

HOUSE BILL NO. 714

INTRODUCED BY CONNELLY, VINCENT, HALLIGAN, KADAS,
BRANDEWIE, WALKER, HIRSCH, MAZUREK, E. SMITH

IN THE HOUSE

FEBRUARY 11, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
MARCH 6, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 7, 1987	PRINTING REPORT.
MARCH 9, 1987	SECOND READING, DO PASS.
MARCH 10, 1987	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 94; NOES, 2.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 11, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
APRIL 6, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 8, 1987	SECOND READING, CONCURRED IN.
APRIL 9, 1987	THIRD READING, CONCURRED IN. AYES, 49; NOES, 1.
	RETURNED TO HOUSE.

IN THE HOUSE

APRIL 10, 1987	RECEIVED FROM SENATE.
	SENT TO ENROLLING.

1 *House* BILL NO. *714*
 2 INTRODUCED BY *Cornell Vincent Gallagher*
 3 *Kodas Brad Lewis Walter Hirsch Maynard*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE AN *E. Smith*
 5 ADJUSTMENT FOR INFLATION TO THE INCOME REQUIREMENTS
 6 APPLICABLE TO THE LOW-INCOME PROPERTY TAX REDUCTION
 7 PROVISIONS FOR OWNER-OCCUPIED RESIDENCES; AND AMENDING
 8 SECTIONS 15-6-134 AND 15-6-142, MCA."

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

11 Section 1. Section 15-6-134, MCA, is amended to read:

12 "15-6-134. Class four property -- description --
 13 taxable percentage. (1) Class four property includes:

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

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

18 (c) the first \$35,000 or less of the market value of
 19 any improvement on real property and appurtenant land not
 20 exceeding 5 acres owned or under contract for deed and
 21 actually occupied for at least 10 months a year as the
 22 primary residential dwelling of any person whose total
 23 income from all sources including otherwise tax-exempt
 24 income of all types is not more than \$10,000 for a single
 25 person or \$12,000 for a married couple, as adjusted

1 according to subsection (2)(b)(ii);

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.

5 (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--"P"~~ 3.86% of its market
 9 value.

10 (b) (i) Property described in subsection (1)(c) is
 11 ~~taxed at the-taxable-percentage-rate--"P"~~ 3.86% of its market
 12 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	90%

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1986; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

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

(3) ~~Until January 1, 1986, the taxable percentage rate "P" for class four property is 8.55%.~~

(4) ~~Prior to July 1, 1986, the department of revenue shall determine the taxable percentage rate "P" applicable to class four property for the revaluation cycle beginning January 1, 1986, as follows:~~

(a) ~~The director of the department of revenue shall certify to the governor before July 1, 1986, the percentage~~

~~by which the appraised value of all property in the state classified under class four as of January 1, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the certified statewide percentage increase.~~

~~(b) The taxable value of property in class four is determined as a function of the certified statewide percentage increase in accordance with the table shown below:~~

~~(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 0% in calculating the percentage increase; the department may not consider changes resulting from new construction, additions, or deletions during calendar year 1985.~~

~~(d) The taxable percentage must be calculated by interpolation to coincide with the nearest whole number certified statewide percentage increase from the following table:~~

Certified Statewide	Class Four Taxable
Percentage Increase	Percentage "P"
0	8.55
10	7.77
20	7.12
30	6.57
40	6.10
50	5.70

1	60	5-34
2	70	5-02
3	80	4-75
4	90	4-50
5	100	4-27
6	110	4-07
7	120	3-88
8	130	3-71
9	140	3-56
10	150	3-42
11	160	3-28
12	170	3-16
13	180	3-05
14	190	2-94
15	200	2-85
16	210	2-75
17	220	2-67
18	230	2-59
19	240	2-51
20	250	2-44
21	260	2-37
22	270	2-31
23	280	2-25
24	290	2-19
25	300	2-13

1 †5)†3) After July 1, 1986, no adjustment may be made
2 by the department to the taxable percentage rate "P" for
3 class four property until a revaluation has been made as
4 provided in 15-7-111.

5 †6)†4) Within the meaning of comparable property as
6 defined in 15-1-101, property assessed as commercial
7 property is comparable only to other property assessed as
8 commercial property, and property assessed as other than
9 commercial property is comparable only to other property
10 assessed as other than commercial property."

11 Section 2. Section 15-6-142, MCA, is amended to read:

12 "15-6-142. Class twelve property -- description --
13 taxable percentage. (1) Class twelve property includes:

14 (a) a trailer or mobile home used as a residence
15 except when:

16 (i) held by a distributor or dealer of trailers or
17 mobile homes as his stock in trade; or

18 (ii) specifically included in another class;

19 (b) the first \$35,000 or less of the market value of a
20 trailer or mobile home used as a residence and actually
21 occupied for at least 10 months a year as the primary
22 residential dwelling of any person whose total income from
23 all sources including otherwise tax-exempt income of all
24 types is not more than \$10,000 for a single person or
25 \$12,000 for a married couple, as adjusted according to

1 15-6-134(2)(b)(ii).

2 (2) Class twelve property is taxed as follows:

3 (a) Property described in subsection (1)(a) that is
4 not of the type described in subsection (1)(b) is taxed at
5 ~~the-taxable-percentage--rate--"P"--described--in--15-6-134,~~
6 3.86% of its market value.

7 (b) Property described in subsection (1)(b) is taxed
8 ~~at the-taxable-percentage-rate--"P"--described--in--15-6-134,~~
9 3.86% of its market value multiplied by a percentage figure
10 based on income and determined from the table established in
11 subsection (2)(b)(i) of 15-6-134."

12 NEW SECTION. Section 3. Extension of authority. Any
13 existing authority of the department of revenue to make
14 rules on the subject of the provisions of this act is
15 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 HB714, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act to require an adjustment for inflation to the income requirements applicable to the low-income property tax reduction provisions for owner-occupied residences.

ASSUMPTIONS:

Without the adjustment for inflation provided in the bill, low-income households gradually would begin to pay higher property tax rates in future years, if incomes are tied to inflation. This would tend to erode the amount of relief given, and increase property tax collections. This bill would act to keep the level of property tax relief provided to low income households constant through future years.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Although the revenue reduction in each future year would be cumulative (higher in each succeeding year), the impact is assumed to be very small to begin with causing a minimal impact in succeeding years as well.

 DATE 2/12/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 2-13-87
MARY ELLEN CONNELLY, PRIMARY SPONSOR

Fiscal Note for HB714, as introduced.

HB 714

APPROVED BY COMMITTEE
ON TAXATION

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 2 INTRODUCED BY *Connelly, Vincent, Kelly, ...*
 3 *Kodas, Bransford, Walker, Hirsch, Mayhew*
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 9 value.

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 12 value multiplied by a percentage figure based on income and
 13 determined from the following table:

Income		Income	Percentage
Single Person		Married Couple	Multiplier
\$0 - \$1,000		\$0 - \$1,200	0%
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(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate "P" established in subsection (2)(a).

{3}--Until January 1, 1986, the taxable percentage rate "P" for class four property is 8.55%.

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13 existing authority of the department of revenue to make
14 rules on the subject of the provisions of this act is
15 extended to the provisions of this act.

-End-

1 *House* BILL NO. *714*
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 3 *Rodas Ben Lewis Walter Hirsch Hildner*
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(b) The taxable value of property in class four is determined as a function of the certified statewide percentage increase in accordance with the table shown below:

(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 8%. In calculating the percentage increase, the department may not consider changes resulting from new construction, additions, or deletions during calendar year 1985.

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3 (a) Property described in subsection (1)(a) that is
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5 ~~the taxable percentage rate "P" described in 15-6-134,~~
6 3.86% of its market value.

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12 NEW SECTION. Section 3, Extension of authority. Any
13 existing authority of the department of revenue to make
14 rules on the subject of the provisions of this act is
15 extended to the provisions of this act.

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HOUSE BILL NO. 714

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BRANDIEWIE, WALKER, HIRSCH, MAZUREK, E. SMITH

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE AN ADJUSTMENT FOR INFLATION TO THE INCOME REQUIREMENTS APPLICABLE TO THE LOW-INCOME PROPERTY TAX REDUCTION PROVISIONS FOR OWNER-OCCUPIED RESIDENCES; AND AMENDING SECTIONS 15-6-134 AND 15-6-142, MCA."

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2 (ii) The income levels contained in the table in

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13 personal consumption expenditures as published quarterly in

14 the Survey of Current Business by the bureau of economic

15 analysis of the U.S. department of commerce.

16 (c) Property described in subsection (1)(d) is taxed

17 at one-half the taxable percentage rate "P" established in

18 subsection (2)(a).

19 {3}--Until January 17, 1986, the taxable percentage rate

20 "P" for class four property is 8.55%.

21 {4}--Prior to July 17, 1986, the department of revenue

22 shall determine the taxable percentage rate "P" applicable

23 to class four property for the revaluation cycle beginning

24 January 17, 1986, as follows:

25 {a}--The director of the department of revenue shall

1 certify to the governor before July 17, 1986, the percentage

2 by which the appraised value of all property in the state

3 classified under class four as of January 17, 1986, has

4 increased due to the revaluation conducted under 15-7-111.

5 This figure is the certified statewide percentage increase.

6 {b}--The taxable value of property in class four is

7 determined as a function of the certified statewide

8 percentage increase in accordance with the table shown

9 below:

10 {c}--This table limits the statewide increase in

11 taxable valuation resulting from reappraisal to 0% in

12 calculating the percentage increase, the department may not

13 consider changes resulting from new construction, additions,

14 or deletions during calendar year 1985.

15 {d}--The taxable percentage must be calculated by

16 interpolation to coincide with the nearest whole number

17 certified statewide percentage increase from the following

18 table:

19 Certified-Statewide	20 Class-Four-Taxable
21 Percentage-Increase	22 Percentage-"P"
23 0	24 8.55
25 10	26 7.77
27 20	28 7.12
29 30	30 6.57
31 40	32 6.10

300 2-13

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

{6}{(4)} Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

Section 2. Section 15-6-142, MCA, is amended to read:

"15-6-142. Class twelve property -- description -- 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;

(b) the first \$35,000 or less of the market value of a trailer or mobile home used as a residence and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources including otherwise tax-exempt income of all types is not more than \$10,000 for a single person or

1 \$12,000 for a married couple, as adjusted according to
2 15-6-134(2)(b)(ii).

3 (2) Class twelve property is taxed as follows:

4 (a) Property described in subsection (1)(a) that is
5 not of the type described in subsection (1)(b) is taxed at
6 ~~the-taxable-percentage-rate--"P",--described--in--15-6-134,~~
7 3.86% of its market value.

8 (b) Property described in subsection (1)(b) is taxed
9 ~~at the-taxable-percentage-rate--"P",--described--in--15-6-134,~~
10 3.86% of its market value multiplied by a percentage figure
11 based on income and determined from the table established in
12 subsection (2)(b)(i) of 15-6-134."

13 NEW SECTION. Section 3. Extension of authority. Any
14 existing authority of the department of revenue to make
15 rules on the subject of the provisions of this act is
16 extended to the provisions of this act.

-End-