

SB 378 INTRODUCED BY SMITH, E., DEVLIN, SEVERSON, ET AL.
CLARIFYING STANDARD OF VALUE IN ASSESSING CERTAIN
PROPERTY

2/19	INTRODUCED		
2/19	REFERRED TO TAXATION		
2/21	HEARING		
2/21	COMMITTEE REPORT--BILL PASSED		
2/21	FISCAL NOTE REQUESTED		
2/24	2ND READING PASSED	50	0
2/25	3RD READING PASSED	50	0
	TRANSMITTED TO HOUSE		
3/03	REFERRED TO TAXATION		
3/05	FISCAL NOTE RECEIVED		
3/26	HEARING		
4/07	TABLED IN COMMITTEE		

1 *Senate* BILL NO. *378*
 2 INTRODUCED BY *E. Smith, Dublin, Samson, Kest, Hirsch, Hoffman, Nelson, Farrell, Hammond, Gilliant, Hirsch, Hoffman, Nelson, Farrell, Hammond, Beek, Diament, Ferguson, Boyle, Redberg, Lynch*
 3 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE STANDARD
 4 OF VALUE USED IN ASSESSING CERTAIN PROPERTY; AMENDING
 5 SECTION 15-8-111, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
 6 DATE." *McCallum, Meyer, Capper, Givens*
 7 ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 8 Section 1. Section 15-8-111, MCA, is amended to read:
 9 "15-8-111. Assessment -- market value standard --
 10 exceptions. (1) All taxable property must be assessed at
 11 100% of its market value except as provided in subsection
 12 (5) of this section and in 15-7-111 through 15-7-114.
 13 (2) (a) Market value is the value at which property
 14 would change hands between a willing buyer and a willing
 15 seller, neither being under any compulsion to buy or to sell
 16 and both having reasonable knowledge of relevant facts.
 17 (b) Except as provided in subsection (3), the market
 18 value of all motor trucks; agricultural tools, implements,
 19 and machinery; and vehicles of all kinds, including but not
 20 limited to aircraft and boats and all watercraft, is the
 21 average wholesale value shown in national appraisal guides
 22 and manuals or the value of the vehicle before
 23 reconditioning and profit margin. The department of revenue
 24 shall prepare valuation schedules showing the average
 25 wholesale value when no national appraisal guide exists.
 (3) The department of revenue or its agents may not
 adopt a lower or different higher standard of value from
 market value in making the official assessment and appraisal
 of the value of property in 15-6-134 through 15-6-140 and
 15-6-145 through 15-6-149, except:
 (a) the wholesale value for agricultural implements
 and machinery is the loan value as shown in the Official
 Guide, Tractor and Farm Equipment, published by the national
 farm and power equipment dealers association, St. Louis,
 Missouri; and
 (b) for agricultural implements and machinery not
 listed in the official guide, the department shall prepare a
 supplemental manual where the values reflect the same
 depreciation as those found in the official guide.
 (4) For purposes of taxation, assessed value is the
 same as appraised value.
 (5) The taxable value for all property in classes four
 through eleven and fifteen through nineteen is the
 percentage of market value established for each class of
 property in 15-6-134 through 15-6-141 and 15-6-145 through
 15-6-149.
 (6) The assessed value of properties in 15-6-131
 through 15-6-133 is as follows:



-2- INTRODUCED BILL SB-378

1 (a) Properties in 15-6-131, under class one, are
2 assessed at 100% of the annual net proceeds after deducting
3 the expenses specified and allowed by 15-23-503.

4 (b) Properties in 15-6-132, under class two, are
5 assessed at 100% of the annual gross proceeds.

6 (c) Properties in 15-6-133, under class three, are
7 assessed at 100% of the productive capacity of the lands
8 when valued for agricultural purposes. All lands that meet
9 the qualifications of 15-7-202 are valued as agricultural
10 lands for tax purposes.

11 (d) Properties in 15-6-143, under class thirteen, are
12 assessed at 100% of the combined appraised value of the
13 standing timber and grazing productivity of the land when
14 valued as timberland.

15 (7) Land and the improvements thereon are separately
16 assessed when any of the following conditions occur:

17 (a) ownership of the improvements is different from
18 ownership of the land;

19 (b) the taxpayer makes a written request; or

20 (c) the land is outside an incorporated city or town.

21 (8) The taxable value of all property in 15-6-131 and
22 classes two, three, and thirteen is the percentage of
23 assessed value established in 15-6-131(2), 15-6-132,
24 15-6-133, and 15-6-143 for each class of property.
25 (Subsections (3)(a) and (3)(b) applicable to tax years

1 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
2 Subsection (6)(d) and references in (8) to class thirteen
3 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
4 1985.)"

5 NEW SECTION. Section 2. Extension of authority. Any
6 existing authority of the department of revenue to make
7 rules on the subject of the provisions of this act is
8 extended to the provisions of this act.

9 NEW SECTION. Section 3. Effective date. This act is
10 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB378, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act clarifying the standard of value used in assessing certain property; amending section 15-8-111, MCA; and providing an immediate effective date.

ASSUMPTIONS:

1. The proposal would not change the current appraisal methodology employed by the Department of Revenue.
2. A base year would still be selected for the reappraisal cycle.
3. The proposal would not include annual appraisals. The 5 year appraisal cycle would continue.

FISCAL IMPACT:

The proposal will not affect property tax revenues.

David L. Hunter DATE 2/26/87

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

Ed Smith DATE 3-4-87

ED SMITH, PRIMARY SPONSOR

Fiscal Note for SB378, as introduced.

SB 378

APPROVED BY COMMITTEE
ON TAXATION

1 Senate BILL NO. 378
 2 INTRODUCED BY *E. Smith, Dublin, Samson, Chalkley, Kest, Street, Hirsch, Hoffman, Nelson, Farrell, Hammond*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE STANDARD
 5 OF VALUE USED IN ASSESSING CERTAIN PROPERTY; AMENDING
 6 SECTION 15-8-111, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
 7 DATE." *AKKLEIAN, McCallum, Meyer, Capper, Gandy, Nelson, Dwyer, Johnson, Ellison, Beck, Dismonts, Ferguson, Boyle, Redberg, Smith*
 8 ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 9
 10 Section 1. Section 15-8-111, MCA, is amended to read:
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 12 exceptions. (1) All taxable property must be assessed at
 13 100% of its market value except as provided in subsection
 14 (5) of this section and in 15-7-111 through 15-7-114.
 15 (2) (a) Market value is the value at which property
 16 would change hands between a willing buyer and a willing
 17 seller, neither being under any compulsion to buy or to sell
 18 and both having reasonable knowledge of relevant facts.
 19 (b) Except as provided in subsection (3), the market
 20 value of all motor trucks; agricultural tools, implements,
 21 and machinery; and vehicles of all kinds, including but not
 22 limited to aircraft and boats and all watercraft, is the
 23 average wholesale value shown in national appraisal guides
 24 and manuals or the value of the vehicle before
 25 reconditioning and profit margin. The department of revenue

1 shall prepare valuation schedules showing the average
 2 wholesale value when no national appraisal guide exists.
 3 (3) The department of revenue or its agents may not
 4 adopt a lower or different higher standard of value from
 5 market value in making the official assessment and appraisal
 6 of the value of property in 15-6-134 through 15-6-140 and
 7 15-6-145 through 15-6-149, except:
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 13 (b) for agricultural implements and machinery not
 14 listed in the official guide, the department shall prepare a
 15 supplemental manual where the values reflect the same
 16 depreciation as those found in the official guide.
 17 (4) For purposes of taxation, assessed value is the
 18 same as appraised value.
 19 (5) The taxable value for all property in classes four
 20 through eleven and fifteen through nineteen is the
 21 percentage of market value established for each class of
 22 property in 15-6-134 through 15-6-141 and 15-6-145 through
 23 15-6-149.
 24 (6) The assessed value of properties in 15-6-131
 25 through 15-6-133 is as follows:

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3 the expenses specified and allowed by 15-23-503.

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5 assessed at 100% of the annual gross proceeds.

6 (c) Properties in 15-6-133, under class three, are
7 assessed at 100% of the productive capacity of the lands
8 when valued for agricultural purposes. All lands that meet
9 the qualifications of 15-7-202 are valued as agricultural
10 lands for tax purposes.

11 (d) Properties in 15-6-143, under class thirteen, are
12 assessed at 100% of the combined appraised value of the
13 standing timber and grazing productivity of the land when
14 valued as timberland.

15 (7) Land and the improvements thereon are separately
16 assessed when any of the following conditions occur:

17 (a) ownership of the improvements is different from
18 ownership of the land;

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8 extended to the provisions of this act.

9 NEW SECTION. Section 3. Effective date. This act is
10 effective on passage and approval.

-End-

1 Senate BILL NO. 378
 2 INTRODUCED BY E. Smith, Rep. Samsom, Rep. [unclear] [unclear]
 3 [unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
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 5 OF VALUE USED IN ASSESSING CERTAIN PROPERTY; AMENDING
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 7 DATE." [unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
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