



1 House BILL NO. 876  
2 INTRODUCED BY Ramsey Schje  
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR VALUATION  
5 FOR TAX PURPOSES OF NEW AIRCRAFT AND SUPPORTING EQUIPMENT  
6 ACQUIRED BY CERTAIN SCHEDULED AIRLINES; AMENDING SECTION  
7 15-23-403, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY  
8 DATE AND AN IMMEDIATE EFFECTIVE DATE."  
9

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

11 Section 1. Section 15-23-403, MCA, is amended to read:

12 "15-23-403. Determination of value -- exception for  
13 new aircraft and supporting equipment -- notice. (1) The  
14 department of revenue shall determine the full and true  
15 valuation of all property of all airlines operating in this  
16 state or used by every scheduled airline company in air  
17 commerce. This Except as provided in subsection (2), this  
18 valuation may be ascertained by:

19 (a) determining the full and true valuation of all  
20 property owned and operated by every scheduled airline  
21 company; and

22 (b) allocating to the state of Montana from this total  
23 valuation a valuation which represents this state's proper  
24 share of the valuation of the property, through the  
25 application of ratios which are indicated in subsections

1 (8), (9), (10), and (11) of 15-23-402 against the total  
2 valuation.

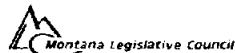
3 (2) For a scheduled airline company operating within  
4 this state whose allocation of valuation within this state,  
5 as determined under subsection (1)(b), is 50% or more, the  
6 department shall determine the valuation of a new aircraft  
7 acquired and new equipment acquired to support that aircraft  
8 at 28% of full and true valuation for the first year after  
9 acquisition. For each succeeding year, the department shall  
10 increase the valuation by 8% over the previous year's  
11 valuation until the valuation equals full and true  
12 valuation.

13 (2)(3) After making such the assessment as provided in  
14 subsection (1) or (2), the department shall give written  
15 notice thereof to the person or persons to whom the  
16 assessment is made."

17 NEW SECTION. Section 2. 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 3. Applicability. This act  
22 applies retroactively, within the meaning of 1-2-109, to  
23 occurrences after December 31, 1986.

24 NEW SECTION. Section 4. Effective date. This act is  
25 effective on passage and approval.



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB876, as introduced.

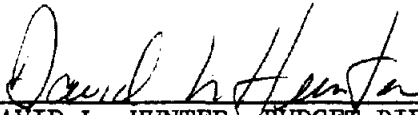
DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for valuation for tax purposes of new aircraft and supporting equipment acquired by certain scheduled airlines and providing a retroactive applicability date and an immediate effective date.

FISCAL IMPACT:

It is not possible to accurately estimate the fiscal impact that the proposed law would have over the FY 88-89 biennium. At present only one scheduled airline company has an allocation of value in this state equal to or greater than 50%. The company affected by this proposal does not acquire new aircraft and maintenance equipment at regular intervals.

Using an allocation factor of 85.61% and an average mill levy of 240 mills, this proposal would reduce state and local property tax revenue by \$17,752 for each \$1,000,000 of market value during the first year of eligibility for the reduced rate of taxation. For each succeeding year, the valuation of the property would be increased by 8% over the previous year's valuation until the valuation equals full and true value.

 DATE 3/19/87  
DAVID L. HUNTER, BUDGET DIRECTOR  
Office of Budget and Program Planning

DATE \_\_\_\_\_  
JACK RAMIREZ, PRIMARY SPONSOR

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**HB 876**

APPROVED BY COMMITTEE  
ON TAXATION

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SECOND READING  
HB-876



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