

HB 314 INTRODUCED BY PATTERSON, ET AL.
REDUCE CLASS EIGHT PROPERTY TAX RATE FROM 11 PERCENT
TO 6 PERCENT FOR TAX YEARS 1987-88

1/20 INTRODUCED
1/20 REFERRED TO TAXATION
1/21 FISCAL NOTE REQUESTED
1/22 FISCAL NOTE RECEIVED.
2/12 HEARING
3/16 TABLED IN COMMITTEE

Handwritten notes:
Sincerely,
John
Schubert

House BILL NO. 314

INTRODUCED BY *Paterson, Ellis, Kuller, ...*

A BILL FOR AN ACT ENTITLED: "AN ACT TO REDUCE THE CLASS

EIGHT PROPERTY TAX RATE FROM 11 PERCENT TO 6 PERCENT;

AMENDING SECTION 15-6-138, MCA; AND PROVIDING AN IMMEDIATE

EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description --

taxable percentage. (1) Class eight property includes:

- (a) all agricultural implements and equipment;
- (b) all mining machinery, fixtures, equipment, tools, and supplies except:
 - (i) those included in class five; and
 - (ii) coal and ore haulers;
- (c) all manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;
- (d) all trailers up to and including 18,000 pounds maximum gross loaded weight, except those subject to a fee in lieu of property tax;
- (e) aircraft;
- (f) all goods and equipment intended for rent or lease, except goods and equipment specifically included and

1 taxed in another class; and

2 (g) all other machinery except that specifically
3 included in another class.

4 (2) Class eight property is taxed at ~~11%~~ 6% of its
5 market value."

6 NEW SECTION. Section 2. Effective date --
7 applicability. This act is effective on passage and approval
8 and applies retroactively, within the meaning of 1-2-109, to
9 taxable years beginning after December 31, 1986.

-End-



-2- INTRODUCED BILL
HB-314

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB314, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act to reduce the class eight property tax rate from 11 percent to 6 percent; and providing for an immediate effective date and a retroactive applicability date.

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 taxable value of class eight property was \$201,977,783 in tax year 1986, of which \$14,224,980 was subject to city and town levies. These levels are assumed constant.
3. Mill levies are 6 mills for the university levy, 45 mills for the school foundation program, the average county levy is 176.5 mills (227.5 - 6 - 45), and the average city and town levy is 100 mills. These levies are assumed constant.

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$ 11,983,158	\$11,432,310	(\$ 550,848)	\$ 12,147,966	\$11,597,118	(\$ 550,848)
School Equalization	89,873,685	85,742,321	(4,131,364)	91,109,745	86,978,381	(4,131,364)
Total	\$101,856,843	\$97,174,631	(\$4,682,212)	\$103,257,711	\$98,575,499	(\$4,682,212)

The retroactive applicability date of the proposal would reduce FY87 revenue as shown above.

Expenditure Impact:

N/A

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal would reduce county and local school district revenues by \$16,205,277 annually beginning in FY87. City and towns would experience a revenue loss of \$646,590 each year.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

N/A

David L. Hunter DATE 1/21/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

John R. Patterson DATE _____
JOHN PATTERSON, PRIMARY SPONSOR

Fiscal Note for HB314, as introduced.

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Fiscal Note Request, HB314, as introduced.

Form BD-15

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

Tax year 1987 assessments of Class 8 property will be completed by the time the proposal is enacted into law. The taxable value for those properties affected by the proposal would have to be recomputed using the new tax rate and taxpayers would have to be renotified of their new taxes levied. Renotification will increase FY87 administrative expenses at the state and local levels.