

HOUSE BILL NO. 90  
INTRODUCED BY EUDAILY

IN THE HOUSE

JANUARY 6, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
JANUARY 18, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
JANUARY 19, 1989	PRINTING REPORT.
JANUARY 20, 1989	SECOND READING, DO PASS.
JANUARY 21, 1989	ENGROSSING REPORT.
JANUARY 23, 1989	THIRD READING, PASSED. AYES, 71; NOES, 26.
	TRANSMITTED TO SENATE.

IN THE SENATE

JANUARY 25, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE, LIVESTOCK & IRRIGATION.
	FIRST READING.
FEBRUARY 13, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
FEBRUARY 14, 1989	POSTED ON CONSENT CALENDAR.
	OBJECTION FILED AND BILL PLACED ON SECOND READING.
FEBRUARY 27, 1989	SECOND READING, CONCURRED IN.
MARCH 1, 1989	THIRD READING, CONCURRED IN. AYES, 26; NOES, 20.
	RETURNED TO HOUSE.

MARCH 2, 1989

IN THE HOUSE

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 90  
2 INTRODUCED BY Endsley  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM PROPERTY  
5 TAXATION ALL HARNESS, SADDLERY, AND OTHER TACK EQUIPMENT  
6 USED SOLELY FOR RECREATIONAL PURPOSES; AMENDING SECTIONS  
7 15-6-146 AND 15-6-201, MCA; AND PROVIDING AN IMMEDIATE  
8 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 15-6-146, MCA, is amended to read:

12 "15-6-146. Class sixteen property -- description --  
13 taxable percentage. (1) Class sixteen property includes:

14 (a) harness, saddlery, and other tack equipment not  
15 exempt under 15-6-201;

16 (b) all other property used for noncommercial purposes  
17 which is not real property or an improvement to real  
18 property and which is not included in another class or  
19 exempt from taxation under Title 15, chapter 6, part 2.

20 (2) Class sixteen property is taxed at 11% of its  
21 market value."

22 **Section 2.** Section 15-6-201, MCA, is amended to read:

23 "15-6-201. Exempt categories. (1) The following  
24 categories of property are exempt from taxation:

25 (a) the property of:

1 (i) the United States, the state, counties, cities,  
2 towns, school districts, except, if congress passes  
3 legislation that allows the state to tax property owned by  
4 an agency created by congress to transmit or distribute  
5 electrical energy, the property constructed, owned, or  
6 operated by a public agency created by the congress to  
7 transmit or distribute electric energy produced at privately  
8 owned generating facilities (not including rural electric  
9 cooperatives);

10 (ii) irrigation districts organized under the laws of  
11 Montana and not operating for profit;

12 (iii) municipal corporations; and

13 (iv) public libraries;

14 (b) buildings, with land they occupy and furnishings  
15 therein, owned by a church and used for actual religious  
16 worship or for residences of the clergy, together with  
17 adjacent land reasonably necessary for convenient use of  
18 such buildings;

19 (c) property used exclusively for agricultural and  
20 horticultural societies, for educational purposes, and for  
21 nonprofit health care facilities, as defined in 50-5-101,  
22 licensed by the department of health and environmental  
23 sciences and organized under Title 35, chapter 2 or 3. A  
24 health care facility that is not licensed by the department  
25 of health and environmental sciences and organized under

1 Title 35, chapter 2 or 3, is not exempt.  
 2 (d) property that meets the following conditions:  
 3 (i) is owned and held by any association or  
 4 corporation organized under Title 35, chapter 2, 3, 20, or  
 5 21;  
 6 (ii) is devoted exclusively to use in connection with a  
 7 cemetery or cemeteries for which a permanent care and  
 8 improvement fund has been established as provided for in  
 9 Title 35, chapter 20, part 3; and  
 10 (iii) is not maintained and operated for private or  
 11 corporate profit;  
 12 (e) institutions of purely public charity;  
 13 (f) evidence of debt secured by mortgages of record  
 14 upon real or personal property in the state of Montana;  
 15 (g) public art galleries and public observatories not  
 16 used or held for private or corporate profit;  
 17 (h) all household goods and furniture, including but  
 18 not limited to clocks, musical instruments, sewing machines,  
 19 and wearing apparel of members of the family, used by the  
 20 owner for personal and domestic purposes or for furnishing  
 21 or equipping the family residence;  
 22 (i) a truck canopy cover or topper weighing less than  
 23 300 pounds and having no accommodations attached. Such  
 24 property is also exempt from taxation under 61-3-504(2) and  
 25 61-3-537.

1 (j) a bicycle, as defined in 61-1-123, used by the  
 2 owner for personal transportation purposes;  
 3 (k) motor homes, travel trailers, and campers;  
 4 (l) all watercraft;  
 5 (m) land, fixtures, buildings, and improvements owned  
 6 by a cooperative association or nonprofit corporation  
 7 organized to furnish potable water to its members or  
 8 customers for uses other than the irrigation of agricultural  
 9 land;  
 10 (n) the right of entry that is a property right  
 11 reserved in land or received by mesne conveyance (exclusive  
 12 of leasehold interests), devise, or succession to enter land  
 13 whose surface title is held by another to explore, prospect,  
 14 or dig for oil, gas, coal, or minerals;  
 15 (o) property owned and used by a corporation or  
 16 association organized and operated exclusively for the care  
 17 of the developmentally disabled, mentally ill, or  
 18 vocationally handicapped as defined in 18-5-101, which is  
 19 not operated for gain or profit;  
 20 (p) all farm buildings with a market value of less  
 21 than \$500 and all agricultural implements and machinery with  
 22 a market value of less than \$100; and  
 23 (q) harness, saddlery, and other tack equipment used  
 24 solely for recreational purposes and not for farm, ranch, or  
 25 rental purposes; and

1        ~~†q†r~~ property owned by a nonprofit corporation  
 2 organized to provide facilities primarily for training and  
 3 practice for or competition in international sports and  
 4 athletic events and not held or used for private or  
 5 corporate gain or profit. For purposes of this subsection  
 6 ~~††††q†~~ (1)(r), "nonprofit corporation" means an organization  
 7 exempt from taxation under section 501(c) of the Internal  
 8 Revenue Code and incorporated and admitted under the Montana  
 9 Nonprofit Corporation Act.

10        (2) (a) The term "institutions of purely public  
 11 charity" includes organizations owning and operating  
 12 facilities for the care of the retired or aged or  
 13 chronically ill, which are not operated for gain or profit.

14        (b) The terms "public art galleries" and "public  
 15 observatories" include only those art galleries and  
 16 observatories, whether of public or private ownership, that  
 17 are open to the public without charge at all reasonable  
 18 hours and are used for the purpose of education only.

19        (3) The following portions of the appraised value of a  
 20 capital investment made after January 1, 1979, in a  
 21 recognized nonfossil form of energy generation, as defined  
 22 in 15-32-102, are exempt from taxation for a period of 10  
 23 years following installation of the property:

24        (a) \$20,000 in the case of a single-family residential  
 25 dwelling;

1        (b) \$100,000 in the case of a multifamily residential  
 2 dwelling or a nonresidential structure. (Subsection (1)(c)  
 3 applicable to taxable years beginning after December 31,  
 4 1987--sec. 4, Ch. 455, L. 1987.)"

5        NEW SECTION. **Section 3.** Extension of authority. Any  
 6 existing authority to make rules on the subject of the  
 7 provisions of [this act] is extended to the provisions of  
 8 [this act].

9        NEW SECTION. **Section 4.** Effective date -- retroactive  
 10 applicability. [This act] is effective on passage and  
 11 approval and applies retroactively, within the meaning of  
 12 1-2-109, to taxable years beginning after December 31, 1988.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB090, as introducedDESCRIPTION OF PROPOSED LEGISLATION:

An act exempting from property taxation all harness, saddlery, and other tack equipment used solely for recreational purposes; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

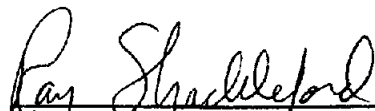
1. The taxable value of the state will be \$1,899,969,000 in FY 90 and \$1,869,831,000 in FY 91 (REAC).
2. The taxable value of all harness, saddlery, and other tack equipment is \$305,319 in tax year 1988 and is assumed constant in future years under current law.
3. It is assumed that all harness, saddlery, and other tack equipment will be declared recreational. The maximum impact of the proposal is estimated.
4. Mill levies are 6 mills for universities and 45 mills for the school foundation program. The average county and school levy for the all harness, saddlery, and other tack equipment is 197 mills.
5. The proposed legislation applies retroactively to taxable years beginning after December 31, 1988. Personal property of this type is assessed and the tax payable in the first six months after the January 1 assessment date in any assessment year. The fiscal impact portrayed in this note would first be felt in FY89.

FISCAL IMPACT:

Revenue Impact:	FY '90			FY '91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	11,400,000	11,398,168	(1,832)	11,219,000	11,217,168	(1,832)
School Equalization	85,499,000	85,485,261	(13,739)	84,142,000	84,128,261	(13,739)
Total	96,899,000	96,883,429	(15,571)	95,361,000	95,345,429	(15,571)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The maximum impact of the proposal is estimated to be a reduction to county and local school district revenues of \$60,000. Cities and Towns are expected to have a maximum reduction of \$367.

 1/12/89  
 RAY SHACKLEFORD, DIRECTOR DATE  
 Office of Budget and Program Planning

  
 RALPH S. EUDAILY, PRIMARY SPONSOR DATE

Fiscal Note for HB090, as introduced**HB 90**

APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 90

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A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM PROPERTY TAXATION ALL HARNESS, SADDLERY, AND OTHER TACK EQUIPMENT USED--SOLELY--FOR--RECREATIONAL--PURPOSES; AMENDING SECTIONS 15-6-146 AND 15-6-201, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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~~{b}~~ all other property used for noncommercial purposes which is not real property or an improvement to real property and which is not included in another class or exempt from taxation under Title 15, chapter 6, part 2.

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

**Section 2.** Section 15-6-201, MCA, is amended to read:

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(a) the property of:

(i) the United States, the state, counties, cities, towns, school districts, except, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, the property constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);

(ii) irrigation districts organized under the laws of Montana and not operating for profit;

(iii) municipal corporations; and

(iv) public libraries;

(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of health and environmental sciences and organized under

1 Title 35, chapter 2 or 3, is not exempt.

2 (d) property that meets the following conditions:

3 (i) is owned and held by any association or  
4 corporation organized under Title 35, chapter 2, 3, 20, or  
5 21;

6 (ii) is devoted exclusively to use in connection with a  
7 cemetery or cemeteries for which a permanent care and  
8 improvement fund has been established as provided for in  
9 Title 35, chapter 20, part 3; and

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11 corporate profit;

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15 (g) public art galleries and public observatories not  
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24 solely for recreational purposes and not for farm, ranch, or  
25 rental purposes; and

1        ~~tq}{r}~~ property owned by a nonprofit corporation  
 2 organized to provide facilities primarily for training and  
 3 practice for or competition in international sports and  
 4 athletic events and not held or used for private or  
 5 corporate gain or profit. For purposes of this subsection  
 6 ~~t}{tq}~~ (1)(f), "nonprofit corporation" means an organization  
 7 exempt from taxation under section 501(c) of the Internal  
 8 Revenue Code and incorporated and admitted under the Montana  
 9 Nonprofit Corporation Act.

10        (2) (a) The term "institutions of purely public  
 11 charity" includes organizations owning and operating  
 12 facilities for the care of the retired or aged or  
 13 chronically ill, which are not operated for gain or profit.

14        (b) The terms "public art galleries" and "public  
 15 observatories" include only those art galleries and  
 16 observatories, whether of public or private ownership, that  
 17 are open to the public without charge at all reasonable  
 18 hours and are used for the purpose of education only.

19        (3) The following portions of the appraised value of a  
 20 capital investment made after January 1, 1979, in a  
 21 recognized nonfossil form of energy generation, as defined  
 22 in 15-32-102, are exempt from taxation for a period of 10  
 23 years following installation of the property:

24        (a) \$20,000 in the case of a single-family residential  
 25 dwelling;

1        (b) \$100,000 in the case of a multifamily residential  
 2 dwelling or a nonresidential structure. (Subsection (1)(c)  
 3 applicable to taxable years beginning after December 31,  
 4 1987--sec. 4, Ch. 455, L. 1987.)"

5        NEW SECTION. **Section 3.** Extension of authority. Any  
 6 existing authority to make rules on the subject of the  
 7 provisions of [this act] is extended to the provisions of  
 8 [this act].

9        NEW SECTION. **Section 4.** Effective date -- retroactive  
 10 applicability. [This act] is effective on passage and  
 11 approval and applies retroactively, within the meaning of  
 12 1-2-109, to taxable years beginning after December 31, 1988.

-End-