HOUSE BILL NO. 617

INTRODUCED BY VINCENT, HARP, HARPER, HANSEN

IN THE HOUSE

FEBRUARY 5, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
MARCH 18, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 19, 1987	PRINTING REPORT.
MARCH 20, 1987	SECOND READING, DO PASS.
MARCH 21, 1987	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 90; NOES, 6.
	TRANSMITTED TO SENATE.
:	IN THE SENATE
MARCH 23, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
MARCH 31, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 2, 1987	SECOND READING, CONCURRED IN.
APRIL 3, 1987	THIRD READING, CONCURRED IN. AYES, 48; NOES, l.
	RETURNED TO HOUSE.
	IN THE HOUSE
APRIL 4, 1987	RECEIVED FROM SENATE.
	SENT TO ENROLLING.

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1 House BILL NO. 617 2 INTRODUCED BY 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ADJUST THE PORTION OF THE TAXABLE PERCENTAGE RATE, ELIGIBLE FOR REDUCTION, 5 APPLICABLE TO A RESIDENCE OCCUPIED BY A LOW-INCOME OWNER; 6 7 AMENDING SECTIONS 15-6-134 AND 15-6-142, MCA; AND PROVIDING 8 AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY 9 DATE."

10

11 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:

15 (a) all land except that specifically included in 16 another class;

17 (b) all improvements except those specifically18 included in another class;

19 (c) the first 935,000 §80,000 or less of the market 20 value of any improvement on real property and appurtenant 21 land not exceeding 5 acres owned or under contract for deed 22 and actually occupied for at least 10 months a year as the 23 primary residential dwelling of any person whose total 24 income from all sources including otherwise tax-exempt 25 income of all types is not more than \$10,000 for a single



person or \$12,000 for a married couple;

2 (d) all golf courses, including land and improvements
3 actually and necessarily used for that purpose, that consist
4 of at least 9 holes and not less than 3,000 lineal yards.

(2) Class four property is taxed as follows:

6 (a) Except as provided in 15-24-1402 or 15-24-1501,
7 property described in subsections (1)(a) and (1)(b) is taxed
8 at the-taxable-percentage--rate--^uP^u 3.86% of its market
9 value.

(b) Property described in subsection (1)(c) is taxed
 at the-taxable-percentage-rate-"P" <u>3.86%</u> of its market value
 multiplied by a percentage figure based on income and

13 determined from the following table:

14	Income	Income	Percentage
15	Single Person	Married Couple	Multiplier
16	\$0 - \$1,000	\$0 - \$1,200	0%
17	1,001 - 2,000	1,201 - 2,400	10%
18	2,001 - 3,000	2,401 - 3,600	20%
19	3,001 - 4,000	3,601 - 4,800	30%
20	4,001 - 5,000	4,801 - 6,000	40%
21	5,001 - 6,000	6,001 - 7,200	50%
22	6,001 - 7,000	7,201 - 8,400	60%
23	7,001 - 8,000	8,401 - 9,600	70%
24	8,001 - 9,000	9,601 - 10,800	80%
25	9,001 - 10,000	10,801 - 12,000	808

-2- INTRODUCED BILL HB.617

1 (c) Property described in subsection (1)(d) is taxed 2 at one-half the taxable percentage rate "P" established in 3 subsection (2)(a). 4 (3)--Until-January-17-19867-the-taxable-percentage-rate 5 "P"-for-class-four-property-is-8.55%-6 (4)--Prior--to--July-17-19867-the-department-of-revenue shall-determine-the-taxable-percentage-rate--"P"--applicable 7 8 to--class--four-property-for-the-revaluation-cycle-beginning 9 January-17-19867-as-follows: 10 (a)--The-director-of-the-department--of--revenue--shall certify--to-the-governor-before-July-17-19867-the-percentage 11 12 by-which-the-appraised-value-of-all-property--in--the--state 13 classified--under--class--four--as--of--January-1,-1986;-has 14 increased-due-to-the-revaluation-conducted--under--15-7-111; 15 This--figure-is-the-certified-statewide-percentage-increase-16 (b)--The-taxable-value-of-property--in--class--four--is 17 determined---as---a--function--of--the--certified--statewide 18 percentage-increase--in--accordance--with--the--table--shown 19 betow-20 (c)--This---table--limits--the--statewide--increase--in 21 taxable-valuation--resulting--from--reappraisal--to--0%---in 22 calculating--the-percentage-increase;-the-department-may-not 23 consider-changes-resulting~from-new-construction;-additions; or-deletions-during-calendar-year-1985-24

1 interpolation--to--coincide--with--the--mearest-whole-number

2 certified-statewide-percentage-increase-from--the--following

3 table:

4	Certified-Statewide	Ctass-Four-Taxable
5	Percentage-Increase	Percentage-"P"
6	θ	8 =55
7	10	7.77
8	20	7.12
9	30	6=57
10	40	6.10
11	50	5-70
12	60	5-34
13	70	5+82
14	80	4-75
15	90	4-50
16	100	4+27
17	110	4-87
18	±20	3 -88
19	1 30	3-71
20	140	3-56
21	150	3+42
22	160	3 -20
23	17 0	3-16
24	±80	3-05
25	190	2-94

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25

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1	Certified-Statewide	Elass-Four-Paxable
2	Percentage-Increase	Percentage-"P"
3	200	2+85
4	210	2+75
5	220	2=67
6	230	2-59
7	240	275 1
8	250	2-44
9	2 6 0	2-37
10	270	5-3F
11	280	2=25
12	290	2-19
13	300	2+13

14 (5)(3) After July 1, 1986, no adjustment may be made
15 by the department to the taxable percentage rate "P" until a
16 revaluation has been made as provided in 15-7-111.

17 (6)(4) Within the meaning of comparable property as 18 defined in 15-1-101, property assessed as commercial 19 property is comparable only to other property assessed as 20 commercial property, and property assessed as other than 21 commercial property is comparable only to other property 22 assessed as other than commercial property."

23 Section 2. Section 15-6-142, MCA, is amended to read:
24 "15-6-142. Class twelve property -- description -25 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;

6 (b) the first \$35,000 \$80,000 or less of the market 7 value of a trailer or mobile home used as a residence and 8 actually occupied for at least 10 months a year as the 9 primary residential dwelling of any person whose total 10 income from all sources including otherwise tax-exempt 11 income of all types is not more than \$10,000 for a single 12 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--upu7--described-in-15-6-1347
<u>3.86%</u> of its market value.

(b) Property described in subsection (1)(b) is taxed
at the--taxable-percentage-rate-"P"7-described-in-15-6-1347
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."

23 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 24 existing authority of the department of revenue to make 25 rules on the subject of the provisions of this act is

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LC 0948/01

1 extended to the provisions of this act.

<u>NEW SECTION.</u> Section 4. Effective date -applicability. This act is effective on passage and approval
and applies retroactively, within the meaning of 1-2-109, to
taxable years beginning after December 31, 1986.

-End-

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STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB617, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to adjust the portion of the taxable percentage rate, eligible for reduction, applicable to a residence occupied by a low-income owner; providing for an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

The proposal will restore low-income property tax relief to levels that existed prior to the statewide reappraisal (tax year 1985). The increase from \$35,000 to \$80,000 approximately reflects the 121 percent increase in average property values due to reappraisal. Hence, the proposal will have no impact when compared with 1985 tax year and a fairly small impact when compared with tax year 1986.

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

The retroactive applicability date of the proposal will require revising assessment notices for this tax year. Approximately 11,000 assessment notices would have to be revised and taxpayers renotified. At \$0.35 per taxpayer, the renotification will cost approximately \$3850.

DAVID L. HUNTER, BUDGET DIRECTOR Office of Budget and Program Planning

DATE PRIMARY SPONSOR VINCENT

Fiscal Note for HB617, as introduced.

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value.

APPROVED BY COMMITTEE ON TAXATION

BILL NO. 6/7 1 2 INTRODUCED BY 3

A BILL FOR AN ACT ENTITLED: "AN ACT TO ADJUST THE PORTION Δ OF THE TAXABLE PERCENTAGE RATE, ELIGIBLE FOR REDUCTION. 5 6 APPLICABLE TO A RESIDENCE OCCUPIED BY A LOW-INCOME OWNER; AMENDING SECTIONS 15-6-134 AND 15-6-142, MCA; AND PROVIDING 7 8 AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY 9 DATE."

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17 (b) all improvements except those specifically included in another class; 18

19 (c) the first 9357000 \$80,000 or less of the market value of any improvement on real property and appurtenant 20 21 land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the 22 23 primary residential dwelling of any person whose total 24 income from all sources including otherwise tax-exempt income of all types is not more than \$10,000 for a single 25



2 (d) all golf courses, including land and improvements 3 actually and necessarily used for that purpose, that consist 4 of at least 9 holes and not less than 3,000 lineal yards. (2) Class four property is taxed as follows: 5 6 (a) Except as provided in 15-24-1402 or 15-24-1501, 7 property described in subsections (1)(a) and (1)(b) is taxed at the-taxable-percentage--rate--"P" 3.86% of its market 8 9

person or \$12,000 for a married couple;

(b) Property described in subsection (1)(c) is taxed 10 at the-taxable-percentage-rate-"P" 3.86% of its market value 11 multiplied by a percentage figure based on income and 12 13 determined from the following table:

14	Income	Income	Percentage
15	Single Person	Married Couple	Multiplier
16	\$0 - \$1,000	\$0 - \$1,200	0%
17	1,001 - 2,000	1,201 - 2,400	10%
18	2,001 - 3,000	2,401 - 3,600	20%
19	3,001 - 4,000	3,601 - 4,800	30%
20	4,001 - 5,000	4,801 - 6,000	40%
21	5,001 - 6,000	6,001 - 7,200	50%
22	6,001 - 7,000	7,201 - 8,400	60%
23	7,001 - 8,000	8,401 - 9,600	70%
24	8,001 - 9,000	9,601 - 10,800	80%
25	9,001 - 10,000	10,801 - 12,000	90%

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SECOND READING HB-617

LC 0948/01

(c) Property described in subsection (1)(d) is taxed
 at one-half the taxable percentage rate "P" established in
 subsection (2)(a).

4 (3)--Until-January-17-19867-the-taxable-percentage-rate
 ³P⁴-for-class-four-property-is-8-55%;

6 (4)--Prior--to--July-17-19867-the-department-of-revenue
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(d)--The--taxable--percentage--must--be--calculated--by

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1 interpolation--to--coincide--with--the--nearest-whole-number 2 certified-statewide-percentage-increase-from--the--following 3 table:

4	Certified-Statewide	Class-Four-Paxable
5	Percentage-Increase	Percentage-"P"
6	0	8-55
7	±θ	7-77
8	20	7-12
9	30	6757
10	40	6-10
11	50	5+70
12	60	5-34
13	70	5-02
14	89	4-75
15	90	4. 5 0
16	100	4-27
17	110	4-07
18	120	3. 88
19	±30	3.71
20	±40	3+56
21	150	3-42
22	160	3-20
23	±70	3-16
24	18 0	3 ÷05
25	190	2-94

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1	Certified-Statewide	Class-Four-Taxable
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3	200	2-85
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 mobile homes as his stock in trade; or
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 (b) the first \$357000 §80,000 or less of the market
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23 <u>NEW SECTION.</u> Section 3. Extension of authority. Any
24 existing authority of the department of revenue to make
25 rules on the subject of the provisions of this act is

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1 extended to the provisions of this act.

2 NEW SECTION. Section 4. Effective date --

3 applicability. This act is effective on passage and approval

4 and applies retroactively, within the meaning of 1-2-109, to

5 taxable years beginning after December 31, 1986.

-End-

BILL NO. 617 1 INTRODUCED BY 2 3 A BILL FOR AN ACT ENTITLED: "AN ACT TO ADJUST THE PORTION 4 5 OF THE TAXABLE PERCENTAGE RATE, ELIGIBLE FOR REDUCTION, APPLICABLE TO A RESIDENCE OCCUPIED BY A LOW-INCOME OWNER: 6 7 AMENDING SECTIONS 15-6-134 AND 15-6-142, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY 8 DATE." 9

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Montana Legislative Council

1 person or \$12,000 for a married couple;

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17	1,001 -	2,000	1,201 -	2,400	10%
18	2,001 -	3,000	2,401 -	3,600	20%
19	3,001 -	4,000	3,601 -	4,800	30%
20	4,001 -	5,000	4,801 -	6,000	40%
21	5,001 -	6,000	6,001 -	7,200	50%
22	6,001 -	7,000	7,201 -	8,400	60%
23	7,001 -	8,000	8,401 -	9,600	70%
24	8,001 -	9,000	9,601 - 1	0,800	80.
25	9,001 - 1	LO,000	10,801 - 1	.2,000	90%

-2- THIRD READING HB-617

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table:

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4 (3)--Until-January-17-19867-the-taxable-percentage-rate 5 "P"-for-class-four-property-is-8-55%+

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interpolation--to--coincide--with--the--nearest-whole-number certified-statewide-percentage-increase-from--the--following 2

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4	Certified-Statewide	Class-Four-Taxable
5	Percentage-Increase	Percentage-"P"
6	θ	8-55
7	±₽	7.77
8	20	7712
9	30	6+57
10	40	6-10
11	50	5 .70
12	68	5+34
13	78	5-02
14	88	4+75
15	98	4-50
16	±00	4-27
17	±±0	4-07
18	1 20	3 -88
19	±∃⊕	3-71
20	±40	3-56
21	150	3.42
22	160	3-28
23	±70	3-16
24	1 80	3:05
25	1 9 0	2-94

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(d)--The--taxable--percentage--must--be--calculated--by

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1	Certified-Statewide	Elass-Four-Taxable
2	Percentage-Increase	Percentage-"P"
3	200	2-85
4	210	2-75
5	220	2-67
6	238	2-59
7	240	2-51
8	250	2-44
9	260	2-37
10	270	2-31
11	280	2-25
12	298 ,	2-19
13	300	2-13

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-6-

rules on the subject of the provisions of this act is

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extended to the provisions of this act.
 <u>NEW SECTION.</u> Section 4. Effective date - applicability. This act is effective on passage and approval
 and applies retroactively, within the meaning of 1-2-109, to
 taxable years beginning after December 31, 1986.

-End-

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1	HOUSE BILL NO. 617	1	person or \$12,000	for a married couple;	
2	INTRODUCED BY VINCENT, HARP, HARPER, HANSEN	2	(ð) all golf	courses, including la	nd and improvements
3		3	actually and neces	sarily used for that p	urpose, that consist
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO ADJUST THE PORTION	4	of at least 9 hole	s and not less than 3,0	000 lineal yards.
5	OF THE TAXABLE PERCENTAGE RATE, ELIGIBLE FOR REDUCTION,	5	(2) Class fo	ur property is taxed as	s follows:
6	APPLICABLE TO A RESIDENCE OCCUPIED BY A LOW-INCOME OWNER;	6	(a) Except	as provided in 15-24-	-1402 or 15-24-1501,
7	AMENDING SECTIONS 15-6-134 AND 15-6-142, MCA; AND PROVIDING	7	property described	in subsections (1)(a)	and (1)(b) is taxed
8	AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY	8	at the-taxable-per	centagerate*P* 3.1	86% of its market
9	DATE."	9	value.		
10		10	(b) Property	described in subsect	tion (1)(c) is taxed
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	11		centage-rate-"P# 3.86%	
12	Section 1. Section 15-6-134, MCA, is amended to read:	12		percentage figure bas	
13	"15-6-134. Class four property description	13	determined from th	e following table:	
14	taxable percentage. (1) Class four property includes:	14	Income	Income	Percentage
15	(a) all land except that specifically included in	15	Single Person	Married Couple	Multiplier
16	another class;	16	\$0 - \$1,000	\$0 - \$1,200	08
17	(b) all improvements except those specifically	17	1,001 - 2,000	1,201 - 2,400	10%
18	included in another class;	18	2,001 - 3,000	2,401 - 3,600	20%
19	(c) the first \$357000 <u>\$80,000</u> or less of the market	19	3,001 - 4,000	3,601 - 4,800	30%
20	value of any improvement on real property and appurtenant	20	4,001 - 5,000	4,801 - 6,000	40%
21	land not exceeding 5 acres owned or under contract for deed	21	5,001 - 6,000	6,001 - 7,200	50%
22	and actually occupied for at least 10 months a year as the	22	6,001 - 7,000	7,201 - 8,400	60%
23	primary residential dwelling of any person whose total	23	7,001 - 8,000	8,401 - 9,600	70%
24	income from all sources including otherwise tax-exempt	24	8,001 - 9, 000	9,601 - 10,800	80%
25	income of all types is not more than \$10,000 for a single	25	9,001 - 10,000	10,801 - 12,000	90%

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1	(c) Property described in subsection (1)(d) is taxed
2	at one-half the taxable percentage rate "P" established in
3	subsection (2)(a).
4	<pre>t3;Until-January-1;-1986;-the-taxable-percentage-rate</pre>
5	"P"-for-class-four-property-is-0+55%+
6	{4}PriortoJuly-17-19867-the-department-of-revenue
7	shall-determine-the-taxable-percentage-rate"P"ar-licable
8	toclassfour-property-for-the-revaluation-cycle-beginning
9	January-17-19867-as-follows:
10	<pre>{a}The-director-of-the-departmentofrevenueshall</pre>
11	certifyto-the-governor-before-July-17-19867-the-percentage
12	by-which-the-appra#sed-value-of-all-propertyinthestate
13	classifiedunderclassfourasofJanuary-17-19867-has
14	increased-due-to-the-revaluation-conductedunder15-7-111-
15	Thisfigure-is-the-certified-statewide-percentage-increase.
16	{b}The-taxable-value-of-propertyinclassfouris
17	determinedasafunctionofthecertifiedstatewide
18	percentage-increaseinaccordancewiththetableshown
19	bełow.
20	<pre>fc}Thistablelimitsthestatewideincreasein</pre>
21	taxable-valuationresultingfromreappraisalto0%In
22	calculatingthe-percentage-increase;-the-department-may-not

1 interpolationtocoincidewiththenearest-whole-nu	mber
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2 certified-statewide-percentage-increase-from--the--following

3 table:

4	Certified-Statewide	Elass-Pour-Taxable
5	Percentage-Increase	Percentage-"P"
6	θ	8=55
7	÷Ð	7.77
8	20	7-12
9	30	6+57
10	40	6-10
11	5 0	5-70
12	60	5-34
13	70	5-02
14	80	4+75
15	90	4-50
16	100	4-27
17	±10	4=07
18	1 20	887E
19	130	3-71
20	140	3+56
21	1 50	3-42
22	1 69	3+28
23	170	3-16
24	180	3=05
25	1 9 0	2+94

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(d)--The--taxable--percentage--must--be--calculated--by

consider-changes-resulting-from-new-construction,-additions,

or-deletions-during-calendar-year-1985-

23

24 25

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1	Bertified-Statewide	Class-Four-Taxable
2	Percentage-Increase	Percentage-"P"
3	200	2-85
4	278	2.75
5	220	2-67
6	2 30	2-59
7	240	275£
8	250	2-44
9	260	2+37
10	270	2-31
11	288	2+25
12	290	2:19
13	300	2+13

14 (5)(3) After July 1, 1986, no adjustment may be made
15 by the department to the taxable percentage rate "P" until a
16 revaluation has been made as provided in 15-7-111.

17 (6)(4) Within the meaning of comparable property as 18 defined in 15-1-101, property assessed as commercial 19 property is comparable only to other property assessed as 20 commercial property, and property assessed as other than 21 commercial property is comparable only to other property 22 assessed as other than commercial property."

23 Section 2. Section 15-6-142, MCA, is amended to read:
24 "15-6-142. Class twelve property -- description -25 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;

6 (b) the first \$35,000 \$80,000 or less of the market 7 value of a trailer or mobile home used as a residence and 8 actually occupied for at least 10 months a year as the 9 primary residential dwelling of any person whose total 10 income from all sources including otherwise tax-exempt 11 income of all types is not more than \$10,000 for a single 12 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#7--described-in-15-6-1347
<u>3.86%</u> of its market value.

. 18 (b) Property described in subsection (1)(b) is taxed
19 at the--taxable-percentage-rate-"P",-described-in-15-6-134,
20 3.86% of its market value multiplied by a percentage figure
21 based on income and determined from the table established in
22 subsection (2)(b) of 15-6-134."

23 <u>NEW SECTION.</u> Section 3. Extension of authority. Any
24 existing authority of the department of revenue to make
25 rules on the subject of the provisions of this act is

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l extended to the provisions of this act.

<u>NEW SECTION.</u> Section 4. Effective date -applicability. This act is effective on passage and approval
and applies retroactively, within the meaning of 1-2-109, to
taxable years beginning after December 31, 1986.

-End-

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