

HOUSE BILL NO. 709

INTRODUCED BY D. BROWN, MARKS

IN THE HOUSE

FEBRUARY 11, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 16, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 17, 1987 PRINTING REPORT.

MARCH 18, 1987 ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

MARCH 20, 1987 SECOND READING, DO PASS.

MARCH 21, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.
 AYES, 93; NOES, 2.

 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 AS AMENDED. REPORT
ADOPTED.

APRIL 2, 1987 SECOND READING, CONCURRED IN AS
AMENDED.

APRIL 3, 1987 ON MOTION, RECONSIDER ACTION
ON HB 709.

 ON MOTION, PLACED ON SECOND READING
THE 76TH LEGISLATIVE DAY.

APRIL 6, 1987 SECOND READING, CONCURRED IN.

APRIL 7, 1987

THIRD READING, CONCURRED IN.
AYES, 50; NOES, 0.

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 House BILL NO. 709
2 INTRODUCED BY Dave Brown Mack

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
5 PROPERTY TAX INCENTIVE FOR NEW AND EXPANDING INDUSTRY;
6 DEFINING THE TERM "INDUSTRY"; AMENDING SECTIONS 15-24-1401
7 AND 15-24-1402, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
8 DATE AND A RETROACTIVE APPLICABILITY DATE."

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

11 Section 1. Section 15-24-1401, MCA, is amended to
12 read:

13 "15-24-1401. Definitions. The following definitions
14 apply to 15-24-1402 unless the context requires otherwise:

15 (1) "New or expanding" means that the manufacturing
16 industry is new to the jurisdiction approving the resolution
17 provided for in 15-24-1402(2) or that the manufacturing
18 industry has added qualifying improvements or modernized
19 processes to its property within the same jurisdiction since
20 July 1, 1981.

21 (2) "Manufacturing-industry" means "Industry" includes
22 but is not limited to an industry that engages in the:

23 (a) mechanical or chemical transformation of materials
24 or substances into new products in the manner defined as
25 manufacturing in the 1972 Standard Industrial Classification

1 Manual prepared by the United States office of management
2 and budget;

3 (b) extraction or harvesting of minerals, ore, or
4 forestry products; or

5 (c) processing of Montana raw materials such as
6 minerals, ore, agricultural products, and forestry
7 products."

8 Section 2. Section 15-24-1402, MCA, is amended to
9 read:

10 "15-24-1402. New or expanding manufacturing industry
11 -- assessment. (1) In the first 5 years after a construction
12 permit is issued, improvements ~~to--real--property~~ that
13 represent new manufacturing industry or modernization,
14 construction, or expansion of an existing manufacturing
15 industry shall be taxed at 50% of their taxable value. Each
16 year thereafter, the percentage shall be increased by equal
17 percentages until the full taxable value is attained in the
18 10th year. In subsequent years, the property shall be taxed
19 at 100% of its taxable value.

20 (2) (a) In order for a taxpayer to receive the tax
21 benefits described in subsection (1), the governing body of
22 the affected county or the incorporated city or town must
23 have approved by separate resolution for each project,
24 following due notice as defined in 76-15-103 and a public
25 hearing, the use of the schedule provided for in subsection



-2- INTRODUCED BILL
HB 709

1 (1) for its respective jurisdiction. The governing body may
2 not grant approval for the project until all of the
3 applicant's taxes have been paid in full. Taxes paid under
4 protest do not preclude approval.

5 (b) The governing body may end the tax benefits by
6 majority vote at any time, but the tax benefits may not be
7 denied an industrial facility that previously qualified for
8 the benefits.

9 (c) The resolution provided for in subsection (2)(a)
10 shall include a definition of the improvements or modernized
11 processes that qualify for the tax treatment that is to be
12 allowed in the taxing jurisdiction.

13 (3) The taxpayer must apply to the county assessor on
14 a form provided by the department of revenue for the tax
15 treatment allowed under subsection (1). The application by
16 the taxpayer must first be approved by the governing body of
17 the appropriate local taxing jurisdiction, and the governing
18 body must indicate in its approval that the property of the
19 applicant qualifies for the tax treatment provided for in
20 this section. Upon receipt of the form with the approval of
21 the governing body of the affected taxing jurisdiction, the
22 assessor shall make the assessment change pursuant to this
23 section.

24 (4) The tax benefit described in subsection (1)
25 applies only to the number of mills levied and assessed for

1 local high school district and elementary school district
2 purposes and to the number of mills levied and assessed by
3 the governing body approving the benefit over which the
4 governing body has sole discretion. In no case may the
5 benefit described in subsection (1) apply to levies or
6 assessments required under Title 15, chapter 10, 20-9-331,
7 20-9-333, or otherwise required under state law."

8 NEW SECTION. Section 3. Extension of authority. Any
9 existing authority of the department of revenue to make
10 rules on the subject of the provisions of this act is
11 extended to the provisions of this act.

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

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB709, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise the property tax incentive for new and expanding industry; defining the term "industry"; and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

It is not possible to accurately estimate the fiscal impact of this proposal. In general, a portion of property tax collections for school districts and local governments would be foregone for up to ten years.

The requirement that a new or expanding industrial facility be new to a taxing jurisdiction would not prevent existing facilities that move to new taxing jurisdictions from receiving the proposed abatement. In these instances there could be an impact on local property tax revenue.

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

The phrase "modernized processes" implies that these benefits would be extended to machinery and equipment. The use of the word "improvements" in 15-24-1402, however, can be construed to mean buildings. Some clarification or definitions would eliminate this confusion.

David L. Hunter DATE 2/16/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

DATE _____
DAVE BROWN, PRIMARY SPONSOR

Fiscal Note for HB709, as introduced

HB 709

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 709

INTRODUCED BY D. BROWN, MARKS

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE PROPERTY TAX INCENTIVE FOR NEW AND EXPANDING INDUSTRY; DEFINING THE TERM TERMS "NEW", "EXPANDING", AND "INDUSTRY"; AMENDING SECTIONS 15-24-1401 AND 15-24-1402, 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 15-24-1401, MCA, is amended to read:

"15-24-1401. Definitions. The following definitions apply to 15-24-1402 unless the context requires otherwise:

(1) "~~New---or---expanding~~ EXPANDING" means that the manufacturing industry ~~is new to the jurisdiction--approving the--resolution--provided--for--in--15-24-1402(2)--or--that--the manufacturing industry has added~~ AT LEAST \$250,000 WORTH OF qualifying improvements or modernized processes to its property within the same jurisdiction since July 1, 1981.

(2) "~~Manufacturing industry~~" means "Industry" includes ~~but is not limited to~~ an industry that engages in the:

(a) mechanical or chemical transformation of materials or substances into new products in the manner defined as

manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget;

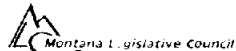
(b) extraction or harvesting of minerals, ore, or forestry products; or

(c) processing of Montana raw materials such as minerals, ore, agricultural products, and forestry products.

(3) "NEW" MEANS THAT THE INDUSTRY IS NEW TO THE JURISDICTION APPROVING THE RESOLUTION PROVIDED FOR IN 15-24-1402(2) AND HAS INVESTED AT LEAST \$500,000 IN THE JURISDICTION. NEW INDUSTRY DOES NOT INCLUDE PROPERTY TREATED AS NEW INDUSTRIAL PROPERTY UNDER 15-6-135."

Section 2. Section 15-24-1402, MCA, is amended to read:

"15-24-1402. New or expanding manufacturing industry -- assessment. (1) In the first 5 years after a construction permit is issued, improvements to ~~real property~~ that represent new manufacturing industry or modernization, construction, or expansion of an existing manufacturing industry, AS DESIGNATED IN THE APPROVING RESOLUTION, shall be taxed at 50% of their taxable value. Each year thereafter, the percentage shall be increased by equal percentages until the full taxable value is attained in the 10th year. In subsequent years, the property shall be taxed at 100% of its taxable value.



1 (2) (a) In order for a taxpayer to receive the tax
 2 benefits described in subsection (1), the governing body of
 3 the affected county or the incorporated city or town must
 4 have approved by separate resolution for each project,
 5 following due notice as defined in 76-15-103 and a public
 6 hearing, the use of the schedule provided for in subsection
 7 (1) for its respective jurisdiction. The governing body may
 8 not grant approval for the project until all of the
 9 applicant's taxes have been paid in full. Taxes paid under
 10 protest do not preclude approval.

11 (b) The governing body may end the tax benefits by
 12 majority vote at any time, but the tax benefits may not be
 13 denied an industrial facility that previously qualified for
 14 the benefits.

15 (c) The resolution provided for in subsection (2)(a)
 16 shall include a definition of the improvements or modernized
 17 processes that qualify for the tax treatment that is to be
 18 allowed in the taxing jurisdiction. THE RESOLUTION MAY
 19 PROVIDE THAT REAL PROPERTY, PERSONAL PROPERTY, IMPROVEMENTS,
 20 OR ANY COMBINATION THEREOF ARE ELIGIBLE FOR THE TAX BENEFITS
 21 DESCRIBED IN SUBSECTION (1).

22 (3) The taxpayer must apply to the county assessor on
 23 a form provided by the department of revenue for the tax
 24 treatment allowed under subsection (1). The application by
 25 the taxpayer must first be approved by the governing body of

1 the appropriate local taxing jurisdiction, and the governing
 2 body must indicate in its approval that the property of the
 3 applicant qualifies for the tax treatment provided for in
 4 this section. Upon receipt of the form with the approval of
 5 the governing body of the affected taxing jurisdiction, the
 6 assessor shall make the assessment change pursuant to this
 7 section.

8 (4) The tax benefit described in subsection (1)
 9 applies only to the number of mills levied and assessed for
 10 local high school district and elementary school district
 11 purposes and to the number of mills levied and assessed by
 12 the governing body approving the benefit over which the
 13 governing body has sole discretion. In no case may the
 14 benefit described in subsection (1) apply to levies or
 15 assessments required under Title 15, chapter 10, 20-9-331,
 16 20-9-333, or otherwise required under state law."

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

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

-End-

HOUSE BILL NO. 709

INTRODUCED BY D. BROWN, MARKS

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE PROPERTY TAX INCENTIVE FOR NEW AND EXPANDING INDUSTRY; DEFINING THE TERM TERMS "NEW", "EXPANDING", AND "INDUSTRY"; AMENDING SECTIONS 15-24-1401 AND 15-24-1402, 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 15-24-1401, MCA, is amended to read:

"15-24-1401. Definitions. The following definitions apply to 15-24-1402 unless the context requires otherwise:

(1) "New--or--expanding EXPANDING" means that the manufacturing industry is new to the jurisdiction--approving the--resolution--provided--for--in-15-24-1402(2)-or-that-the manufacturing industry has added AT LEAST \$250,000 WORTH OF qualifying improvements or modernized processes to its property within the same jurisdiction since July 1, 1981.

(2) "Manufacturing industry" means "Industry" includes but is not limited to an industry that engages in the:

(a) mechanical or chemical transformation of materials or substances into new products in the manner defined as

manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget;

(b) extraction or harvesting of minerals, ore, or forestry products; or

(c) processing of Montana raw materials such as minerals, ore, agricultural products, and forestry products.

(3) "NEW" MEANS THAT THE INDUSTRY IS NEW TO THE JURISDICTION APPROVING THE RESOLUTION PROVIDED FOR IN 15-24-1402(2) AND HAS INVESTED AT LEAST \$500,000 IN THE JURISDICTION. NEW INDUSTRY DOES NOT INCLUDE PROPERTY TREATED AS NEW INDUSTRIAL PROPERTY UNDER 15-6-135."

Section 2. Section 15-24-1402, MCA, is amended to read:

"15-24-1402. New or expanding manufacturing industry -- assessment. (1) In the first 5 years after a construction permit is issued, improvements to--real--property that represent new manufacturing industry or modernization, construction, or expansion of an existing manufacturing industry, AS DESIGNATED IN THE APPROVING RESOLUTION, shall be taxed at 50% of their taxable value. Each year thereafter, the percentage shall be increased by equal percentages until the full taxable value is attained in the 10th year. In subsequent years, the property shall be taxed at 100% of its taxable value.

1 (2) (a) In order for a taxpayer to receive the tax
 2 benefits described in subsection (1), the governing body of
 3 the affected county or the incorporated city or town must
 4 have approved by separate resolution for each project,
 5 following due notice as defined in 76-15-103 and a public
 6 hearing, the use of the schedule provided for in subsection
 7 (1) for its respective jurisdiction. The governing body may
 8 not grant approval for the project until all of the
 9 applicant's taxes have been paid in full. Taxes paid under
 10 protest do not preclude approval.

11 (b) The governing body may end the tax benefits by
 12 majority vote at any time, but the tax benefits may not be
 13 denied an industrial facility that previously qualified for
 14 the benefits.

15 (c) The resolution provided for in subsection (2)(a)
 16 shall include a definition of the improvements or modernized
 17 processes that qualify for the tax treatment that is to be
 18 allowed in the taxing jurisdiction. THE RESOLUTION MAY
 19 PROVIDE THAT REAL PROPERTY, PERSONAL PROPERTY, IMPROVEMENTS,
 20 OR ANY COMBINATION THEREOF ARE ELIGIBLE FOR THE TAX BENEFITS
 21 DESCRIBED IN SUBSECTION (1).

22 (3) The taxpayer must apply to the county assessor on
 23 a form provided by the department of revenue for the tax
 24 treatment allowed under subsection (1). The application by
 25 the taxpayer must first be approved by the governing body of

1 the appropriate local taxing jurisdiction, and the governing
 2 body must indicate in its approval that the property of the
 3 applicant qualifies for the tax treatment provided for in
 4 this section. Upon receipt of the form with the approval of
 5 the governing body of the affected taxing jurisdiction, the
 6 assessor shall make the assessment change pursuant to this
 7 section.

8 (4) The tax benefit described in subsection (1)
 9 applies only to the number of mills levied and assessed for
 10 local high school district and elementary school district
 11 purposes and to the number of mills levied and assessed by
 12 the governing body approving the benefit over which the
 13 governing body has sole discretion. In no case may the
 14 benefit described in subsection (1) apply to levies or
 15 assessments required under Title 15, chapter 10, 20-9-331,
 16 20-9-333, or otherwise required under state law."

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

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

-End-

HOUSE BILL NO. 709

INTRODUCED BY D. BROWN, MARKS

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE PROPERTY TAX INCENTIVE FOR NEW AND EXPANDING INDUSTRY; DEFINING THE TERM TERMS "NEW", "EXPANDING" "EXPANSION", AND "INDUSTRY"; AMENDING SECTIONS 15-24-1401 AND 15-24-1402, 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 15-24-1401, MCA, is amended to read:

"15-24-1401. Definitions. The following definitions apply to 15-24-1402 unless the context requires otherwise:

(1) "New--or-expanding ~~EXPANDING~~ EXPANSION" means that the manufacturing industry is--new--to--the--jurisdiction approving--the--resolution--provided-for-in-15-24-1402(2)-or that-the-manufacturing-industry has added AFTER JULY 1, 1987, AT LEAST \$250,000 WORTH OF qualifying improvements or modernized processes to its property within the same jurisdiction since--July--17--1981, EITHER IN THE FIRST TAX YEAR IN WHICH THE BENEFITS PROVIDED FOR IN 15-24-1402 ARE TO BE RECEIVED OR IN THE PRECEDING TAX YEAR.

(2) "Manufacturing-industry"-means "Industry" includes

but is not limited to an-industry A FIRM that engages in the:

(a) mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget;

(b) extraction or harvesting of minerals, ore, or forestry products; or

(c) processing of Montana raw materials such as minerals, ore, agricultural products, and forestry products.

(3) "NEW" MEANS THAT THE INDUSTRY IS NEW TO THE JURISDICTION APPROVING THE RESOLUTION PROVIDED FOR IN ~~15-24-1402(2)~~ 15-24-1402(3) AND HAS INVESTED AFTER JULY 1, 1987, AT LEAST \$500,000 WORTH OF QUALIFYING IMPROVEMENTS OR MODERNIZED PROCESSES IN THE JURISDICTION EITHER IN THE FIRST TAX YEAR IN WHICH THE BENEFITS PROVIDED FOR IN 15-24-1402 ARE TO BE RECEIVED OR IN THE PRECEDING TAX YEAR. NEW INDUSTRY DOES NOT INCLUDE PROPERTY TREATED AS NEW INDUSTRIAL PROPERTY UNDER 15-6-135.

(4) "QUALIFYING" MEANS MEETING ALL THE TERMS, CONDITIONS, AND REQUIREMENTS FOR A REDUCTION IN TAXABLE VALUE UNDER 15-24-1401 AND 15-24-1402."

Section 2. Section 15-24-1402, MCA, is amended to read:



1 "15-24-1402. New or expanding manufacturing industry
 2 -- assessment. (1) In the first 5 years after a construction
 3 permit is issued, QUALIFYING improvements OR MODERNIZED
 4 PROCESSES to real property that represent new manufacturing
 5 industry or modernization, construction, or expansion of an
 6 existing manufacturing industry, AS DESIGNATED IN THE
 7 APPROVING RESOLUTION, shall be taxed at 50% of their taxable
 8 value. Each year thereafter, the percentage shall be
 9 increased by equal percentages until the full taxable value
 10 is attained in the 10th year. In subsequent years, the
 11 property shall be taxed at 100% of its taxable value.
 12 HOWEVER, TOTAL TAXES ON PROPERTY RECEIVING THE REDUCED
 13 TAXABLE VALUE PROVIDED FOR IN THIS SECTION MAY NOT BE LOWER
 14 THAN 4% OF THE APPRAISED VALUE OF THE PROPERTY WHEN ALL
 15 MILLS LEVIED ON THE PROPERTY ARE CONSIDERED. IF TOTAL TAXES
 16 ON THE QUALIFYING PROPERTY ARE LESS THAN 4% AFTER RECEIVING
 17 THE REDUCED TAXABLE VALUE PROVIDED IN THIS SECTION, THE
 18 TAXABLE VALUE MUST BE INCREASED UNTIL TOTAL TAXES LEVIED ON
 19 THE PROPERTY EQUAL 4% OF ITS APPRAISED VALUE OR UNTIL THE
 20 PROPERTY DOES NOT RECEIVE A REDUCTION IN TAXABLE VALUE UNDER
 21 THIS SECTION, WHICHEVER OCCURS FIRST.
 22 {2} THE TAX BENEFITS PROVIDED IN SUBSECTION (1) MAY
 23 NOT BE GRANTED BY A TAXING JURISDICTION IF THE IMPROVEMENTS
 24 OR MODERNIZED PROCESSES REPLACE OPERATIONS OR FACILITIES IN
 25 ANOTHER TAXING JURISDICTION IN MONTANA.

1 ~~{2}~~{3} (a) In order for a taxpayer to receive the tax
 2 benefits described in subsection (1), the governing body of
 3 the affected county or the incorporated city or town must
 4 have approved by separate resolution for each project,
 5 following due notice as defined in 76-15-103 and a public
 6 hearing, the use of the schedule provided for in subsection
 7 (1) for its respective jurisdiction. The governing body may
 8 not grant approval for the project until all of the
 9 applicant's taxes have been paid in full. Taxes paid under
 10 protest do not preclude approval.
 11 (b) The governing body may end the tax benefits by
 12 majority vote at any time, but the tax benefits may not be
 13 denied an industrial facility that previously qualified for
 14 the benefits.
 15 (c) The resolution provided for in subsection ~~{2}~~{a}
 16 ~~{3}~~{A} (2)(A) shall include a definition of the improvements
 17 or modernized processes that qualify for the tax treatment
 18 that is to be allowed in the taxing jurisdiction. THE
 19 RESOLUTION MAY PROVIDE THAT REAL PROPERTY OTHER THAN LAND,
 20 PERSONAL PROPERTY, IMPROVEMENTS, OR ANY COMBINATION THEREOF
 21 ARE ELIGIBLE FOR THE TAX BENEFITS DESCRIBED IN SUBSECTION
 22 (1).
 23 ~~{3}~~{4} (4) The taxpayer must apply to the county assessor
 24 on a form provided by the department of revenue for the tax
 25 treatment allowed under subsection (1). The application by

1 the taxpayer must first be approved by the governing body of
2 the appropriate local taxing jurisdiction, and the governing
3 body must indicate in its approval that the property of the
4 applicant qualifies for the tax treatment provided for in
5 this section. Upon receipt of the form with the approval of
6 the governing body of the affected taxing jurisdiction, the
7 assessor shall make the assessment change pursuant to this
8 section.

9 †4) (5) The tax benefit described in subsection (1)
10 applies only to the number of mills levied and assessed for
11 local high school district and elementary school district
12 purposes and to the number of mills levied and assessed by
13 the governing body approving the benefit over which the
14 governing body has sole discretion. In no case may the
15 benefit described in subsection (1) apply to levies or
16 assessments required under Title 15, chapter 10, 20-9-331,
17 20-9-333, or otherwise required under state law."

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

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

STANDING COMMITTEE REPORT

HB 709
Page 1 of 3

HB 709
Page 2 of 3

SENATE

March 30 1987

March 30 1987

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 709

third reading copy (blue color)

BROWN, D. (HALLIGAN)

EXPANDING PROPERTY TAX INCENTIVES FOR NEW AND EXPANDING INDUSTRIES

Respectfully report as follows: That HOUSE BILL No. 709

be amended as follows:

1. Title, line 6.
Following: "NEW"
Strike: "EXPANDING"
Insert: "EXPANSION"
2. Page 1, line 16.
Following: "expanding"
Strike: "EXPANDING"
Insert: "Expansion"
3. Page 1, line 19.
Following: "added"
Insert: "after July 1, 1987,"
4. Page 1, line 21.
Following: "jurisdiction"
Strike: "since July 1, 1981."
Insert: "either in the first tax year in which the benefits provided for in 15-24-1402 are to be received, or in the preceding tax year."
5. Page 1, line 23.
Following: "to"
Strike: "an industry"
Insert: "a firm"

XXXXXX

XXXXXXXXXX

CONTINUED

E.M.
Chairman

6. Page 2, line 10.
Following: line 9
Strike: "15-24-1402(2)"
Insert: "15-24-1402(3)"
Following: "INVESTED"
Insert: "after July 1, 1987,"
Following: "\$500,000"
Insert: "worth of qualifying improvements or modernized processes"
7. Page 2, line 11.
Following: "JURISDICTION"
Insert: "either in the first tax year in which the benefits provided for in 15-24-1402 are to be received, or in the preceding tax year"
following
8. Page 2, line 12.
~~Following: "15-24-1402"~~
Insert: "(4) 'Qualifying' means meeting all the terms, conditions, and requirements for a reduction in taxable value under 15-24-1401 and 15-24-1402."
9. Page 2, line 17.
Following: "issued,"
Insert: "qualifying"
Following: "improvements"
Insert: "or modernized processes"
10. Page 2, line 18.
Following: "industry"
Strike: "or modernization,"
11. Page 2, line 19.
Strike: "construction,"
12. Page 2, line 25.
Following: "value."
Insert: "However, total taxes on property receiving the reduced taxable value provided for in this section may not be lower than 4% of the appraised value of the property when all mills levied on the property are considered. If total taxes on the qualifying property is less than 4% after receiving the reduced taxable value provided in this section, the taxable value must be increased until total taxes levied on the property equal 4% of its appraised value or until the property does not receive a reduction in taxable value under this section, whichever occurs first."
(2) The tax benefits provided in subsection (1) may not be granted by a taxing jurisdiction if the improvements or modernized processes replace operations or facilities in another taxing jurisdiction in Montana."
Renumber subsequent subsections.
13. Page 3, line 15.
Following: "subsection"
Strike: "(2)(a)"
Insert: "(3)(a)"

CONTINUED

E.M.

HB 709
Page 3 of 3

March 30..... 19 87.....

14. Page 3, line 19.
Following: "REAL PROPERTY"
Insert: "other than land"

K AND AS AMENDED
BE CONCURRED IN

George McCallum
SENATOR GEORGE McCALLUM, Chairman

5 230
3 30

COMMITTEE OF THE WHOLE AMENDMENT

4021445p.cwr

SENATE

4-2-87

DATE

2:45

TIME

MR. CHAIRMAN: I MOVE TO AMEND House Bill

No. 709

third reading copy (blue) as follows:
Color

AMEND SENATE TAXATION STANDING COMMITTEE REPORT, DATED MARCH 30, 1987.

1. Strike: amendment nos. 12 and 13 in their entirety.

MC
ADOPT
REJECT



Senator Halligan