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.

House BILL NO. 714

INTRODUCED BY Connelly Vincent [illegible] Kadas Brown Lewis Walker Hirsch Menguel 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."

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:

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

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

(c) the first $35,000 or less of the market value of any improvement on real property and appurtenant land not exceeding 5 acres owned or under contract for deed 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 $12,000 for a married couple<u>, as adjusted</u>

<u>according to subsection (2)(b)(ii)</u>;

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

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a) and (1)(b) is taxed at ~~the-taxable-percentage--rate--"P"~~ <u>3.86%</u> of its market value.

(b) <u>(i)</u> 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 determined from the following table:

Income Single Person	Income Married Couple	Percentage Multiplier
$0 - $1,000	$0 - $1,200	0%
1,001 - 2,000	1,201 - 2,400	10%
2,001 - 3,000	2,401 - 3,600	20%
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5,001 - 6,000	6,001 - 7,200	50%
6,001 - 7,000	7,201 - 8,400	60%
7,001 - 8,000	8,401 - 9,600	70%
8,001 - 9,000	9,601 - 10,800	80%
9,001 - 10,000	10,801 - 12,000	90%

INTRODUCED BILL
HB-714

(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.~~

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LC 1141/01

~~(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 $12,000 for a married couple, as adjusted according to

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

(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",--described--in--15-6-134,~~ 3.86% of its market value.

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

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

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

Mary Ellen Connelly DATE 2-13-87
MARY ELLEN CONNELLY, PRIMARY SPONSOR

Fiscal Note for HB714, as introduced.

HB 714

APPROVED BY COMMITTEE
ON TAXATION

House BILL NO. 714

INTRODUCED BY Connelly Vincent Halligan Kadas Brandewie Walker Hirsch Menzel 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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according to subsection (2)(b)(ii);

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SECOND READING
HB-714

(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:

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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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THIRD READING

HB-714

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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 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 Percentage Increase~~	~~Class Four Taxable Percentage "P"~~
~~0~~	~~8.55~~
~~10~~	~~7.77~~
~~20~~	~~7.12~~
~~30~~	~~6.57~~
~~40~~	~~6.10~~

~~50~~	~~5.70~~
~~60~~	~~5.34~~
~~70~~	~~5.02~~
~~80~~	~~4.75~~
~~90~~	~~4.50~~
~~100~~	~~4.27~~
~~110~~	~~4.07~~
~~120~~	~~3.88~~
~~130~~	~~3.71~~
~~140~~	~~3.56~~
~~150~~	~~3.42~~
~~160~~	~~3.28~~
~~170~~	~~3.16~~
~~180~~	~~3.05~~
~~190~~	~~2.94~~
~~200~~	~~2.85~~
~~210~~	~~2.75~~
~~220~~	~~2.67~~
~~230~~	~~2.59~~
~~240~~	~~2.51~~
~~250~~	~~2.44~~
~~260~~	~~2.37~~
~~270~~	~~2.31~~
~~280~~	~~2.25~~
~~290~~	~~2.19~~
~~300~~	~~2.13~~

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

~~(6)~~<u>(4)</u> 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

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

(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",--described--in--15-6-134,~~ 3.86% of its market value.

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

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

-End-