

HB 565 INTRODUCED BY PISTORIA, ET AL.  
NONEXEMPT STATUS FOR PRIVATE VEHICLES OPERATED FOR  
PROFIT AND USED BY SCHOOL

2/02	INTRODUCED		
2/02	REFERRED TO TAXATION		
2/03	FISCAL NOTE REQUESTED		
2/06	FISCAL NOTE RECEIVED		
2/10	HEARING		
2/11	HEARING		
2/16	HEARING		
2/16	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/18	2ND READING NOT PASSED	60	35
2/19	RECONSIDERED ACTION ON 2ND READING	54	38
2/20	2ND READING PASSED	48	44
2/21	3RD READING PASSED	54	40
	TRANSMITTED TO SENATE		
2/23	REFERRED TO TAXATION		
3/21	HEARING		
3/25	ADVERSE COMMITTEE REPORT ADOPTED	45	3
3/26	RETURNED TO HOUSE NOT CONCURRED		



1 used or held for private or corporate profit;

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

7 (i) a truck canopy cover or topper weighing less than  
8 300 pounds and having no accommodations attached. Such  
9 property is also exempt from the fee in lieu of tax.

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

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

14 (l) motorcycles and quadricycles;

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

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

24 (o) property owned and used by a corporation or  
25 association organized and operated exclusively for the care

1 of the developmentally disabled, mentally ill, or  
2 vocationally handicapped as defined in 18-5-101, which is  
3 not operated for gain or profit; and

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

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

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

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

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

23 (b) \$100,000 in the case of a multifamily residential  
24 dwelling or a nonresidential structure. (Subsection (1)(p)  
25 applicable to taxable years beginning after December 31,

LC 0813/01

1 1985--sec. 4, Ch. 463, L. 1985.)"

2 NEW SECTION. Section 2. Extension of authority. Any  
3 existing authority of the department of revenue to make  
4 rules on the subject of the provisions of this act is  
5 extended to the provisions of this act.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB565, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to clarify that vehicles privately owned and operated for profit are not exempt from taxation as property used for educational purposes; and amending 15-6-201, MCA.

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. There are 768 privately owned vehicles operated for educational purposes for profit. Under the proposed law, these vehicles would lose their tax exempt status.
3. The average taxable value of these vehicles is \$1,404 (Class 9, 13% taxable value rate).
4. The university levy is 6 mills; the school foundation program levy is 45 mills; the statewide average mill levy is 300 mills.

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$ 11,983,158	\$ 11,989,628	\$ 6,470	\$ 12,147,966	\$ 12,154,436	\$ 6,470
School Equalization	89,873,685	89,922,207	48,522	91,109,745	91,158,267	48,522
Total	\$101,856,843	\$101,911,835	\$ 54,992	\$103,257,711	\$103,312,703	\$ 54,992

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Assuming private bus contractors would not pass their property tax liability on to local government through higher charges, this proposal would increase county and local revenue by approximately \$268,490 per year over the FY88-89 biennium.

David L. Hunter DATE 2/5/87  
 DAVID L. HUNTER, BUDGET DIRECTOR

Office of Budget and Program Planning

Paul Pistoria DATE Feb. 7, 1987  
 PAUL PISTORIA, PRIMARY SPONSOR

Fiscal Note for HB565, as introduced.

**HB 565**

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB565, as introduced.  
REVISED FISCAL NOTE

DESCRIPTION OF PROPOSED LEGISLATION:

An act to clarify that vehicles privately owned and operated for profit are not exempt from taxation as property used for educational purposes; and amending 15-6-201, MCA.

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. There are 642 privately owned vehicles operated for educational purposes for profit. Under the proposed law, these vehicles would lose their tax exempt status.
3. The average taxable value of these vehicles is \$2,145 (Class 9, 13% taxable value rate).
4. The university levy is 6 mills; the school foundation program levy is 45 mills; the statewide average mill levy is 300 mills.

FISCAL IMPACT:Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$ 11,983,158	\$ 11,991,421	\$ 8,263	\$ 12,147,966	\$ 12,156,229	\$ 8,263
School Equalization	89,873,685	89,935,654	61,969	91,109,745	91,171,714	61,969
Total	\$101,856,843	\$101,927,075	\$ 70,232	\$103,257,711	\$103,327,943	\$ 70,232

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

This proposal would increase county and local revenue by approximately \$342,895 per year over the FY88-89 biennium.

Most school districts have pass-through provisions in their contracts with firms that provide transportation for the school district. The total revenue increase would be an increased cost to school districts.

David L. Hunter DATE 3/2/87  
 DAVID L. HUNTER, BUDGET DIRECTOR  
 Office of Budget and Program Planning

Paul H. Pistoria DATE Mar. 7, 1987  
 PAUL PISTORIA, PRIMARY SPONSOR

Fiscal Note for HB565, as introduced.  
REVISED FISCAL NOTE

HB 565  
42

APPROVED BY COMMITTEE  
ON TAXATION

1 HOUSE BILL NO. 565

2 INTRODUCED BY PISTORIA, MCCORMICK, HARPER

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT  
5 VEHICLES PRIVATELY OWNED AND OPERATED FOR PROFIT ARE NOT  
6 EXEMPT FROM TAXATION AS PROPERTY USED FOR EDUCATIONAL  
7 PURPOSES; AND AMENDING SECTION 15-6-201, MCA; AND PROVIDING  
8 AN APPLICABILITY DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 15-6-201, MCA, is amended to read:

12 "15-6-201. Exempt categories. (1) The following  
13 categories of property are exempt from taxation:

14 (a) the property of:

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

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

1 (iii) municipal corporations; and

2 (iv) public libraries;

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

8 (c) property used exclusively for:

9 (i) agricultural and horticultural societies; ~~for;~~

10 (ii) educational purposes, ~~and-for~~ excluding vehicles  
11 privately owned and operated for profit; or

12 (iii) hospitals;

13 (d) property that meets the following conditions:

14 (i) is owned and held by any association or  
15 corporation organized under Title 35, chapter 2, 3, 20, or  
16 21;

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

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

23 (e) institutions of purely public charity;

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

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

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

8 (i) a truck canopy cover or topper weighing less than  
9 300 pounds and having no accommodations attached. Such  
10 property is also exempt from the fee in lieu of tax.

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

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

15 (l) motorcycles and quadricycles;

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

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

25 (o) property owned and used by a corporation or

1 association organized and operated exclusively for the care  
2 of the developmentally disabled, mentally ill, or  
3 vocationally handicapped as defined in 18-5-101, which is  
4 not operated for gain or profit; and

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

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

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

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

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

24 (b) \$100,000 in the case of a multifamily residential  
25 dwelling or a nonresidential structure. (Subsection (1)(p)



1 applicable to taxable years beginning after December 31,  
2 1985--sec. 4, Ch. 463, L. 1985.)"

3 NEW SECTION. Section 2. Extension of authority. Any  
4 existing authority of the department of revenue to make  
5 rules on the subject of the provisions of this act is  
6 extended to the provisions of this act.

7 NEW SECTION. SECTION 3. APPLICABILITY. THIS ACT  
8 APPLIES TO TAX YEARS BEGINNING AFTER DECEMBER 31, 1987.

-End-

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 18 an agency created by congress to transmit or distribute  
 19 electrical energy, the property constructed, owned, or  
 20 operated by a public agency created by the congress to  
 21 transmit or distribute electric energy produced at privately  
 22 owned generating facilities (not including rural electric  
 23 cooperatives);  
 24 (ii) irrigation districts organized under the laws of  
 25 Montana and not operating for profit;

- 1 (iii) municipal corporations; and  
 2 (iv) public libraries;  
 3 (b) buildings, with land they occupy and furnishings  
 4 therein, owned by a church and used for actual religious  
 5 worship or for residences of the clergy, together with  
 6 adjacent land reasonably necessary for convenient use of  
 7 such buildings;  
 8 (c) property used exclusively for:  
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 19 improvement fund has been established as provided for in  
 20 Title 35, chapter 20, part 3; and  
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