

SENATE BILL NO. 272

INTRODUCED BY LYNCH, HAFNEY, QUILICI,
MENAHAN, JACOBSON, HARRINGTON, DAILY

IN THE SENATE

FEBRUARY 3, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
FEBRUARY 20, 1987	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 21, 1987	PRINTING REPORT.
FEBRUARY 23, 1987	SECOND READING, DO PASS.
FEBRUARY 24, 1987	ENGROSSING REPORT.
FEBRUARY 25, 1987	THIRD READING, PASSED. AYES, 50; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 3, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
APRIL 8, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 10, 1987	SECOND READING, CONCURRED IN.
APRIL 11, 1987	THIRD READING, CONCURRED IN. AYES, 89; NOES, 1.
	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 15, 1987

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS
CONCURRED IN.

ON MOTION, RULES SUSPENDED TO PLACE
BILL ON THIRD READING THIS DAY.

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 *Senate* BILL NO. *272*
 2 INTRODUCED BY *Arch Haffey*
 3 *Merihan Jacobson* *Harvington*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT FROM
 5 BENEFICIAL USE TAXATION CERTAIN LANDS AND EASEMENTS OF
 6 ABANDONED RAILROADS ACQUIRED BY THE STATE PURSUANT TO TITLE
 7 60, CHAPTER 11, PART 1; DEFINING "ABANDONMENT"; AMENDING
 8 SECTION 15-24-1203, MCA; AND PROVIDING AN IMMEDIATE
 9 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 NEW SECTION. Section 1. Abandonment defined. For
 13 purposes of this part, "abandonment" means the
 14 relinquishment of property, both real and personal, and the
 15 discontinuance of railroad services. Abandonment may be
 16 accomplished by voluntary act or by formal procedure.

17 Section 2. Section 15-24-1203, MCA, is amended to
 18 read:

19 "15-24-1203. Privilege tax on gainful use of
 20 tax-exempt property -- exceptions. After March 17, 1969,
 21 there is imposed and shall be collected a tax upon the
 22 possession or other beneficial use enjoyed by any private
 23 individual, association, or corporation of any property,
 24 real or personal, which for any reason is exempt from
 25 taxation. No tax may be imposed upon the possession or other

1 beneficial use of buildings owned by public entities and
 2 located upon public airports. However, privately owned
 3 buildings located on such airport property are subject to
 4 tax. No tax shall be imposed upon the possession or other
 5 beneficial use of public lands occupied under the terms of
 6 mineral, timber, or grazing leases or permits issued by the
 7 United States or the state of Montana or upon any easement
 8 unless the lease, permit, or easement entitles the lessee or
 9 permittee to exclusive possession of the premises to which
 10 the lease, permit, or easement relates. The tax shall be
 11 imposed upon the possession or other beneficial use of an
 12 electric transmission line and associated facilities, except
 13 that lines and facilities of a design capacity of less than
 14 500 kilovolts shall not be subject to the tax. The tax
 15 shall be imposed upon the possession or other beneficial use
 16 of railroad property, both real and personal, acquired by
 17 the state pursuant to Title 60, chapter 11, part 1, except
 18 that Class III railroads, as defined by the interstate
 19 commerce commission in 49 CFR, part 1201, with gross annual
 20 operating revenues of less than \$5 million are not subject
 21 to the tax."

22 NEW SECTION. Section 3. Applicability. This act
 23 applies retroactively, within the meaning of 1-2-109, to tax
 24 years beginning after December 31, 1980.

25 NEW SECTION. Section 4. Codification instruction.



1 Section 1 is intended to be codified as an integral part of
2 Title 60, chapter 11, part 1, and the provisions of Title
3 60, chapter 11, part 1, apply to section 1.

4 NEW SECTION. Section 5. Severability. If a part of
5 this act is invalid, all valid parts that are severable from
6 the invalid part remain in effect. If a part of this act is
7 invalid in one or more of its applications, the part remains
8 in effect in all valid applications that are severable from
9 the invalid applications.

10 NEW SECTION. Section 6. Extension of authority. Any
11 existing authority of the department of revenue and the
12 department of commerce to make rules on the subject of the
13 provisions of this act is extended to the provisions of this
14 act.

15 NEW SECTION. Section 7. Effective date. This act is
16 effective on passage and approval.

-End-

APPROVED BY COMM. ON
BUSINESS & INDUSTRY

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25 real or personal, which for any reason is exempt from

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2 beneficial use of buildings owned by public entities and
3 located upon public airports. However, privately owned
4 buildings located on such airport property are subject to
5 tax. No tax shall be imposed upon the possession or other
6 beneficial use of public lands occupied under the terms of
7 mineral, timber, or grazing leases or permits issued by the
8 United States or the state of Montana or upon any easement
9 unless the lease, permit, or easement entitles the lessee or
10 permittee to exclusive possession of the premises to which
11 the lease, permit, or easement relates. The tax shall be
12 imposed upon the possession or other beneficial use of an
13 electric transmission line and associated facilities, except
14 that lines and facilities of a design capacity of less than
15 500 kilovolts shall not be subject to the tax. The tax
16 shall be imposed upon the possession or other beneficial use
17 of railroad property, both real and personal, acquired by
18 the state pursuant to Title 60, chapter 11, part 1, except
19 that ~~Class-III~~ railroads, as defined by the interstate
20 commerce--commission in 49-CFR, part 1201, with gross annual
21 operating revenues of less than \$5 \$1 million THAT ARE
22 DEVOTED SOLELY TO TOURISM PROMOTION are not subject to the
23 tax."

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14 that lines and facilities of a design capacity of less than
15 500 kilovolts shall not be subject to the tax. The tax
16 shall MAY NOT be imposed upon the possession or other
17 beneficial use of railroad property, both real and personal,
18 RIGHT-OF-WAY OR TRACK acquired by the state pursuant to
19 Title 60, chapter 11, part 1, except that Class-III
20 railroads, as defined by the interstate commerce commission
21 in 49-CFR, part 1201, with gross annual operating revenues
22 of less than \$5 \$1 million THAT ARE DEVOTED SOLELY TO
23 TOURISM PROMOTION are not subject to the tax AS LONG AS THE
24 STATE RETAINS OWNERSHIP AND THE RIGHT-OF-WAY AND TRACK IS
25 USED EXCLUSIVELY FOR RAIL TRANSPORTATION."

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STANDING COMMITTEE REPORT

HOUSE

APRIL 7

19 87

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 272

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

Ramirez

Representative Jack Ramirez, Chairman

Be amended as follows:

1. Page 2, line 16
Strike: "shall"
Insert: "may not"
2. Page 2, line 17
Following: "railroad"
Strike: "property, both real and personal"
Insert: "right-of-way or track"
3. Page 2, lines 18 through 23
Following: "part 1," on line 18
Strike: remainder of line 18 through "tax" on line 23
Insert: "as long as the state retains ownership and the right-of-way and track is used exclusively for rail transportation"

MSW
MS