

HB 858 INTRODUCED BY COHEN, ET AL.
MAKING NATIONAL TREE FARM PROGRAM LAND TIMBERLAND
FOR PROPERTY TAX PURPOSES

3/03 INTRODUCED
3/03 REFERRED TO TAXATION
3/03 FISCAL NOTE REQUESTED
3/12 FISCAL NOTE RECEIVED
3/13 HEARING
3/20 COMMITTEE REPORT--BILL NOT PASSED AS AMENDED
3/21 ADVERSE COMMITTEE REPORT ADOPTED 54 41

1
 2 INTRODUCED BY *House* BILL NO. 858
 3 *Charles McCallister, C. Smith, Vincent*
Royce Smith

4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING LAND THAT WAS
 5 INCLUDED IN THE NATIONAL TREE FARM PROGRAM PRIOR TO OCTOBER
 6 1, 1987, TO BE CLASSIFIED AS TIMBERLAND FOR PROPERTY TAX
 7 PURPOSES; AMENDING SECTION 15-6-143, MCA; AND PROVIDING AN
 8 APPLICABILITY DATE."
 9

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

11 Section 1. Section 15-6-143, MCA, is amended to read:
 12 "15-6-143. Class thirteen property -- description --
 13 taxable percentage. (1) Class thirteen property includes all
 14 timberland.

15 (2) Timberland is:

16 (a) contiguous land exceeding 15 acres in one
 17 ownership that is capable of producing timber that can be
 18 harvested in commercial quantity; or

19 (b) land that, prior to October 1, 1987, was included
 20 and remains included in the national tree farm program
 21 sponsored by the American forest council of Washington, D.C.

22 (3) Class thirteen property is taxed at the percentage
 23 rate "P" of the combined appraised value of the standing
 24 timber and grazing productivity of the property.

25 (4) For taxable years beginning January 1, 1986, and

1 thereafter, the taxable percentage rate "P" applicable to
 2 class thirteen property is 30%/B, where B is the certified
 3 statewide percentage increase to be determined by the
 4 department of revenue as provided in subsection (5). The
 5 taxable percentage rate "P" shall be rounded downward to the
 6 nearest 0.01% and shall be calculated by the department
 7 before July 1, 1986.

8 (5) (a) Prior to July 1, 1986, the department shall
 9 determine the certified statewide percentage increase for
 10 class thirteen property using the formula $B = X/Y$, where:

11 (i) X is the appraised value, as of January 1, 1986,
 12 of all property in the state, excluding use changes
 13 occurring during the preceding year, classified under class
 14 thirteen as class thirteen is described in this section; and

15 (ii) Y is the appraised value, as of January 1, 1985,
 16 of all property in the state that, as of January 1, 1986,
 17 would be classified under class thirteen as class thirteen
 18 is described in this section.

19 (b) B shall be rounded downward to the nearest
 20 0.0001%.

21 (6) After July 1, 1986, no adjustment may be made by
 22 the department to the taxable percentage rate "P" until a
 23 valuation has been made as provided in 15-7-111.
 24 (Terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

25 NEW SECTION. Section 2. Applicability. This act



-2- INTRODUCED BILL
 HB-858

LC 1724/01

1 applies to taxable years beginning after December 31, 1987.

2 NEW SECTION. Section 3. Extension of authority. Any
3 existing authority of the department of revenue to make
4 rules on the subject of the provisions of this act is
5 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 HB858, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing land that was included in the national tree farm program prior to October 1, 1987, to be classified as timberland for property tax purposes; amending section 15-6-143, MCA; and providing an applicability date.

ASSUMPTIONS:

1. There are currently 54 ownerships that are in the national tree farm program sponsored by the American Forest Council of Washington, D.C. (Department of Revenue information)
2. Building sites on the tree farm (1 acre) are included as timberland.
3. The loss in taxable value on a statewide basis is \$39,366 in FY89.
4. The proposal is effective for taxable years beginning after December 31, 1987, so there is no impact in FY88.
5. Mill levies: University levy - 6 mills; School Foundation - 45 mills; and the average local levy - 249.
6. The taxable value of the state will be \$2,024,661,000 in FY89 (REAC).

FISCAL IMPACT:Revenues:

	FY88	FY89		
		Current Law	Proposed Law	Difference
University Levy	No Effect	\$ 12,147,966	\$ 12,147,730	(\$ 236)
School Foundation	No Effect	91,109,745	91,107,973	(1,772)
	TOTAL	\$103,257,711	\$103,255,703	(\$ 2,008)

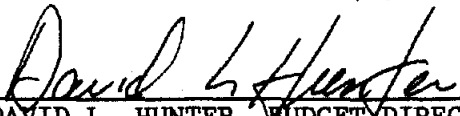
EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

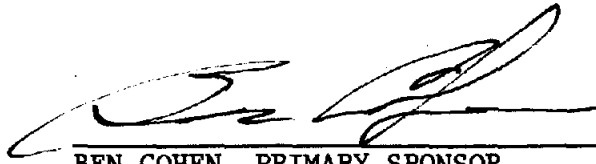
The proposed law would result in a local property tax revenue loss of \$9,802 in FY89.

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

If building sites on the tree farm (1 acre) are not valued as timberland, the loss in taxable value would be reduced to \$28,246 in FY89. The revenue loss would be reduced to:

	FY89
University Levy	\$ 170
School Foundation	1,271
Local Government	7,033
TOTAL	\$8,474


 DATE 3/12/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning


 DATE 3/13/87
 BEN COHEN, PRIMARY SPONSOR

Fiscal Note for HB858, as introduced.

HB 858