chapter 6, part 2.

18 (2) Class sixteen property is taxed at 11% of its
19 market value."

20 NEW SECTION. Section 3. Extension of authority. Any
21 existing authority of the department of revenue to make
22 rules on the subject of the provisions of this act is
23 extended to the provisions of this act.

24 NEW SECTION. Section 4. Effective date --
25 applicability. (1) This act is effective on passage and

LC 0466/01

1 approval.

2 (2) This act applies retroactively, within the meaning
3 of 1-2-109, to taxable years beginning after December 31,
4 1986.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB157, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to transfer tour boats from class sixteen property to class five property and tax them at 3 percent of market value; amending sections 15-6-135 and 15-6-146, MCA; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. The market values of the tour boats would remain at 1986 total market value of \$216,640. This total includes an estimated market value of \$85,000 for one tour boat in Flathead County.
2. Mill levies would remain at 1986 levels. University Levy = 6 mills, School Foundation Program = 45 mills, and Average Levy for Lewis and Clark, Flathead, Lake, and Glacier counties = 215.7 mills (266.7-45-6).

FISCAL IMPACT:

For Lewis and Clark, Flathead, Lake, and Glacier counties, the combined total reduction in revenues each year would be \$4,621, which includes a \$103 reduction for the university levy and a \$780 reduction for the school foundation program. Therefore, the total net county reduction in revenue would be \$3,738.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:


N/A

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

N/A

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

N/A

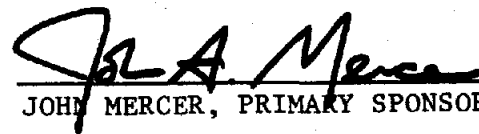


DATE

1/19/87

DAVID L. HUNTER, BUDGET DIRECTOR

Office of Budget and Program Planning



DATE

1/19/87

JOHN MERCER, PRIMARY SPONSOR

Fiscal Note for HB157, as introduced.

#B-157

APPROVED BY COMMITTEE
ON TAXATION

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3 PINSONEAULT, HARDING, MEYERS
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17 electrical and cooperative rural telephone associations
18 organized under the laws of Montana, except property owned
19 by cooperative organizations described in subsection (1)(c)
20 of 15-6-137;

21 (b) air and water pollution control equipment as
22 defined in this section;

23 (c) new industrial property as defined in this
24 section;

25 (d) any personal or real property used primarily in

1 the production of gasohol during construction and for the
2 first 3 years of its operation;

3 (e) tour boats as defined in this section.

4 (2) (a) "Air and water pollution equipment" means
5 facilities, machinery, or equipment used to reduce or
6 control water or atmospheric pollution or contamination by
7 removing, reducing, altering, disposing, or storing
8 pollutants, contaminants, wastes, or heat. The department of
9 health and environmental sciences shall determine if such
10 utilization is being made.

11 (b) The department of health and environmental
12 sciences' determination as to air and water pollution
13 equipment may be appealed to the board of health and
14 environmental sciences and may not be appealed to either a
15 county tax appeal board or the state tax appeal board.
16 However, the appraised value of the equipment as determined
17 by the department of revenue may be appealed to the county
18 tax appeal board and the state tax appeal board.

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22 operation. The property may not have been assessed within
23 the state of Montana prior to July 1, 1961.

24 (4) (a) "New industry" means any person, corporation,
25 firm, partnership, association, or other group that



1 establishes a new plant in Montana for the operation of a
2 new industrial endeavor, as distinguished from a mere
3 expansion, reorganization, or merger of an existing
4 industry.

5 (b) New industry includes only those industries that:

6 (i) manufacture, mill, mine, produce, process, or
7 fabricate materials;

8 (ii) do similar work, employing capital and labor, in
9 which materials unserviceable in their natural state are
10 extracted, processed, or made fit for use or are
11 substantially altered or treated so as to create commercial
12 products or materials; or

13 (iii) engage in the mechanical or chemical
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23 existing state, county, or municipal services; or

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25 that has been in operation in this state for 3 years or

1 longer.

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3 feet in length, designed and employed to accommodate
4 passengers for a fee for the purpose of sightseeing, with or
5 without food and beverage service, and intended primarily
6 for tourism promotion.

7 ~~(6)(7)~~ Class five property is taxed at 3% of its
8 market value."

9 Section 2. Section 15-6-146, MCA, is amended to read:

10 "15-6-146. Class sixteen property -- description --
11 taxable percentage. (1) Class sixteen property includes:

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14 61-3-301];

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1 NEW SECTION. SECTION 4. COORDINATION. IF THIS ACT
2 AND HOUSE BILL 658 ARE BOTH PASSED AND APPROVED, THIS ACT IS
3 VOID.

4 NEW SECTION. Section 5. Effective date --
5 applicability. (1) This act is effective on passage and
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-End-

STANDING COMMITTEE REPORT

SENATE

April 3 19 87

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 157

third reading copy (blue color)

MERCER (LYBECK)

TRANSFER TOUR BOATS FROM CLASS 16 TO CLASS 5 AND TAX AT 3% OF MARKET VALUE

Respectfully report as follows: That HOUSE BILL No. 157

be amended as follows:

- 1. Page 5, lines 2 and 3. Following: "ACT" on line 2 Strike: "IS VOID" Insert: "terminates January 1, 1988"

AND AS AMENDED

JK BE CONCURRED IN

XXXXXX

XXXXXXXXXX

George McCallum

SENATOR GEORGE McCALLUM,

Chairman.

4/3/87 1:25 JJ