

HOUSE BILL NO. 606

INTRODUCED BY GLASER, ROTH, PATTERSON,
KITSELMAN, HAGER, BENGTON

IN THE HOUSE

FEBRUARY 4, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FEBRUARY 23, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 24, 1987 PRINTING REPORT.

MARCH 2, 1987 SECOND READING, DO PASS.

MARCH 3, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.
 AYES, 95; NOES, 4.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 4, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 24, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

MARCH 31, 1987 SECOND READING, CONCURRED IN.

APRIL 1, 1987 THIRD READING, CONCURRED IN.
 AYES, 49; NOES, 0.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 8, 1987 RECEIVED FROM SENATE.

 SECOND READING, AMENDMENTS
 CONCURRED IN.

APRIL 9, 1987

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 *House* BILL NO. *606*
 2 INTRODUCED BY *W.E. Blum* *Paul* *Purinton* *Kitelmann*
 3 *Hager, Bengtson*

4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING LAND FROM
 5 TAXATION WHEN IT IS OWNED BY A COOPERATIVE ASSOCIATION OR
 6 NONPROFIT CORPORATION ORGANIZED TO FURNISH POTABLE WATER TO
 7 ITS MEMBERS OR CUSTOMERS FOR USES OTHER THAN THE IRRIGATION
 8 OF AGRICULTURAL LAND; AMENDING SECTION 15-6-201, MCA; AND
 9 PROVIDING AN APPLICABILITY DATE."

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

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

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

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

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



-2- INTRODUCED BILL
 HB-606

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

LC 1585/01

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

5 NEW SECTION. Section 3. Applicability. This act
6 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 HB606, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

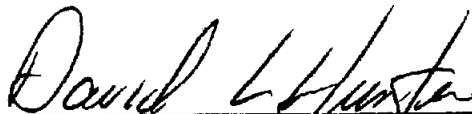
An act exempting land from taxation when it is owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land; providing an applicability date.


FISCAL IMPACT:

The effect on revenue is assumed to be minimal. Since 1983, these organizations have been able to exempt fixtures, buildings, and improvements owned by the organization. Currently, only four associations have applied for the exemption. Broadening the exemption to include land owned by the associations is likely to have a minimal impact on revenues (but see the Technical Note below).

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The bill would exempt land owned by a cooperative association or nonprofit corporation organized to furnish potable water without distinguishing between land used in the provision of potable water and any other land the coop or nonprofit corporation may happen to own or purchase. If the intent is to exempt only that land owned that is used in the provision of potable water, then further language may be needed to make this intent explicit.

 DATE 2/10/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE Feb 10, 87
WILLIAM GLASER, PRIMARY SPONSOR
Fiscal Note for HB606, as introduced

HB 606

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 606

INTRODUCED BY GLASER, ROTH, PATTERSON,

KITSELMAN, HAGER, BENGTSON

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING LAND FROM TAXATION WHEN IT IS 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; AMENDING SECTION 15-6-201, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. 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;



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

21 (II) LAND USED OR PLANNED TO BE USED FOR A WATER SYSTEM
22 BY A COOPERATIVE ASSOCIATION OR NONPROFIT CORPORATION
23 DESCRIBED IN SUBSECTION (M)(I);

24 (n) the right of entry that is a property right
25 reserved in land or received by mesne conveyance (exclusive

1 of leasehold interests), devise, or succession to enter land
2 whose surface title is held by another to explore, prospect,
3 or dig for oil, gas, coal, or minerals;

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

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

12 (2) (a) The term "institutions of purely public
13 charity" includes organizations owning and operating
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16 (b) The terms "public art galleries" and "public
17 observatories" include only those art galleries and
18 observatories, whether of public or private ownership, that
19 are open to the public without charge at all reasonable
20 hours and are used for the purpose of education only.

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

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

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

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

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21 ~~ii~~ ~~LAND-USEB-OR-PLANNED-TO-BE-USEB-FOR-A-WATER-SYSTEM~~
22 ~~BY--A--COOPERATIVE--ASSOCIATION--OR--NONPROFIT--CORPORATION~~
23 ~~DESCRIBED-IN-SUBSECTION-(M)i~~;

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-End-

STANDING COMMITTEE REPORT

SENATE

March 24, 1987

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 606

third reading copy (blue color)

GLASER (HAGER)

CERTAIN LAND HELD BY COOPERATIVE ASSOCIATION IS TAX EXEMPT

Respectfully report as follows: That HOUSE BILL No. 606

be amended as follows:

1. Page 3, line 16.

Following: "land,"

Strike: "(I)"

Insert: "land,"

2. Page 3, lines 21 through 23;"

Strike: subsection (ii) in its entirety

AND AS AMENDED

BE CONCURRED IN

XXXXXX

XXXXXXXXXX

George McCallum

SENATOR GEORGE McCALLUM, Chairman

Handwritten notes and signatures in the bottom right corner.