

HB 807 INTRODUCED BY COHEN
PLACE MANUFACTURING MACHINERY AND EQUIPMENT WITH
COMMERCIAL PROPERTY

2/17 INTRODUCED
2/17 REFERRED TO TAXATION
2/17 FISCAL NOTE REQUESTED
2/24 FISCAL NOTE RECEIVED
3/03 HEARING
3/17 TABLED IN COMMITTEE

1 House BILL NO. 807
2 INTRODUCED BY [Signature]

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING
5 MANUFACTURING MACHINERY AND EQUIPMENT FROM CLASS EIGHT TO
6 CLASS TWENTY FOR PROPERTY TAXATION PURPOSES; PROVIDING FOR
7 COORDINATION WITH THE CREATION OF A CLASS TWENTY FOR
8 COMMERCIAL PROPERTY; AND AMENDING SECTION 15-6-138, MCA."

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

11 Section 1. Section 15-6-138, MCA, is amended to read:

12 "15-6-138. Class eight property -- description --
13 taxable percentage. (1) Class eight property includes:

- 14 (a) all agricultural implements and equipment;
- 15 (b) all mining machinery, fixtures, equipment, tools,
16 and supplies except:
- 17 (i) those included in class five; and
- 18 (ii) coal and ore haulers;
- 19 (c) ~~all manufacturing machinery~~, fixtures, equipment,
20 tools, and supplies except those included in class five;
- 21 (d) all trailers up to and including 18,000 pounds
22 maximum gross loaded weight, except those subject to a fee
23 in lieu of property tax;
- 24 (e) aircraft;
- 25 (f) all goods and equipment intended for rent or

1 lease, except goods and equipment specifically included and
2 taxed in another class; and

3 (g) all other machinery except that specifically
4 included in another class.

5 (2) Class eight property is taxed at 11% of its market
6 value."

7 NEW SECTION. Section 2. Class twenty property --
8 description -- taxable percentage. (1) Class twenty property
9 includes:

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

12 (b) all manufacturing machinery and equipment except
13 those included in class five; and

14 (c) all commercial improvements except those
15 specifically included in another class.

16 (2) Except as provided in 15-24-1402 or 15-24-1501,
17 property described in subsection (1) is taxed at 4.71% of
18 its market value.

19 (3) Within the meaning of comparable property as
20 defined in 15-1-101, property assessed as commercial
21 property is comparable only to other property assessed as
22 commercial property and property assessed as noncommercial
23 property is comparable only to other property assessed as
24 noncommercial property.

25 NEW SECTION. Section 3. Extension of authority. Any



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1 existing authority of the department of revenue to make
2 rules on the subject of the provisions of this act is
3 extended to the provisions of this act.

4 NEW SECTION. Section 4. Codification instruction.
5 Section 2 is intended to be codified as an integral part of
6 Title 15, chapter 6, part 1, and the provisions of Title 15,
7 chapter 6, part 1, apply to section 2.

8 NEW SECTION. Section 5. Coordination instruction.
9 This act is effective only if both this act and House Bill
10 No. 515 are passed and approved. If House Bill No. 515 is
11 not passed and approved, this act is void.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB807, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act transferring manufacturing machinery and equipment from class eight to class twenty for property taxation purposes; providing for coordination with the creation of a class twenty for commercial property.

ASSUMPTIONS:

1. The taxable value of the state will be \$1,997,193,000 in FY88 and \$2,024,661,000 in FY89 (REAC).
2. The market value of commercial and industrial property in the state is \$5,151,900,012 (1986, Property Assessment Division).
3. The market value of manufacturing machinery and equipment in the state is \$698,244,718 (1986, Property Assessment Division).

FISCAL IMPACT:

No effect.

Expenditure Impact:

No expenditures beyond those listed for HB515 are expected. (HB515 - \$27,288 in FY88).

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

If the total market value of property being reclassified as class twenty in a given taxing jurisdiction is heavily weighted by manufacturing machinery and equipment then the jurisdiction will lose taxable value. Conversely, if the total value of property being reclassified as class twelve is heavily weighted by commercial and industrial property, then the jurisdiction will gain in taxable value. Hence, the impact on a particular taxing jurisdiction depends on the split between real and personal property.

 DATE 2/24/87

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

 DATE 3/2/87

BEN COHEN, PRIMARY SPONSOR

Fiscal Note for HB807, as introduced.

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