SB 12 INTRODUCED BY AKLESTAD TAX EXEMPTION FOR PRODUCER-HELD GRAIN

1/02	FISCAL NOTE REQUESTED		
1/05	INTRODUCED		
1/05	REFERRED TO TAXATION		
1/06	HEARING		
1/15	FISCAL NOTE RECEIVED		
	NOT SIGNED BY SPONSOR		
3/06	TABLED IN COMMITTEE		
3/11	TAKEN FROM COMMITTEE	32	18
3/13	2ND READING PASSED	28	22
3/16	3RD READING PASSED	37	13
	TRANSMITTED TO HOUSE		
3/17	REFERRED TO TAXATION		
3/30	HEARING		

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4/07 TABLED IN COMMITTEE

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1	SENATE BILL NO. 12	1	(i) the full and true value of the personal property
2	INTRODUCED BY AKLESTAD	2	is less than \$5,000;
3		3	(ii) the personal property is owned by a business whose
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT PRODUCER-HELD	4	primary business income is from rental or lease of personal
5	GRAIN IN STORAGE FROM PROPERTY TAXATION; AMENDING SECTIONS	5	property to individuals wherein no one customer of the
6	15-6-136 AND 15-6-207, MCA; AND PROVIDING AN IMMEDIATE	6	business accounts for more than 10% of the total rentals or
7	EFFECTIVE DATE AND AN APPLICABILITY DATE."	7	leases during a calendar year; and
8		8	(iii) the lease of the personal property is generally
9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	9	on an hourly, daily, or weekly basis.
10	Section 1. Section 15-6-136, MCA, is amended to read:	10	(2) Class six property is taxed at 4% of its market
11	"15-6-136. Class six property description	11	value."
12	taxable percentage. (1) Class six property includes:	12	Section 2. Section 15-6-207, MCA, is amended to read:
13	(a) livestock, poultry, bees, and other species of	13	"15-6-207. Agricultural exemptions. (1) The following
14	domestic animals and wildlife raised in domestication or a	14	agricultural products are exempt from taxation:
15	captive environment, except for cats, dogs, and other	15	(a) all unprocessed, perishable fruits and vegetables
16	household pets not raised for profit, and the unprocessed	16	in farm storage and owned by the producer;
17	products of such animals and wildlife;	17	(b) all producer-held grain in storage;
18	(b) all unprocessed agricultural products on the farm	18	<pre>(b)(c) all nonperishable unprocessed agricultural</pre>
19	or in storage except:	19	products, except livestock, held in possession of the
20	<u>(i)</u> all perishable fruits and vegetables in farm	20	original producer for less than 7 months following harvest;
21	storage and owned by the producer; and	21	<pre>te)(d) except as provided in subsection tited; (1)(e),</pre>
22	(ii) all producer-held grain in storage;	22	livestock which have not attained the age of 9 months as of
23	(c) items of personal property intended for lease in	23	the last day of any month if assessed on the average
24	the ordinary course of business provided each item of	24	inventory basis or on March 1 if assessed as provided in
25	personal property satisfies all of the following:	25	15-24-911(1)(a); and
	40		-2- INTRODUCED BILL

Montana Legislative Council

INTRODUCED BILL

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1 (d)(e) swine which have not attained the age of 3
2 months as of January 1.

3 (2) Any beet digger, beet topper, beet defoliator, beet thinner, beet cultivator, beet planter, or beet top 4 5 saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if such implement has 6 7 not been used to plant, cultivate, or harvest sugar beets 8 for the 2 years immediately preceding the current assessment 9 date and there are no available sugar beet contracts in the 10 sugar beet grower's marketing area."

11 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 12 existing authority of the department of revenue to make 13 rules on the subject of the provisions of this act is 14 extended to the provisions of this act.

15 <u>NEW SECTION.</u> Section 4. Effective date -applicability. This act is effective on passage and approval
and applies to taxable years beginning after December 31,
18 1986.

-End-

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STATE OF MONTANA - FISCAL NOTE

Form	BD-	15
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In compliance with a written request, there is hereby submitted a Fiscal Note for SB012, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill to exempt producer-held grain in storage from property taxation; amending Sections 15-6-136 and 15-6-207, MCA; and providing an immediate effective date and an applicability date.

ASSUMPTIONS:

- 1. The taxable value of producer-held grain in storage remains constant at the 1986 level of \$6,147,888.
- 2. The total taxable value of the state will be \$1,997,193,000 in FY88 and \$2,024,661,000 in FY89. (REAC)
- 3. Mill levies are 6 mills for the university levy, 45 mills for the school foundation program and the weighted average local government levy for this type of property remains constant at the 1986 level of 164.78.
- Therefore, the total levy for this type of property is 215.78 mills (6 + 45 + 164.78).

4. The proportion of total property tax required for all school funding is 60%.

FISCAL IMPACT:

Expenditures:

N/A

Revenues:

	FY88			·	FY89			
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference		
University Levy	11,983,158	11,946,271	(36,887)	12,147,966	12,111,079	(36,887)		
School Equalization	89,873,685	89,597,030	(276,655)	91,109,745	90,833,090	(276,655)		
Total	101,856,843	101,543,301	(313,542)	103,257,711	102,944,169	(313,542)		

AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The total impact on local government revenues is a reduction of \$1,013,049 (.16478 X 6,147,888) for each year of the biennium. On average 60% of the total property tax is levied for schools. Thus, 60% of the revenue loss or about \$796,000 (.6 X (.314M + 1.013M)) would be lost in school funding. Counties that would be impacted more significantly by this legislation would include the following: Choteau, Daniels, Dawson, Hill, McCone, Pondera and Valley.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION: N/A

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION: N/A

DATE

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

GARY AKLESTAD, PRIMARY SPONSOR

Fiscal Note for SB012, as introduced.

LC 0097/01		Legislature LC 0097/01	50th
		COMMITTEE ON TAXATION	
		MOTION TO MOVE FROM	
		COMMITTEE TO 2ND READING Without recommendation	
(i) the full and true value of the personal property	1	SENATE BILL NO. 12	1
is less than \$5,000;	2	INTRODUCED BY AKLESTAD	2
(ii) the personal property is owned by a business whose	3		3
primary business income is from rental or lease of personal	4	A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT PRODUCER-HELD	4
property to individuals wherein no one customer of the	5	GRAIN IN STORAGE FROM PROPERTY TAXATION; AMENDING SECTIONS	5
business accounts for more than 10% of the total rentals or	6	15-6-136 AND 15-6-207, MCA; AND PROVIDING AN IMMEDIATE	6
leases during a calendar year; and	7	EFFECTIVE DATE AND AN APPLICABILITY DATE."	7
(iii) the lease of the personal property is generally	8		8
on an hourly, daily, or weekly basis.	9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	9
(2) Class six property is taxed at 4% of its market	10	Section 1. Section 15-6-136, MCA, is amended to read:	10
value."	11	"15-6-136. Class six property description	11
Section 2. Section 15-6-207, MCA, is amended to read:	12	taxable percentage. (1) Class six property includes:	12
"15-6-207. Agricultural exemptions. (1) The following	13	(a) livestock, poultry, bees, and other species of	13
agricultural products are exempt from taxation:	14	domestic animals and wildlife raised in domestication or a	14
(a) all unprocessed, perishable fruits and vegetables	15	captive environment, except for cats, dogs, and other	15
in farm storage and owned by the producer;	16	household pets not raised for profit, and the unprocessed	16
(b) all producer-held grain in storage;	17	products of such animals and wildlife;	17
<pre>(b)(c) all nonperishable unprocessed agricultural</pre>	18	(b) all unprocessed agricultural products on the farm	18
products, except livestock, held in possession of the	19	or in storage except <u>:</u>	19
original producer for less than 7 months following harvest;	20	(i) all perishable fruits and vegetables in farm	20
<pre>(d) except as provided in subsection (1)(d) (1)(e),</pre>	21	storage and owned by the producer; and	21
livestock which have not attained the age of 9 months as of	22	(ii) all producer-held grain in storage;	22
the last day of any month if assessed on the average	23	(c) items of personal property intended for lease in	23
inventory basis or on March 1 if assessed as provided in	24	the ordinary course of business provided each item of	24
15-24-911(1)(a); and	25	personal property satisfies all of the following:	25
-2- SECOND READIN		•	
SB·/2			

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(d)(e) swine which have not attained the age of 3
 months as of January 1.

(2) Any beet digger, beet topper, beet defoliator, 3 4 beet thinner, beet cultivator, beet planter, or beet top 5 saver designed exclusively to plant, cultivate, and harvest 6 sugar beets is exempt from taxation if such implement has 7 not been used to plant, cultivate, or harvest sugar beets 8 for the 2 years immediately preceding the current assessment 9 date and there are no available sugar beet contracts in the 10 sugar beet grower's marketing area."

11 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 12 existing authority of the department of revenue to make 13 rules on the subject of the provisions of this act is 14 extended to the provisions of this act.

<u>NEW SECTION.</u> Section 4. Effective date -applicability. This act is effective on passage and approval
and applies to taxable years beginning after December 31,
1986.

-End-

-3-

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16	household pets not raised for profit, and the unprocessed	16	in
17	products of such animals and wildlife;	17	
18	(b) all unprocessed agricultural products on the farm	18	
19	or in storage except:	19	pro
20	(i) all perishable fruits and vegetables in farm	20	ori
21	storage and owned by the producer; and	21	
22	(ii) all producer-held grain in storage;	22	1 i v
23	(c) items of personal property intended for lease in	23	the
24	the ordinary course of business provided each item of	24	iny
25	personal property satisfies all of the following:	25	15-
	Montana Legislative Council		

LC 0097/01

(i) the full and true value of the personal property
 is less than \$5,000;

(ii) the personal property is owned by a business whose
primary business income is from rental or lease of personal
property to individuals wherein no one customer of the
business accounts for more than 10% of the total rentals or
leases during a calendar year; and

8 (iii) the lease of the personal property is generally9 on an hourly, daily, or weekly basis.

10 (2) Class six property is taxed at 4% of its market 11 value."

2 Section 2. Section 15-6-207, MCA, is amended to read:

13 "15-6-207. Agricultural exemptions. (1) The following 14 agricultural products are exempt from taxation:

15 (a) all unprocessed, perishable fruits and vegetables 16 in farm storage and owned by the producer;

(b) all producer-held grain in storage;

18 (b)(c) all nonperishable unprocessed agricultural 19 products, except livestock, held in possession of the 20 original producer for less than 7 months following harvest; 21 (c)(d) except as provided in subsection (1)(c),

22 livestock which have not attained the age of 9 months as of 23 the last day of any month if assessed on the average 24 inventory basis or on March 1 if assessed as provided in

-2-

25 15-24-911(1)(a); and

THIRD READING 58.12

td)(e) swine which have not attained the age of 3
 months as of January 1.

(2) Any best digger, best topper, best defoliator, 3 beet thinner, beet cultivator, beet planter, or beet top 4 saver designed exclusively to plant, cultivate, and harvest 5 sugar beets is exempt from taxation if such implement has 6 7 not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately preceding the current assessment 8 date and there are no available sugar beet contracts in the 9 sugar beet grower's marketing area." 10

11 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 12 existing authority of the department of revenue to make 13 rules on the subject of the provisions of this act is 14 extended to the provisions of this act.

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17 and applies to taxable years beginning after December 31,
18. 1986.

-End-

-3-