

HOUSE BILL 475

Introduced by Cohen, et al.

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|------|--|
| 1/27 | Introduced |
| 1/28 | Referred to Taxation |
| 1/30 | Fiscal Note Requested |
| 2/06 | Fiscal Note Received |
| 2/08 | Fiscal Note Printed |
| 3/10 | Hearing |
| 3/28 | Committee Report--Bill Passed as Amended |
| 3/29 | 2nd Reading Passed |
| 3/30 | 3rd Reading Passed |

Transmitted to Senate

| | |
|------|----------------------|
| 3/31 | Referred to Taxation |
| 4/05 | Hearing |
| | Died in Committee |

1 *House* BILL NO. *475* *Whalen*
 2 INTRODUCED BY *Carl E. Cole Nancy Vincent Stager*
 3 *Rearn Kadas Steele Jean Hansen Grant Aldy Moore*
 4 A BILL FOR AN ACT ENTITLED, "AN ACT GENERALLY REVISING THE
 5 CLASSIFICATION OF PROPERTY FOR PROPERTY TAX PURPOSES;
 6 EXEMPTING 50 PERCENT OF THE FIRST \$40,000 OR LESS OF MARKET
 7 VALUE OF SINGLE-FAMILY RESIDENCES OF MONTANA RESIDENTS FROM
 8 PROPERTY TAXATION; EXEMPTING LIVESTOCK, AGRICULTURAL
 9 PRODUCTS, AND CERTAIN OTHER PROPERTY FROM PROPERTY TAXATION;
 10 PROVIDING A PER CAPITA TAX ON LIVESTOCK AND A PENALTY FOR
 11 FAILURE TO FILE A REPORT; REVISING LOCAL GOVERNMENT BONDING,
 12 DEBT LIMITS, AND CLASSIFICATION PROVISIONS; AMENDING
 13 INITIATIVE MEASURE NO. 105 FOR THE 1989 TAX YEAR TO ALLOW AN
 14 INCREASE IN TAX LIABILITY IF THERE IS AT LEAST A 5 PERCENT
 15 DECREASE IN TAXABLE VALUATION FROM THE 1986 TAX YEAR;
 16 AMENDING SECTIONS 7-1-2111, 7-3-1321, 7-6-2211, 7-6-4121,
 17 7-6-4254, 7-7-107, 7-7-108, 7-7-2101, 7-7-2203, 7-7-4201,
 18 7-7-4202, 7-13-4103, 7-14-236, 7-14-2524, 7-14-2525,
 19 7-14-4402, 7-16-2327, 7-16-4104, 7-31-106, 7-31-107,
 20 7-34-2131, 15-1-101, 15-6-133 THROUGH 15-6-136, 15-6-147,
 21 15-6-201, 15-6-207, 15-8-111, 15-8-201, 15-8-205, 15-8-405,
 22 15-8-706, 15-10-402, 15-10-412, 15-16-611, 15-16-613,
 23 15-24-301, 15-24-302, 15-24-921, 15-24-925, 15-24-1102,
 24 15-24-1103, 19-11-503, 19-11-504, 20-9-406, 20-9-407,
 25 20-9-502, 81-7-111, 81-7-114, 81-7-120 THROUGH 81-7-122,

1 81-7-303, 81-7-305, 81-8-804, AND 85-7-2001, MCA; REPEALING
 2 SECTIONS 15-6-137 THROUGH 15-6-140, 15-6-142, 15-6-144,
 3 15-6-146, 15-10-401 THROUGH 15-10-412, 15-24-901 THROUGH
 4 15-24-906, 15-24-908 THROUGH 15-24-911, 15-24-926,
 5 15-24-931, 15-24-941 THROUGH 15-24-943, AND 81-7-118, MCA;
 6 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND APPLICABILITY
 7 DATES."

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 7-1-2111, MCA, is amended to read:
 11 "7-1-2111. **Classification of counties.** (1) For the
 12 purpose of regulating the compensation and salaries of all
 13 county officers, not otherwise provided for, and for fixing
 14 the penalties of officers' bonds, the several counties of
 15 this state shall be classified according to that percentage
 16 of the true and full valuation of the property therein upon
 17 which the tax levy is made, except for vehicles subject to
 18 taxation under 61-3-504(2), as follows:

19 (a) first class--all counties having such a taxable
 20 valuation of \$50 million or over;

21 (b) second class--all counties having such a taxable
 22 valuation of more than \$30 million and less than \$50
 23 million;

24 (c) third class--all counties having such a taxable
 25 valuation of more than \$20 million and less than \$30

1 million;

2 (d) fourth class--all counties having such a taxable
3 valuation of more than \$15 million and less than \$20
4 million;

5 (e) fifth class--all counties having such a taxable
6 valuation of more than \$10 million and less than \$15
7 million;

8 (f) sixth class--all counties having such a taxable
9 valuation of more than \$5 million and less than \$10 million;

10 (g) seventh class--all counties having such a taxable
11 valuation of less than \$5 million.

12 (2) As used in this section, taxable valuation means
13 the taxable value of taxable property in the county as of
14 the time of determination plus:

15 (a) that portion of the taxable value of the county on
16 December 31, 1981, attributable to automobiles and trucks
17 having a rated capacity of three-quarters of a ton or less;

18 (b) the amount of interim production and new
19 production taxes levied, as provided in 15-23-607, divided
20 by the appropriate tax rates described in 15-23-607(2)(a) or
21 (2)(b) and multiplied by 60%; and

22 (c) the amount of value represented by new production
23 exempted from tax as provided in 15-23-612; and

24 (d) 3.5% of the total taxable value of the county on
25 December 31, 1988."

1 **Section 2.** Section 7-3-1321, MCA, is amended to read:

2 "7-3-1321. Authorization to incur indebtedness --
3 limitation. (1) The consolidated municipality may borrow
4 money or issue bonds for any municipal purpose to the extent
5 and in the manner provided by the constitution and laws of
6 Montana for the borrowing of money or issuing of bonds by
7 counties and cities and towns.

8 (2) The municipality may not become indebted in any
9 manner or for any purpose to an amount, including existing
10 indebtedness, in the aggregate exceeding ~~20%~~ 29% of the
11 taxable value of the taxable property therein, as
12 ascertained by the last assessment for state and county
13 taxes prior to incurring such indebtedness. All warrants,
14 bonds, or obligations in excess of such amount given by or
15 on behalf of the municipality shall be void."

16 **Section 3.** Section 7-6-2211, MCA, is amended to read:

17 "7-6-2211. Authorization to conduct county business on
18 a cash basis. (1) In case the total indebtedness of a
19 county, lawful when incurred, exceeds the limit of ~~23%~~ 24%
20 established in 7-7-2101 by reason of great diminution of
21 taxable value, the county may conduct its business affairs
22 on a cash basis and pay the reasonable and necessary current
23 expenses of the county out of the cash in the county
24 treasury derived from its current revenue and under such
25 restrictions and regulations as may be imposed by the board

1 of county commissioners of the county by a resolution duly
2 adopted and included in the minutes of the board.

3 (2) Nothing in this section restricts the right of the
4 board to make the necessary tax levies for interest and
5 sinking fund purposes, and nothing in this section affects
6 the right of any creditor of the county to pursue any remedy
7 now given him by law to obtain payment of his claim."

8 **Section 4.** Section 7-6-4121, MCA, is amended to read:

9 "7-6-4121. Authorization to conduct municipal business
10 on a cash basis. (1) In case the total indebtedness of a
11 city or town has reached ~~17%~~ 18% of the total taxable value
12 of the property of the city or town subject to taxation, as
13 ascertained by the last assessment for state and county
14 taxes, the city or town may conduct its affairs and business
15 on a cash basis as provided by subsection (2).

16 (2) (a) Whenever a city or town is conducting its
17 business affairs on a cash basis, the reasonable and
18 necessary current expenses of the city or town may be paid
19 out of the cash in the city or town treasury and derived
20 from its current revenues, under such restrictions and
21 regulations as the city or town council may by ordinance
22 prescribe.

23 (b) In the event that payment is made in advance, the
24 city or town may require a cash deposit as collateral
25 security and indemnity, equal in amount to such payment, and

1 may hold the same as a special deposit with the city
2 treasurer or town clerk, in package form, as a pledge for
3 the fulfillment and performance of the contract or
4 obligation for which the advance is made.

5 (c) Before the payment of the current expenses
6 mentioned above, the city or town council shall first set
7 apart sufficient money to pay the interest upon its legal,
8 valid, and outstanding bonded indebtedness and any sinking
9 funds therein provided for and shall be authorized to pay
10 all valid claims against funds raised by tax especially
11 authorized by law for the purpose of paying such claims."

12 **Section 5.** Section 7-6-4254, MCA, is amended to read:

13 "7-6-4254. Limitation on amount of emergency budgets
14 and appropriations. (1) The total of all emergency budgets
15 and appropriations made therein in any one year and to be
16 paid from any city fund may not exceed ~~38%~~ 39% of the total
17 amount which could be produced for such city fund by a
18 maximum levy authorized by law to be made for such fund, as
19 shown by the last completed assessment roll of the county.

20 (2) The term "taxable property", as used herein, means
21 the percentage of the value at which such property is
22 assessed and which percentage is used for the purposes of
23 computing taxes and does not mean the assessed value of such
24 property as the same appears on the assessment roll."

25 **Section 6.** Section 7-7-107, MCA, is amended to read:

"7-7-107. Limitation on amount of bonds for city-county consolidated units. (1) Except as provided in 7-7-108, no city-county consolidated local government may issue bonds for any purpose which, with all outstanding indebtedness, may exceed 39% 40% of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes.

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

Section 7. Section 7-7-108, MCA, is amended to read:

"7-7-108. Authorization for additional indebtedness for water or sewer systems. (1) For the purpose of constructing a sewer system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government which shall own and control such water supply and water system and devote the revenues therefrom to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds.

(2) The additional indebtedness which may be incurred by borrowing money or issuing bonds for the construction of a sewer system or for the procurement of a water supply or for both such purposes may not in the aggregate exceed 10%

over and above the 39% 40% referred to in 7-7-107 of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes."

Section 8. Section 7-7-2101, MCA, is amended to read:

"7-7-2101. Limitation on amount of county indebtedness. (1) No county may become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding 23% 24% of the total of the taxable value of the property therein subject to taxation, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, as ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness.

(2) No county may incur indebtedness or liability for any single purpose to an amount exceeding \$500,000 without the approval of a majority of the electors thereof voting at an election to be provided by law, except as provided in 7-21-3413 and 7-21-3414.

(3) Nothing in this section shall apply to the acquisition of conservation easements as set forth in Title 76, chapter 6."

Section 9. Section 7-7-2203, MCA, is amended to read:

"7-7-2203. Limitation on amount of bonded indebtedness. (1) Except as provided in subsections (2) through (4), no county may issue general obligation bonds for any purpose which, with all outstanding bonds and warrants except county high school bonds and emergency bonds, will exceed ~~11.25%~~ 11.66% of the total of the taxable value of the property therein, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, to be ascertained by the last assessment for state and county taxes prior to the proposed issuance of bonds.

(2) In addition to the bonds allowed by subsection (1), a county may issue bonds which, with all outstanding bonds and warrants, will not exceed ~~27.75%~~ 28.75% of the total of the taxable value of the property in the county subject to taxation, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, when necessary to do so, for the purpose of acquiring land

for a site for county high school buildings and for erecting or acquiring buildings thereon and furnishing and equipping the same for county high school purposes.

(3) In addition to the bonds allowed by subsections (1) and (2), a county may issue bonds for the construction or improvement of a jail which will not exceed ~~12.5%~~ 13% of the taxable value of the property in the county subject to taxation.

(4) The limitation in subsection (1) shall not apply to refunding bonds issued for the purpose of paying or retiring county bonds lawfully issued prior to January 1, 1932."

Section 10. Section 7-7-4201, MCA, is amended to read:

"7-7-4201. Limitation on amount of bonded indebtedness. (1) Except as otherwise provided, no city or town may issue bonds or incur other indebtedness for any purpose in an amount which with all outstanding and unpaid indebtedness will exceed ~~20%~~ 29% of the taxable value of the property therein subject to taxation, to be ascertained by the last assessment for state and county taxes.

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

Section 11. Section 7-7-4202, MCA, is amended to read:

"7-7-4202. Special provisions relating to water and sewer systems. (1) Notwithstanding the provisions of 7-7-4201, for the purpose of constructing a sewer system, procuring a water supply, or constructing or acquiring a water system for a city or town which owns and controls the water supply and water system and devotes the revenues therefrom to the payment of the debt, a city or town may incur an additional indebtedness by borrowing money or issuing bonds.

(2) The additional total indebtedness that may be incurred by borrowing money or issuing bonds for the construction of a sewer system, for the procurement of a water supply, or for both such purposes, including all indebtedness theretofore contracted which is unpaid or outstanding, may not in the aggregate exceed 55% over and above the ~~28%~~ 29%, referred to in 7-7-4201, of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes."

Section 12. Section 7-13-4103, MCA, is amended to read:

"7-13-4103. Limitation on indebtedness for acquisition of natural gas system. The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, must not at any time exceed 17%

18% of the total taxable value of the property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes."

Section 13. Section 7-14-236, MCA, is amended to read:

"7-14-236. Limitation on bonded indebtedness. The amount of bonds issued to provide funds for the district and outstanding at any time shall not exceed ~~28%~~ 29% of the taxable value of taxable property therein as ascertained by the last assessment for state and county taxes previous to the issuance of such bonds."

Section 14. Section 7-14-2524, MCA, is amended to read:

"7-14-2524. Limitation on amount of bonds issued -- excess void. (1) Except as otherwise provided hereafter and in 7-7-2203 and 7-7-2204, no county shall issue bonds which, with all outstanding bonds and warrants except county high school bonds and emergency bonds, will exceed ~~11.25%~~ 11.66% of the total of the taxable value of the property therein, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612. The taxable property and the amount of interim production and new production taxes levied shall be ascertained by the last assessment for state and

1 county taxes prior to the issuance of such bonds.

2 (2) A county may issue bonds which, with all
3 outstanding bonds and warrants except county high school
4 bonds, will exceed ~~11-25%~~ 11.66% but will not exceed ~~22-5%~~
5 23.3% of the total of the taxable value of such property,
6 plus the amount of interim production and new production
7 taxes levied divided by the appropriate tax rates described
8 in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the
9 amount of value represented by new production exempted from
10 tax as provided in 15-23-612, when necessary for the purpose
11 of replacing, rebuilding, or repairing county buildings,
12 bridges, or highways which have been destroyed or damaged by
13 an act of God, disaster, catastrophe, or accident.

14 (3) The value of the bonds issued and all other
15 outstanding indebtedness of the county, except county high
16 school bonds, shall not exceed ~~22-5%~~ 23.3% of the total of
17 the taxable value of the property within the county, plus
18 the amount of interim production and new production taxes
19 levied divided by the appropriate tax rates described in
20 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the
21 amount of value represented by new production exempted from
22 tax as provided in 15-23-612, as ascertained by the last
23 preceding general assessment."

24 **Section 15.** Section 7-14-2525, MCA, is amended to
25 read:

1 ***7-14-2525. Refunding agreements and refunding bonds**
2 **authorized.** (1) Whenever the total indebtedness of a county
3 exceeds ~~22-5%~~ 23.3% of the total of the taxable value of the
4 property therein, plus the amount of interim production and
5 new production taxes levied divided by the appropriate tax
6 rates described in 15-23-607(2)(a) or (2)(b) and multiplied
7 by 60%, plus the amount of value represented by new
8 production exempted from tax as provided in 15-23-612, and
9 the board determines that the county is unable to pay such
10 indebtedness in full, the board may:

11 (a) negotiate with the bondholders for an agreement
12 whereby the bondholders agree to accept less than the full
13 amount of the bonds and the accrued unpaid interest thereon
14 in satisfaction thereof;

15 (b) enter into such agreement;

16 (c) issue refunding bonds for the amount agreed upon.

17 (2) These bonds may be issued in more than one series,
18 and each series may be either amortization or serial bonds.

19 (3) The plan agreed upon between the board and the
20 bondholders shall be embodied in full in the resolution
21 providing for the issue of the bonds."

22 **Section 16.** Section 7-14-4402, MCA, is amended to
23 read:

24 ***7-14-4402. Limit on indebtedness to provide bus**
25 **service.** The total amount of indebtedness authorized under

1 7-14-4401(1) to be contracted in any form, including the
 2 then-existing indebtedness, may not at any time exceed 28%
 3 29% of the total taxable value of the property of the city
 4 or town subject to taxation as ascertained by the last
 5 assessment for state and county taxes. No money may be
 6 borrowed or bonds issued for the purposes specified in
 7 7-14-4401(1) until the proposition has been submitted to the
 8 vote of the taxpayers of the city or town and the majority
 9 vote cast in its favor."

10 **Section 17.** Section 7-16-2327, MCA, is amended to
 11 read:

12 "7-16-2327. Indebtedness for park purposes. (1)
 13 Subject to the provisions of subsection (2), a county park
 14 board, in addition to powers and duties now given under law,
 15 shall have the power and duty to contract an indebtedness in
 16 behalf of a county, upon the credit thereof, for the
 17 purposes of 7-16-2321(1) and (2).

18 (2) (a) The total amount of indebtedness authorized to
 19 be contracted in any form, including the then-existing
 20 indebtedness, must not at any time exceed ~~13%~~ 13.5% of the
 21 total of the taxable value of the taxable property in the
 22 county, plus the amount of interim production and new
 23 production taxes levied divided by the appropriate tax rates
 24 described in 15-23-607(2)(a) or (2)(b) and multiplied by
 25 60%, plus the amount of value represented by new production

1 exempted from tax as provided in 15-23-612, ascertained by
 2 the last assessment for state and county taxes previous to
 3 the incurring of such indebtedness.

4 (b) No money may be borrowed on bonds issued for the
 5 purchase of lands and improving same for any such purpose
 6 until the proposition has been submitted to the vote of
 7 those qualified under the provisions of the state
 8 constitution to vote at such election in the county affected
 9 thereby and a majority vote is cast in favor thereof."

10 **Section 18.** Section 7-16-4104, MCA, is amended to
 11 read:

12 "7-16-4104. Authorization for municipal indebtedness
 13 for various cultural, social, and recreational purposes. (1)
 14 A city or town council or commission may contract an
 15 indebtedness on behalf of the city or town, upon the credit
 16 thereof, by borrowing money or issuing bonds:

17 (a) for the purpose of purchasing and improving lands
 18 for public parks and grounds;

19 (b) for procuring by purchase, construction, or
 20 otherwise swimming pools, athletic fields, skating rinks,
 21 playgrounds, museums, a golf course, a site and building for
 22 a civic center, a youth center, or combination thereof; and

23 (c) for furnishing and equipping the same.

24 (2) The total amount of indebtedness authorized to be
 25 contracted in any form, including the then-existing

1 indebtedness, may not at any time exceed ~~16.5%~~ 17.1% of the
 2 taxable value of the taxable property of the city or town as
 3 ascertained by the last assessment for state and county
 4 taxes previous to the incurring of such indebtedness. No
 5 money may be borrowed on bonds issued for the purchase of
 6 lands and improving the same for any such purpose until the
 7 proposition has been submitted to the vote of the qualified
 8 electors of the city or town and a majority vote is cast in
 9 favor thereof."

10 **Section 19.** Section 7-31-106, MCA, is amended to read:

11 "7-31-106. Authorization for county to issue bonds --
 12 election required. (1) If the petition is presented to the
 13 board of county commissioners, it shall be the duty of the
 14 board, for the purpose of raising money to meet the payments
 15 under the terms and conditions of said contract and other
 16 necessary and proper expenses in and about the same and for
 17 the approval or disapproval thereof:

18 (a) to ascertain, within 30 days after submission of
 19 the petition, the existing indebtedness of the county in the
 20 aggregate; and

21 (b) to submit, within 60 days after ascertaining the
 22 same, to the electors of such county the proposition to
 23 approve or disapprove the contract and the issuance of bonds
 24 necessary to carry out the same.

25 (2) The amount of the bonds authorized by this section

1 may not exceed ~~22.5%~~ 23.3% of the taxable value of the
 2 taxable property therein, inclusive of the existing
 3 indebtedness thereof, to be ascertained by the last
 4 assessment for state and county taxes previous to the
 5 issuance of said bonds and incurring of said indebtedness."

6 **Section 20.** Section 7-31-107, MCA, is amended to read:

7 "7-31-107. Authorization for municipality to issue
 8 bonds -- election required. (1) If said petition is
 9 presented to the council of any incorporated city or town,
 10 the council, for the purpose of raising money to meet the
 11 payments under the terms and conditions of said contract and
 12 other necessary and proper expenses in and about the same
 13 and for the approval or disapproval thereof:

14 (a) shall ascertain, within 30 days after submission
 15 of the petition, the aggregate indebtedness of such city or
 16 town; and

17 (b) shall submit, within 60 days after ascertaining
 18 the same, to the electors of such city or town the
 19 proposition to approve or disapprove said contract and the
 20 issuance of bonds necessary to carry out the same.

21 (2) The amount of the bonds authorized by this section
 22 may not exceed ~~16.5%~~ 17.1% of the taxable value of the
 23 taxable property therein, inclusive of the existing
 24 indebtedness thereof, to be ascertained in the manner
 25 provided in this part."

Section 21. Section 7-34-2131, MCA, is amended to read:

"7-34-2131. Hospital district bonds authorized. (1) A hospital district may borrow money by the issuance of its bonds to provide funds for payment of part or all of the cost of acquisition, furnishing, equipment, improvement, extension, and betterment of hospital facilities and to provide an adequate working capital for a new hospital.

(2) The amount of bonds issued for such purpose and outstanding at any time may not exceed ~~22.5%~~ 23.5% of the taxable value of the property therein as ascertained by the last assessment for state and county taxes previous to the issuance of such bonds.

(3) Such bonds shall be authorized, sold, and issued and provisions made for their payment in the manner and subject to the conditions and limitations prescribed for bonds of school districts by Title 20, chapter 9, part 4.

(4) Nothing herein shall be construed to preclude the provisions of Title 50, chapter 6, part 1, allowing the state to apply for and accept federal funds."

Section 22. Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" ~~refers--to~~ means the raising of livestock, poultry, bees, and other species of domestic animals and wildlife in domestication or a captive environment, and the raising of field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) (i) The term "commercial", when used to describe property, means any property used or owned by a business, a trade, or a nonprofit corporation as defined in 35-2-102 or used for the production of income, except that property described in subsection (ii).

(ii) The following types of property are not commercial:

(A) agricultural lands;

(B) timberlands;

(C) single-family residences and ancillary improvements and improvements necessary to the function of a bona fide farm, ranch, or stock operation;

(D) mobile homes used exclusively as a residence except when held by a distributor or dealer of trailers or

1 mobile homes as his stock in trade; and

2 (E) all property described in 15-6-135;

3 ~~(F) all property described in 15-6-136; and~~

4 ~~(G) all property described in 15-6-146.~~

5 (e) The term "comparable property" means property that
6 has similar use, function, and utility; that is influenced
7 by the same set of economic trends and physical,
8 governmental, and social factors; and that has the potential
9 of a similar highest and best use.

10 (f) The term "credit" means solvent debts, secured or
11 unsecured, owing to a person.

12 (g) The term "improvements" ~~includes~~ means all
13 buildings, structures, fences, and improvements situated
14 upon, erected upon, or affixed to land. When the department
15 of revenue or its agent determines that the permanency of
16 location of a mobile home or housetrailer has been
17 established, the mobile home or housetrailer is presumed to
18 be an improvement to real property. A mobile home or
19 housetrailer ~~may be determined to be permanently located~~
20 ~~only when it is attached to a foundation which cannot~~
21 ~~feasibly be relocated and only when the wheels are removed~~
22 used as a residence is an improvement, whether or not it is
23 affixed to the land.

24 (h) The term "leasehold improvements" means
25 improvements to mobile homes and mobile homes located on

1 land owned by another person. This property is assessed
2 under the appropriate classification and the taxes are due
3 and payable in two payments as provided in 15-24-202
4 15-16-102. Delinquent taxes on such leasehold improvements
5 are a lien only on such leasehold improvements.

6 (i) The term "livestock" means cattle, sheep, swine,
7 goats, horses, mules, and asses, llamas, and bison.

8 (j) The term "mobile home" means forms of housing
9 shelter known as "trailers", "housetrailer", or "trailer
10 coaches" exceeding 8 feet in width or 45 feet in length,
11 designed to be moved from one place to another by an
12 independent power connected to them, or any "trailer",
13 "housetrailer", or "trailer coach" up to 8 feet in width or
14 45 feet in length used as a principal residence.

15 (k) The term "personal property" ~~includes~~ means
16 everything that is the subject of ownership but that is not
17 included within the meaning of the terms "real estate" and
18 "improvements".

19 (l) The term "poultry" ~~includes~~ means all chickens,
20 turkeys, geese, ducks, and other birds raised in
21 domestication to produce food or feathers.

22 (m) The term "property" ~~includes moneys~~ means money,
23 credits, bonds, stocks, franchises, and all other matters
24 and things, real, personal, and mixed, capable of private
25 ownership. This definition ~~must~~ may not be construed to

1 authorize the taxation of the stocks of any company or
2 corporation when the property of ~~such~~ the company or
3 corporation represented by the stocks is within the state
4 and has been taxed.

5 (n) The term "real estate" ~~includes~~ means:

6 (i) the possession of, claim to, ownership of, or
7 right to the possession of land;

8 (ii) all mines, minerals, and quarries in and under the
9 land subject to the provisions of 15-23-501 and Title 15,
10 chapter 23, part 8; all timber belonging to individuals or
11 corporations growing or being on the lands of the United
12 States; and all rights and privileges appertaining thereto.

13 (o) "Research and development firm" means an entity
14 incorporated under the laws of this state or a foreign
15 corporation authorized to do business in this state whose
16 principal purpose is to engage in theoretical analysis,
17 exploration, and experimentation and the extension of
18 investigative findings and theories of a scientific and
19 technical nature into practical application for experimental
20 and demonstration purposes, including the experimental
21 production and testing of models, devices, equipment,
22 materials, and processes.

23 (p) The term "taxable value" means the percentage of
24 market or assessed value as provided for in 15-6-131 through
25 15-6-149 this title.

1 (q) The term "weighted mean assessment ratio" means
2 the total of the assessed values divided by the total of the
3 selling prices of all area sales in the stratum.

4 (2) The phrase "municipal corporation" or
5 "municipality" or "taxing unit" ~~shall-be-deemed-to-include~~
6 means a county, city, incorporated town, township, school
7 district, irrigation district, drainage district, or any
8 person, persons, or organized body authorized by law to
9 establish tax levies for the purpose of raising public
10 revenue.

11 (3) The term "state board" or "board" when used
12 without other qualification ~~shall-mean~~ means the state tax
13 appeal board."

14 **Section 23.** Section 15-6-133, MCA, is amended to read:

15 "15-6-133. Class three property -- description --
16 taxable percentage. (1) Class three property includes
17 agricultural land as defined in 15-7-202.

18 (2) Class three property is taxed at the-taxable
19 percentage-rate-"P" 30% of its productive capacity.

20 ~~{3}--Until-July-17-1986, the--taxable--percentage--rate~~
21 ~~"P"--for-class-three-property-is-30%:~~

22 ~~{4}--Prior--to--July-17-1986, the-department-of-revenue~~
23 ~~shall-determine-the-taxable-percentage-rate--"P"--applicable~~
24 ~~to--class-three-property-for-the-revaluation-cycle-beginning~~
25 ~~January-17-1986, as follows:~~

{a}--The director of the department of revenue shall certify to the governor before July 17, 1986, the percentage by which the appraised value of all property in the state classified under class three as of January 17, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the "certified statewide percentage increase".

{b}--The taxable value of property in class three is determined as a function of the certified statewide percentage increase in accordance with the table shown below:

{c}--This table limits the statewide increase in taxable valuation resulting from reappraisal to 0% in calculating the percentage increase, the department may not consider agricultural use changes during calendar year 1985.

{d}--The taxable percentage must be calculated by interpolation to coincide with the nearest whole number certified statewide percentage increase from the following table:

| Certified Statewide Percentage Increase | Class Three Taxable Percentage "P" |
|--|---------------------------------------|
| 0 | 30.00 |
| 10 | 27.27 |
| 20 | 25.00 |
| 30 | 23.00 |

40 21.43

50 20.00

{5}--After July 17, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-111."

Section 24. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land except that specifically included in another class;

(b) all improvements except those specifically included in another class;

(c) the first \$80,000 or less of the market value of any improvement on real property and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources including otherwise tax-exempt income of all types is not more than \$10,000 for a single person or \$12,000 for a married couple, as adjusted according to subsection (2)(b)(ii);

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least 9 holes and not less than 3,000 lineal yards.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a) and (1)(b) is taxed at 3.86% of its market value.

(b) (i) Property described in subsection (1)(c) is taxed at 3.86% of its market value multiplied by a percentage figure based on income and determined from the following table:

| Income | Income | Percentage |
|-----------------|-----------------|------------|
| Single Person | Married Couple | Multiplier |
| \$ 0 - \$ 1,000 | \$ 0 - \$ 1,200 | 0% |
| 1,001 - 2,000 | 1,201 - 2,400 | 10% |
| 2,001 - 3,000 | 2,401 - 3,600 | 20% |
| 3,001 - 4,000 | 3,601 - 4,800 | 30% |
| 4,001 - 5,000 | 4,801 - 6,000 | 40% |
| 5,001 - 6,000 | 6,001 - 7,200 | 50% |
| 6,001 - 7,000 | 7,201 - 8,400 | 60% |
| 7,001 - 8,000 | 8,401 - 9,600 | 70% |
| 8,001 - 9,000 | 9,601 - 10,800 | 80% |
| 9,001 - 10,000 | 10,801 - 12,000 | 90% |

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for

the second quarter of the year prior to the year of application to the PCE for the second quarter of 1986; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a).

~~(3) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate for class four property until a revaluation has been made as provided in 15-7-111.~~

~~(4)(3)~~ Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property.

(4) For the purposes of this section, all mobile homes are considered to be improvements."

Section 25. Section 15-6-135, MCA, is amended to read:

"15-6-135. Class five property -- description --

1 taxable percentage. (1) Class five property includes:

2 (a) all property used and owned by cooperative rural
3 electrical and cooperative rural telephone associations
4 organized under the laws of Montana, except property owned
5 by cooperative organizations described in subsection-(1)(b)
6 of ~~15-6-137~~ 15-6-136(1)(d);

7 (b) air and water pollution control equipment as
8 defined in this section;

9 (c) new industrial property as defined in this
10 section;

11 (d) any personal or real property used primarily in
12 the production of gasohol during construction and for the
13 first 3 years of its operation;

14 (e) all land and improvements and all personal
15 property owned by a research and development firm, provided
16 that the property is actively devoted to research and
17 development;

18 (f) machinery and equipment used in electrolytic
19 reduction facilities.

20 (2) (a) "Air and water pollution equipment" means
21 facilities, machinery, or equipment used to reduce or
22 control water or atmospheric pollution or contamination by
23 removing, reducing, altering, disposing, or storing
24 pollutants, contaminants, wastes, or heat. The department of
25 health and environmental sciences shall determine if such

1 utilization is being made.

2 (b) The department of health and environmental
3 sciences' determination as to air and water pollution
4 equipment may be appealed to the board of health and
5 environmental sciences and may not be appealed to either a
6 county tax appeal board or the state tax appeal board.
7 However, the appraised value of the equipment as determined
8 by the department of revenue may be appealed to the county
9 tax appeal board and the state tax appeal board.

10 (3) "New industrial property" means any new industrial
11 plant, including land, buildings, machinery, and fixtures,
12 used by new industries during the first 3 years of their
13 operation. The property may not have been assessed within
14 the state of Montana prior to July 1, 1961.

15 (4) (a) "New industry" means any person, corporation,
16 firm, partnership, association, or other group that
17 establishes a new plant in Montana for the operation of a
18 new industrial endeavor, as distinguished from a mere
19 expansion, reorganization, or merger of an existing
20 industry.

21 (b) New industry includes only those industries that:

22 (i) manufacture, mill, mine, produce, process, or
23 fabricate materials;

24 (ii) do similar work, employing capital and labor, in
25 which materials unserviceable in their natural state are

1 extracted, processed, or made fit for use or are
2 substantially altered or treated so as to create commercial
3 products or materials; or

4 (iii) engage in the mechanical or chemical
5 transformation of materials or substances into new products
6 in the manner defined as manufacturing in the 1972 Standard
7 Industrial Classification Manual prepared by the United
8 States office of management and budget.

9 (5) New industrial property does not include:

10 (a) property used by retail or wholesale merchants,
11 commercial services of any type, agriculture, trades, or
12 professions;

13 (b) a plant that will create adverse impact on
14 existing state, county, or municipal services; or

15 (c) property used or employed in any industrial plant
16 that has been in operation in this state for 3 years or
17 longer.

18 (6) Class five property is taxed at 3% of its market
19 value."

20 **Section 26.** Section 15-6-136, MCA, is amended to read:

21 "15-6-136. Class six property -- description --
22 taxable percentage. (1) Class six property includes:

23 ~~(a) --livestock--and--other--species--of--domestic--animals~~
24 ~~and--wildlife--raised--in--domestication--or--a--captive~~
25 ~~environment--except--for--cats--dogs--and--other--household--pets~~

1 ~~not--raised--for--profit--and--the--unprocessed--products--of--such~~
2 ~~animals--and--wildlife;~~

3 ~~(b) --all--unprocessed--agricultural--products--on--the--farm~~
4 ~~or--in--storage--except:~~

5 ~~(i) --all--perishable--fruits--and--vegetables--in--farm~~
6 ~~storage--and--owned--by--the--producer--and~~

7 ~~(ii) --all--producer--held--grain--in--storage;~~

8 ~~(c)(a) all items of personal property, including goods~~
9 ~~and equipment, intended for rent or lease in the ordinary~~
10 ~~course of business, provided each item of personal property~~
11 ~~satisfies all of the following: except personal property~~
12 ~~specifically included in another class;~~

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

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

20 ~~(iii) --the--lease--of--the--personal--property--is--generally~~
21 ~~on--an--hourly--daily--or--weekly--basis.~~

22 ~~(b) all property used and owned by persons, firms,~~
23 ~~corporations, or other organizations that are engaged in the~~
24 ~~business of furnishing telephone communications exclusively~~
25 ~~to rural areas or to rural areas and cities and towns of 800~~

persons or less;

(c) subject to the provisions of subsection (2), all property owned by cooperative rural electrical and cooperative rural telephone associations that serve less than 95% of the electricity consumers or telephone users within the incorporated limits of a city or town;

(d) electric transformers and meters; electric light and power substation machinery; natural gas measuring and regulating station equipment, meters, and compressor station machinery owned by noncentrally assessed public utilities; and tools used in the repair and maintenance of such property;

(e) tools, implements, and machinery that are not hand-held and that are used to repair and maintain machinery not used for manufacturing and mining purposes;

(f) all agricultural implements and equipment;

(g) all mining machinery, fixtures, equipment, tools, and supplies except those included in class five;

(h) all manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;

(i) all other machinery except that specifically included in another class;

(j) all trailers, including those referred to in 15-24-102 but not including those subject to a fee in lieu of property tax;

(k) truck toppers weighing more than 300 pounds;

(l) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(m) x-ray and medical and dental equipment;

(n) citizens' band radios and mobile telephones;

(o) radio and television broadcasting and transmitting equipment;

(p) cable television systems;

(q) coal and ore haulers;

(r) trucks having a rated capacity of more than three-quarters of a ton, including those prorated under 15-24-102 but not including those subject to a fee in lieu of property tax;

(s) theater projectors and sound equipment; and

(t) all other property not included in any other class in this part except that property subject to a fee in lieu of property tax.

(2) To qualify as class six property, the average circuit miles for each station on a telephone communication system described in subsection (1)(c) must be more than 1 mile.

(3) "Commercial establishment" means any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.

1 ~~{2}{4}~~ Class six property is taxed at ~~4%~~ 10% of its
2 market value."

3 **Section 27.** Section 15-6-147, MCA, is amended to read:

4 "15-6-147. Class seventeen property -- description --
5 taxable percentage. (1) Class seventeen property includes
6 all airline transportation property as described in the Tax
7 Equity and Fiscal Responsibility Act of 1982 as it read on
8 January 1, 1986.

9 (2) For the taxable years 1986 through 1990 class
10 seventeen property is taxed at 12%, and for each taxable
11 year thereafter, class seventeen property is taxed at the
12 lesser of 12% or the percentage rate for--class--fifteen
13 property--without--adjustment "R", to be determined by the
14 department as provided in subsection (3).

15 (3) R = A/B where:

16 (a) A is the total statewide taxable value of all
17 commercial property, except class seventeen property, as
18 commercial property is described in 15-1-101(1)(d),
19 including class 1 and class 2 property; and

20 (b) B is the total statewide market value of all
21 commercial property, except class seventeen property, as
22 commercial property is described in 15-1-101(1)(d),
23 including class 1 and class 2 property.

24 (c) In accordance with the commercial property taxable
25 value adjustment procedure set forth in 15-6-145(4) for

1 railroad property, the department shall determine the
2 value-weighted mean sales assessment ratio "M" and make a
3 similar adjustment prior to calculating "A" for airline
4 property in order to equalize airline taxable values.

5 ~~{3}{4}~~ For the purpose of complying with the Tax
6 Equity and Fiscal Responsibility Act of 1982, as it read on
7 January 1, 1986, the rate "R" referred to in this section is
8 the equalized average tax rate generally applicable to
9 commercial and industrial property, except class seventeen
10 property, as commercial property is defined in
11 15-1-101(1)(d)."

12 **Section 28.** Section 15-6-201, MCA, is amended to read:

13 "15-6-201. Exempt categories. (1) The following
14 categories of property are exempt from taxation:

15 (a) the property of:

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

25 (ii) irrigation districts organized under the laws of

1 Montana and not operating for profit;
 2 (iii) municipal corporations; and
 3 (iv) public libraries;
 4 (b) buildings, with land they occupy and furnishings
 5 therein, owned by a church and used for actual religious
 6 worship or for residences of the clergy, together with
 7 adjacent land reasonably necessary for convenient use of
 8 such buildings;
 9 (c) property used exclusively for agricultural and
 10 horticultural societies, for educational purposes, and for
 11 nonprofit health care facilities, as defined in 50-5-101,
 12 licensed by the department of health and environmental
 13 sciences and organized under Title 35, chapter 2 or 3. A
 14 health care facility that is not licensed by the department
 15 of health and environmental sciences and organized under
 16 Title 35, chapter 2 or 3, is not exempt.
 17 (d) property that meets the following conditions:
 18 (i) is owned and held by any association or
 19 corporation organized under Title 35, chapter 2, 3, 20, or
 20 21;
 21 (ii) is devoted exclusively to use in connection with a
 22 cemetery or cemeteries for which a permanent care and
 23 improvement fund has been established as provided for in
 24 Title 35, chapter 20, part 3; and
 25 (iii) is not maintained and operated for private or

1 corporate profit;
 2 (e) institutions of purely public charity;
 3 (f) evidence of debt secured by mortgages of record
 4 upon real or personal property in the state of Montana;
 5 (g) public art galleries and public observatories not
 6 used or held for private or corporate profit;
 7 (h) all household goods and furniture, including but
 8 not limited to clocks, musical instruments, sewing machines,
 9 and wearing apparel of members of the family, used by the
 10 owner for personal and domestic purposes or for furnishing
 11 or equipping the family residence;
 12 (i) a truck canopy cover or topper weighing less than
 13 300 pounds and having no accommodations attached. Such
 14 property is also exempt from taxation under 61-3-504(2) and
 15 61-3-537.
 16 (j) a bicycle, as defined in 61-1-123, used by the
 17 owner for personal transportation purposes;
 18 (k) motor homes, travel trailers, and campers;
 19 (l) all watercraft;
 20 (m) land, fixtures, buildings, and improvements owned
 21 by a cooperative association or nonprofit corporation
 22 organized to furnish potable water to its members or
 23 customers for uses other than the irrigation of agricultural
 24 land;
 25 (n) the right of entry that is a property right

reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) property owned and used by a corporation or association organized and operated exclusively for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in 18-5-101, which is not operated for gain or profit;

(p) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100; and

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

(r) 50% of the first \$40,000 or less of the market value of any single-family owner-occupied residence owned by a Montana resident, exclusive of land and appurtenant improvements;

(s) all tools, implements, and machinery that are customarily hand-held and that are used to:

(i) construct, repair, and maintain improvements to real property; or

(ii) repair and maintain machinery, equipment, appliances, and other personal property not used for manufacturing and mining purposes; and

(t) all aircraft that are not considered airline transportation property as described in the Tax Equity and Fiscal Responsibility Act of 1982 and thereby included in 15-6-147.

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

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

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

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

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Section 29. Section 15-6-207, MCA, is amended to read:

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

(a) ~~all unprocessed, perishable fruits and vegetables~~ agricultural products in farm storage and owned by the producer;

(b) all producer-held grain in storage;

~~(c) all nonperishable, unprocessed agricultural products, except livestock, held in possession of the original producer for less than 7 months following harvest;~~

~~(d) except as provided in subsection (1)(e), livestock which have not attained the age of 24 months as of the last day of any month if assessed on the average inventory basis or on March 1 if assessed as provided in 15-24-911(1)(a);~~

~~(e) swine which have not attained the age of 6 months as of January 1;~~

(c) livestock, including cattle, sheep, swine, goats, horses, mules, asses, llamas, bison, and other animals and wildlife raised in domestication or in a captive environment, and their unprocessed products;

~~(f)~~ (d) poultry and the unprocessed products of

poultry; and

~~(g)~~ (e) bees and the unprocessed product of bees.

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

Section 30. Section 15-8-111, MCA, is amended to read:

"15-8-111. **Assessment -- market value standard -- exceptions.** (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements,

and machinery; and vehicles of all kinds ~~including but not limited to boats and all watercraft~~, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, 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;

(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; and

(c) as otherwise authorized in Title 15 and Title 61.

(4) For purposes of taxation, assessed value is the same as appraised value.

(5) The taxable value for all property is the percentage of market or assessed value established for each

class of property.

(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

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

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

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

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

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

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

(b) the taxpayer makes a written request; or

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

(Subsection (6)(d) terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

Section 31. Section 15-8-201, MCA, is amended to read:

"15-8-201. General assessment day. (1) The department of revenue or its agent must, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county. The department or its agent must assess property to the person by whom it was owned or claimed or in whose possession or control it was at midnight of January 1 next preceding. It must also ascertain and assess all mobile homes arriving in the county after midnight of January 1 next preceding. No mistake in the name of the owner or supposed owner of real property, however, renders the assessment invalid.

(2) The procedure provided by this section may not apply to:

(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

(b) motor homes, travel trailers, and campers;

(c) watercraft;

~~(d) --livestock;~~

~~(e)~~ (d) property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate; and

~~(f)~~ (e) mobile homes held by a distributor or dealer of mobile homes as a part of his stock in trade.

(3) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 32. Section 15-8-205, MCA, is amended to read:

"15-8-205. Initial assessment of ~~class-twelve-property~~ mobile homes. The county assessor shall assess all ~~class-twelve-property~~ mobile homes immediately upon their arrival in the county if the taxes have not been previously paid for that year in another county in Montana."

Section 33. Section 15-8-405, MCA, is amended to read:

"15-8-405. Street railroads, and bridges, ~~and ferries~~. Street railroads and bridges ~~and --- ferries~~ and their franchises owned by persons or corporations must be listed and assessed in the county, town, or district where such property or any portion thereof is located, and the track of the railroad and the bridge are personal property."

Section 34. Section 15-8-706, MCA, is amended to read:

"15-8-706. Statement by agent to the department. (1) On the second Monday in July in each year, the agent of the department of revenue in each county must transmit to the department a statement showing:

- (a) the several kinds of personal property;
- (b) the average and total value of each kind;
- (c) the ~~number of --livestock; --number of --bushels of~~

1 grain, number of pounds or tons of any article sold by the
2 pound or ton;

3 (d) when practicable, the separate value of each class
4 of land, specifying the classes and the number of acres in
5 each.

6 (2) An agent of the department who purposely or
7 negligently fails to perform his duty under this section or
8 a deputy or member of the agent's staff delegated such duty
9 who purposely or negligently fails to perform such duty is
10 guilty of official misconduct under 45-7-401."

11 **Section 35.** Section 15-10-402, MCA, is amended to
12 read:

13 "15-10-402. Property tax limited to 1986 levels. (1)
14 Except as provided in subsections (2) and (3), the amount of
15 taxes levied on property described in 15-6-133, 15-6-134,
16 and 15-6-136~~7-15-6-139, 15-6-142, and 15-6-144~~ may not, for
17 any taxing jurisdiction, exceed the amount levied for
18 taxable year 1986.

19 (2) The limitation contained in subsection (1) does
20 not apply to levies for rural improvement districts, Title
21 7, chapter 12, part 21; special improvement districts, Title
22 7, chapter 12, part 41; or bonded indebtedness.

23 (3) New construction or improvements to or deletions
24 from property described in subsection (1) are subject to
25 taxation at 1986 levels.

1 (4) As used in this section, the "amount of taxes
2 levied" and the "amount levied" mean the actual dollar
3 amount of taxes imposed on an individual piece of property,
4 notwithstanding an increase or decrease in value due to
5 inflation, reappraisal, adjustments in the percentage
6 multiplier used to convert appraised value to taxable value,
7 changes in the number of mills levied, or increase or
8 decrease in the value of a mill."

9 **Section 36.** Section 15-10-412, MCA, is amended to
10 read:

11 "15-10-412. (Temporary) Property tax limited to 1986
12 levels -- clarification -- extension to all property
13 classes. Section 15-10-402 is interpreted and clarified as
14 follows:

15 (1) The limitation to 1986 levels is extended to apply
16 to all classes of property described in Title 15, chapter 6,
17 part 1.

18 (2) The limitation on the amount of taxes levied is
19 interpreted to mean that the actual tax liability for an
20 individual property is capped at the dollar amount due in
21 each taxing unit for the 1986 tax year. In tax years
22 thereafter, the property must be taxed in each taxing unit
23 at the 1986 cap or the product of the taxable value and
24 mills levied, whichever is less for each taxing unit.

25 (3) The limitation on the amount of taxes levied does

1 not mean that no further increase may be made in the total
2 taxable valuation of a taxing unit as a result of:

3 (a) annexation of real property and improvements into
4 a taxing unit;

5 (b) construction, expansion, or remodeling of
6 improvements;

7 (c) transfer of property into a taxing unit;

8 (d) subdivision of real property;

9 (e) reclassification of property;

10 (f) increases in the amount of production or the value
11 of production for property described in 15-6-131 or
12 15-6-132;

13 (g) transfer of property from tax-exempt to taxable
14 status; or

15 (h) revaluations caused by:

16 (i) cyclical reappraisal; or

17 (ii) expansion, addition, replacement, or remodeling of
18 improvements.

19 (4) The limitation on the amount of taxes levied does
20 not mean that no further increase may be made in the taxable
21 valuation or in the actual tax liability on individual
22 property in each class as a result of:

23 (a) construction, expansion, replacement, or
24 remodeling of improvements that adds value to the property;

25 (b) transfer of property into a taxing unit;

1 (c) reclassification of property;

2 (d) increases in the amount of production or the value
3 of production for property described in 15-6-131 or
4 15-6-132;

5 (e) annexation of the individual property into a new
6 taxing unit; or

7 (f) conversion of the individual property from
8 tax-exempt to taxable status.

9 (5) Property in classes four, twelve, and fourteen is
10 valued according to the procedures used in 1986, including
11 the designation of 1982 as the base year, until the
12 reappraisal cycle beginning January 1, 1986, is completed
13 and new valuations are placed on the tax rolls and a new
14 base year designated, if the property is:

15 (a) new construction;

16 (b) expanded, deleted, replaced, or remodeled
17 improvements;

18 (c) annexed property; or

19 (d) property converted from tax-exempt to taxable
20 status.

21 (6) Property described in subsections (5)(a) through
22 (5)(d) that is not class four, class twelve, or class
23 fourteen property is valued according to the procedures used
24 in 1986 but is also subject to the dollar cap in each taxing
25 unit based on 1986 mills levied.

1 (7) The limitation on the amount of taxes, as
 2 clarified in this section, is intended to leave the property
 3 appraisal and valuation methodology of the department of
 4 revenue intact. Determinations of county classifications,
 5 salaries of local government officers, and all other matters
 6 in which total taxable valuation is an integral component
 7 are not affected by 15-10-401 and 15-10-402 except for the
 8 use of taxable valuation in fixing tax levies. In fixing tax
 9 levies, the taxing units of local government may anticipate
 10 the deficiency in revenues resulting from the tax
 11 limitations in 15-10-401 and 15-10-402, while understanding
 12 that regardless of the amount of mills levied, a taxpayer's
 13 liability may not exceed the dollar amount due in each
 14 taxing unit for the 1986 tax year unless the taxing unit's
 15 taxable valuation decreases by 5% or more from the previous
 16 1986 tax year. If a taxing unit's taxable valuation
 17 decreases by 5% or more from the previous 1986 tax year, it
 18 may levy additional mills to compensate for the decreased
 19 taxable valuation, but in no case may the mills levied
 20 exceed a number calculated to equal the revenue from
 21 property taxes for the 1986 tax year in that taxing unit.

22 (8) The limitation on the amount of taxes levied does
 23 not apply to the following levy or special assessment
 24 categories, whether or not they are based on commitments
 25 made before or after approval of 15-10-401 and 15-10-402:

- 1 (a) rural improvement districts;
- 2 (b) special improvement districts;
- 3 (c) levies pledged for the repayment of bonded
4 indebtedness, including tax increment bonds;
- 5 (d) city street maintenance districts;
- 6 (e) tax increment financing districts;
- 7 (f) satisfaction of judgments against a taxing unit;
- 8 (g) electric company street lighting assessments; and
- 9 (h) revolving funds to support any categories
10 specified in this subsection (8).
- 11 (9) The limitation on the amount of taxes levied does
12 not apply in a taxing unit if the voters in the taxing unit
13 approve an increase in tax liability following a resolution
14 of the governing body of the taxing unit containing:
 - 15 (a) a finding that there are insufficient funds to
16 adequately operate the taxing unit as a result of 15-10-401
17 and 15-10-402;
 - 18 (b) an explanation of the nature of the financial
19 emergency;
 - 20 (c) an estimate of the amount of funding shortfall
21 expected by the taxing unit;
 - 22 (d) a statement that applicable fund balances are or
23 by the end of the fiscal year will be depleted;
 - 24 (e) a finding that there are no alternative sources of
25 revenue;

(f) a summary of the alternatives that the governing body of the taxing unit has considered; and

(g) a statement of the need for the increased revenue and how it will be used.

(10) The limitation on the amount of taxes levied does not apply to levies required to address the funding of relief of suffering of inhabitants caused by famine, conflagration, or other public calamity. (Terminates December 31, 1989--sec. 6, Ch. 654, L. 1987.)"

Section 37. Section 15-16-611, MCA, is amended to read:

"15-16-611. Reduction of property tax for property destroyed by natural disaster. (1) The department of revenue shall, upon showing by a taxpayer that some or all of the improvements on his real property or a trailer or mobile home ~~as described in 15-6-142~~ have been destroyed to such an extent that such improvements have been rendered unsuitable for their previous use by natural disaster, adjust the taxable value on the property, accounting for the destruction.

(2) The county treasurer shall adjust the tax due and payable for the current year on the property under 15-16-102 as provided in subsection (3) of this section.

(3) To determine the amount of tax due for destroyed property, the county treasurer shall:

(a) multiply the amount of tax levied and assessed on the original taxable value of the property for the year by the ratio that the number of days in the year that the property existed before destruction bears to 365; and

(b) multiply the amount of tax levied and assessed on the adjusted taxable value of the property for the remainder of the year by the ratio that the number of days remaining in the year after the destruction of the property bears to 365.

(4) This section does not apply to delinquent taxes owed on the destroyed property for a year prior to the year in which the property was destroyed.

(5) For the purposes of this section, "natural disaster" includes but is not limited to fire, flood, earthquake, or wind."

Section 38. Section 15-16-613, MCA, is amended to read:

"15-16-613. Refund of certain taxes paid in other states. Subject to the provisions of 15-16-601 and upon proof that tax was paid in another state, a taxpayer is entitled to a refund equal to the amount of tax paid in another state on a helicopter or property that was assessed in Montana under ~~15-6-138(1)(g)~~ 15-6-136(1)(t) on January 1 of the year for which the refund is due. The refund under this section may not exceed the tax that was paid in Montana

on the same property for the same period of time."

Section 39. Section 15-24-301, MCA, is amended to read:

"15-24-301. Personal property brought into the state -- assessment -- exceptions -- custom combine equipment. (1) Except as provided in subsections (2) through (5), property in the following cases is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

(a) any personal property (~~including except~~ and other exempt personal property) brought, driven, or coming into this state at any time during the year that is used in the state for hire, compensation, or profit;

(b) property whose owner or user is engaged in gainful occupation or business enterprise in the state; or

(c) property which comes to rest and becomes a part of the general property of the state.

(2) The taxes on this property are levied in the same manner and to the same extent, except as otherwise provided, as though the property had been in the county on the regular assessment date, provided that the property has not been regularly assessed for the year in some other county of the state.

(3) Nothing in this section shall be construed to levy a tax against a merchant or dealer within this state on

goods, wares, or merchandise brought into the county to replenish the stock of the merchant or dealer.

(4) Any motor vehicle not subject to a fee in lieu of tax brought, driven, or coming into this state by any nonresident person temporarily employed in Montana and used exclusively for transportation of such person is subject to taxation and assessment for taxes as follows:

(a) The motor vehicle is taxed by the county in which it is located.

(b) One-fourth of the annual tax liability of the motor vehicle must be paid for each quarter or portion of a quarter of the year that the motor vehicle is located in Montana.

(c) The quarterly taxes are due the first day of the quarter.

(5) Agricultural harvesting machinery classified under class eight, licensed in other states, and operated on the lands of persons other than the owner of the machinery under contracts for hire shall be subject to a fee in lieu of taxation of \$35 per machine for the calendar year in which the fee is collected. The machines shall be subject to taxation under class eight only if they are sold in Montana."

Section 40. Section 15-24-302, MCA, is amended to read:

"15-24-302. Collection procedure. All property mentioned in 15-24-301 is assessed at the same value as property of like kind and character, and the assessment, levy, and collection of the tax are governed by the provisions of 15-8-408, 15-16-111 through 15-16-115, 15-16-404, 15-17-911, and 15-24-202, as amended, except:

{1} taxation of motor vehicles under 15-24-301(4) to the extent that subsection varies from the general provisions cited above; and

{2} ~~livestock--taxation-governed-by-81-7-104-and-Title 81, chapter 77, part 2.~~

Section 41. Section 15-24-921, MCA, is amended to read:

"15-24-921. Per capita tax levy to pay expenses of enforcing livestock laws. (1) In addition to appropriations made for such purposes, a per capita tax is hereby authorized and directed to be levied by the county assessor on all poultry and bees, all swine 3 months of age or older, and all other livestock 9 months of age or older in each county of this state for the purpose of aiding in the payment of the salaries and all expenses connected with the enforcement of the livestock laws of the state and for the payment of bounties on wild animals as hereinafter specified.

(2) As used in this section, "livestock" means cattle,

sheep, swine, poultry, bees, goats, horses, mules, and asses, llamas, and bison."

Section 42. Section 15-24-925, MCA, is amended to read:

"15-24-925. Reimbursement to county -- transmission of taxes from county to state treasurer. (1) The county treasurer may withhold 2% of the money received under 15-24-921 as reimbursement to the county for the collection of the levy on livestock.

(2) Except for the amount withheld under subsection (1), the taxes levied and the money collected pursuant to the provisions of 15-24-922 ~~shall~~ must be transmitted to the state treasury by the county treasurer of each county, as provided in 15-1-504, ~~but not later than July 1 following assessment.~~ The county treasurer shall designate the amount received from the tax levied on ~~sheep--and--the--amount received--from--the--tax--levied--on--all--other--livestock~~ the categories of livestock, as specified by the department of livestock, and shall specify the separate amounts in his report to the state treasurer. The money, when received by the state treasurer, ~~shall~~ must be deposited to the credit of the department of livestock livestock's state special revenue fund for the use of the department."

NEW SECTION. Section 43. Collection of tax. (1) On or before January 15 of each year, an owner of property subject

to the per capita tax imposed by 15-24-921, or the owner's agent, shall make and deliver to the county assessor in the county where the owner or agent resides or, if neither resides in the state, in the county where the majority of the owner's property subject to the per capita tax is located a verified statement showing, as of January 1, the number of each kind of property subject to the per capita tax within the state belonging to the owner, with their marks and brands.

(2) The county assessor shall compile the reports received under subsection (1) and forward a summary of the information to the board of livestock on or before February 1, following receipt of the reports.

(3) Upon notification of the amount of levy set by the board of livestock under 15-24-922, the county assessor shall send to each owner or agent who filed a report a statement indicating the total amount due under the levy for the year, the fact that payment is to be made to the county treasurer on or before June 1 following assessment of the tax, and the penalties and lien provisions that apply pursuant to [section 44].

NEW SECTION. Section 44. Penalty for failure to file report -- lien upon real and personal property. (1) If a person who is the owner of property subject to the per capita tax imposed by 15-24-921 fails to make or have his

agent make the report as required in [section 43], the county assessor may, after 10 days' notice to the person who failed to file the report, assess the tax imposed under 15-24-921, based on the assessor's estimate of the property subject to the tax, and may add a 10% penalty.

(2) The tax imposed under 15-24-921 is a lien upon both real and personal property of the owner who fails to pay the tax on or before June 1 following assessment of the tax and is collectible under the tax lien enforcement provisions of Title 15.

Section 45. Section 15-24-1102, MCA, is amended to read:

"15-24-1102. Federal property held under contract of sale. When the property is held under a contract of sale or other agreement whereby upon payment the legal title is or may be acquired by the person, the real property ~~shall~~ must be assessed and taxed as defined in 15-6-131--through 15-6-149 Title 15, chapter 6, part 1, and 15-8-111 without deduction on account of the whole or any part of the purchase price or other sum due on the property remaining unpaid. The lien for the tax may not attach to, impair, or be enforced against any interest of the United States in the real property."

Section 46. Section 15-24-1103, MCA, is amended to read:

"15-24-1103. Federal property held under lease. When the property is held under lease, other interest, or estate therein less than the fee, except under contract of sale, the property ~~shall~~ must be assessed and taxed as for the value, as ~~defined in 15-6-131 through 15-6-149~~ set forth in Title 15, chapter 6, part 1, of such the leasehold, interest, or estate in the property and the lien for the tax shall attach to and be enforced against only the leasehold, interest, or estate in the property. When the United States authorizes the taxation of the property for the full assessed value of the fee thereof, the property ~~shall~~ must be assessed for full assessed value as defined in 15-8-111."

Section 47. Section 19-11-503, MCA, is amended to read:

"19-11-503. Special tax levy for fund required. (1) The purpose of this section is to provide a means by which each disability and pension fund may be maintained at a level equal to 3% 3.1% of the taxable valuation of all taxable property within the limits of the city or town.

(2) Whenever the fund contains less than 3% 3.1% of the taxable valuation of all taxable property within the limits of the city or town, the governing body of the city or town shall, at the time of the levy of the annual tax, levy a special tax as provided in 19-11-504. The special tax shall be collected as other taxes are collected and, when so

collected, shall be paid into the disability and pension fund.

(3) If a special tax for the disability and pension fund is levied by a third-class city or town using the all-purpose mill levy, the special tax levy must be made in addition to the all-purpose levy."

Section 48. Section 19-11-504, MCA, is amended to read:

"19-11-504. Amount of special tax levy. Whenever the fund contains an amount which is less than 3% 3.1% of the taxable valuation of all taxable property in the city or town, the city council shall levy an annual special tax of not less than 1 mill and not more than 4 mills on each dollar of taxable valuation of all taxable property within the city or town."

Section 49. Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue. (1) The maximum amount for which each school district may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is ~~45%~~ 46.6% of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The ~~45%~~ 46.6% maximum, however, may not pertain to indebtedness

1 imposed by special improvement district obligations or
2 assessments against the school district. All bonds issued in
3 excess of such amount shall be null and void, except as
4 provided in this section.

5 (2) When the total indebtedness of a school district
6 has reached the ~~45%~~ 46.6% limitation prescribed in this
7 section, the school district may pay all reasonable and
8 necessary expenses of the school district on a cash basis in
9 accordance with the financial administration provisions of
10 this chapter.

11 (3) Whenever bonds are issued for the purpose of
12 refunding bonds, any moneys to the credit of the debt
13 service fund for the payment of the bonds to be refunded are
14 applied towards the payment of such bonds and the refunding
15 bond issue is decreased accordingly."

16 **Section 50.** Section 20-9-407, MCA, is amended to read:

17 "20-9-407. Industrial facility agreement for bond
18 issue in excess of maximum. (1) In a school district within
19 which a new major industrial facility which seeks to qualify
20 for taxation as class five property under 15-6-135 is being
21 constructed or is about to be constructed, the school
22 district may require, as a precondition of the new major
23 industrial facility qualifying as class five property, that
24 the owners of the proposed industrial facility enter into an
25 agreement with the school district concerning the issuing of

1 bonds in excess of the ~~45%~~ 46.6% limitation prescribed in
2 20-9-406. Under such an agreement, the school district may,
3 with the approval of the voters, issue bonds which exceed
4 the limitation prescribed in this section by a maximum of
5 ~~45%~~ 46.6% of the estimated taxable value of the property of
6 the new major industrial facility subject to taxation when
7 completed. The estimated taxable value of the property of
8 the new major industrial facility subject to taxation shall
9 be computed by the department of revenue when requested to
10 do so by a resolution of the board of trustees of the school
11 district. A copy of the department's statement of estimated
12 taxable value shall be printed on each ballot used to vote
13 on a bond issue proposed under this section.

14 (2) Pursuant to the agreement between the new major
15 industrial facility and the school district and as a
16 precondition to qualifying as class five property, the new
17 major industrial facility and its owners shall pay, in
18 addition to the taxes imposed by the school district on
19 property owners generally, so much of the principal and
20 interest on the bonds provided for under this section as
21 represents payment on an indebtedness in excess of the
22 limitation prescribed in 20-9-406. After the completion of
23 the new major industrial facility and when the indebtedness
24 of the school district no longer exceeds the limitation
25 prescribed in this section, the new major industrial

1 facility shall be entitled, after all the current
2 indebtedness of the school district has been paid, to a tax
3 credit over a period of no more than 20 years. The credit
4 shall as a total amount be equal to the amount which the
5 facility paid the principal and interest of the school
6 district's bonds in excess of its general liability as a
7 taxpayer within the district.

8 (3) A major industrial facility is a facility subject
9 to the taxing power of the school district, whose
10 construction or operation will increase the population of
11 the district, imposing a significant burden upon the
12 resources of the district and requiring construction of new
13 school facilities. A significant burden is an increase in
14 ANB of at least 20% in a single year."

15 **Section 51.** Section 20-9-502, MCA, is amended to read:

16 "20-9-502. Purpose and authorization of a building
17 reserve fund by an election. (1) The trustees of any
18 district, with the approval of the qualified electors of the
19 district, may establish a building reserve for the purpose
20 of raising money for the future construction, equipping, or
21 enlarging of school buildings or for the purpose of
22 purchasing land needed for school purposes in the district.
23 In order to submit to the qualified electors of the district
24 a building reserve proposition for the establishment of or
25 addition to a building reserve, the trustees shall pass a

1 resolution that specifies:

2 (a) the purpose or purposes for which the new or
3 addition to the building reserve will be used;

4 (b) the duration of time over which the new or
5 addition to the building reserve will be raised in annual,
6 equal installments;

7 (c) the total amount of money that will be raised
8 during the duration of time specified in subsection (1)(b);
9 and

10 (d) any other requirements under 20-20-201 for the
11 calling of an election.

12 (2) The total amount of building reserve when added to
13 the outstanding indebtedness of the district shall not be
14 more than ~~45%~~ 46.6% of the taxable value of the taxable
15 property of the district. Such limitation shall be
16 determined in the manner provided in 20-9-406. A building
17 reserve tax authorization shall not be for more than 20
18 years.

19 (3) The election shall be conducted in accordance with
20 the school election laws of this title, and the electors
21 qualified to vote in the election shall be qualified under
22 the provisions of 20-20-301. The ballot for a building
23 reserve proposition shall be substantially in the following
24 form:

25 OFFICIAL BALLOT

1 SCHOOL DISTRICT BUILDING RESERVE ELECTION

2 INSTRUCTIONS TO VOTERS: Make an X or similar mark in
3 the vacant square before the words "BUILDING RESERVE--YES"
4 if you wish to vote for the establishment of a building
5 reserve (addition to the building reserve); if you are
6 opposed to the establishment of a building reserve (addition
7 to the building reserve) make an X or similar mark in the
8 square before the words "BUILDING RESERVE--NO".

9 Shall the trustees be authorized to impose an
10 additional levy each year for years to establish a
11 building reserve (add to the building reserve) of this
12 school district to raise a total amount of dollars
13 (\$....), for the purpose(s) (here state the purpose or
14 purposes for which the building reserve will be used)?

15 ☐ BUILDING RESERVE--YES.

16 ☐ BUILDING RESERVE--NO.

17 (4) The building reserve proposition shall be approved
18 if a majority of those electors voting at the election
19 approve the establishment of or addition to such building
20 reserve. The annual budgeting and taxation authority of the
21 trustees for a building reserve shall be computed by
22 dividing the total authorized amount by the specified number
23 of years. The authority of the trustees to budget and
24 impose the taxation for the annual amount to be raised for
25 the building reserve shall lapse when, at a later time, a

1 bond issue is approved by the qualified electors of the
2 district for the same purpose or purposes for which the
3 building reserve fund of the district was established.
4 Whenever a subsequent bond issue is made for the same
5 purpose or purposes of a building reserve, the money in the
6 building reserve shall be used for such purpose or purposes
7 before any money realized by the bond issue is used."

8 **Section 52.** Section 81-7-111, MCA, is amended to read:

9 **"81-7-111. Evidence of killing by bounty claimant. (1)**

10 Any person killing any of the aforesaid animals, except
11 mountain lions, to obtain bounty thereon shall within 30
12 days of the date of the killing:

13 (a) exhibit the entire skin or skins of the said
14 animal or animals, including the entire head with ears, the
15 tail, and all four paws to the bounty inspector nearest to
16 the locality in which the animal or animals were killed; and

17 (b) at the same time file with the bounty inspector,
18 as hereinafter provided, an affidavit setting forth:

19 (i) that he killed the animal or animals from which
20 the skin or skins were taken;

21 (ii) that the same was killed nearer to or, if more
22 than one hide is presented, that the greater number were
23 killed nearer to the residence of the said bounty inspector
24 to which the same was presented than to any other bounty
25 inspector; and

(iii) the county or counties in which said animals were killed.

(2) Any person killing any mountain lion to obtain bounty thereon shall present the same to a bounty inspector as provided in this section for wolves and coyotes, except that, in addition to the requirements of this section, the skins of mountain lions shall also contain the entire skin of the lower jaw, which shall be severed by the bounty inspector and thereafter treated in the same manner as scalps of wolves and coyotes herein provided.

(3) Every bounty inspector appointed under the provisions of 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122 shall be empowered to administer oaths to any and all persons making any affidavit as aforesaid."

Section 53. Section 81-7-114, MCA, is amended to read:

"81-7-114. Certificate and record of sheriff. (1) The officer shall at the same time make out and deliver to the person a certificate addressed to the county clerk of his county and immediately deliver to the county clerk a duplicate of the certificate, showing the date, number, and kind of skins marked for severing and the name of the person presenting the skins. The certificate shall also recite that the filing of the affidavits of taxpayers previously required has been done and the examination has been made as required. The certificate shall be signed by the officer in

his official capacity. When a doubt exists as to the kind of skin presented, whether wolf or coyote, the certificate shall be issued for the lesser bounty. Each sheriff shall keep a record of all skins marked and severed, showing the date, number, and kinds and the names of the persons presenting the skins. This record is an official record. The sheriff, undersheriff, or deputy sheriff may not perform any duties under 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122 except at the county seat.

(2) The sheriff shall, not later than the 15th of each month, give to the county clerk and recorder a report setting forth the names of the persons presenting skins, with the number of the certificate and the kind and number of the skins presented. The sheriff shall report for each certificate which he has issued during the month."

Section 54. Section 81-7-120, MCA, is amended to read:

"81-7-120. Use of funds remaining after payment of bounties -- sale of furs, skins, and specimens -- presentation to museums. (1) If, at the end of a bounty paying season, there is surplus money available for the administration of 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122, the surplus may be used to hire salaried hunters and trappers to hunt and trap predatory animals and to purchase and supply poison to be used for a poison campaign on predatory animals.

(2) All furs, skins, and specimens taken by hunters or trappers whose salaries are paid in whole or in part out of this money shall be sold by the department, and the proceeds from these sales shall be credited to the state special revenue fund. These funds shall be used to carry out 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122. Specimens may be presented free of charge to a state museum or institution."

Section 55. Section 81-7-121, MCA, is amended to read:

"81-7-121. Falsifying certificates or affidavits -- penalty. Any person who falsely makes, alters, forges, or counterfeits any of the certificates or orders and any person who falsely swears to any affidavit provided for by 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122 or procures the same to be done by another, with the intent of obtaining any one of the certificates or orders, is punishable as provided in Title 45."

Section 56. Section 81-7-122, MCA, is amended to read:

"81-7-122. Penalty for fraudulent claims. Any person or persons who shall patch up any skin or scalp or who shall present any punched or patched skin or scalp or who shall bring in any skin or skins from other states or territory with the intent to obtain the bounty on the same fraudulently or any officer who shall sign any certificate herein provided for without first counting the skins and

examining the same to determine the kind of skins and to see that the skin from the scalp or head is properly severed and preserved as hereinbefore provided or shall evade or violate any provision of any law of the state of Montana relative to bounties or bounty claims shall be deemed guilty of a misdemeanor and, on conviction thereof, shall be punished by a fine not exceeding \$1,000 or by imprisonment in the county jail not exceeding 1 year or by both such fine and imprisonment and two-thirds of the fine, if the same be collected or can be collected, shall be given to the informer and the balance be deposited in the state special revenue fund and used for the administration of 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122."

Section 57. Section 81-7-303, MCA, is amended to read:

"81-7-303. County commissioners permitted to require per capita license fee on sheep. (1) To defray the expense of such protection the board of county commissioners of any county shall have the power to require all owners or persons in possession of any sheep coming 1 year old or over in the county on the regular assessment date of each year to pay a license fee in an amount to be determined by the board on a per head basis for sheep so owned or possessed by him in the county. All owners or persons in possession of any sheep coming 1 year old or over coming into the county after the regular assessment date ~~and subject to taxation under the~~

provisions--of-15-24-301 shall also be subject to payment of the license fee herein prescribed.

(2) Upon the order of the board of county commissioners such license fees may be imposed by the entry thereof in the name of the licensee upon the property tax rolls of the county by the county assessor. Said license fees shall be payable to and collected by the county treasurer, and when so levied, shall be a lien upon the property, both real and personal, of the licensee. In case the person against whom said license fee is levied owns no real estate against which said license fee is or may become a lien, then said license fee shall be payable immediately upon its levy and the treasurer shall collect the same in the manner provided by law for the collection of personal property taxes which are not a lien upon real estate.

(3) When collected, said fees shall be placed by the treasurer in the predatory animal control fund and the moneys in said fund shall be expended on order of the board of county commissioners of the county for predatory animal control only."

Section 58. Section 81-7-305, MCA, is amended to read:

"81-7-305. Duty of county commissioners -- petition of sheep owners -- license fees. (1) In conducting a predatory animal control program, the board of county commissioners shall give preference to recommendations for such program

and its incidents as made by organized associations of sheep growers in the county. Upon petition of the resident owners of at least 51% of the sheep in the county, ~~as-shown-by--the assessment--rolls--of--the--last-preceding-assessment,~~ which petition shall be filed with the board of county commissioners on or before the first Monday in December in any year, such board shall establish the predatory animal control program and cause said licenses to be secured and issued and the fees collected for the following year in such amount as will defray the cost of administering the program so established. The license fee determined and set by the board shall remain in full force and effect from year to year without change, unless there is filed with the board a petition subscribed by the resident owners of at least 51% of the sheep in the county, ~~as-shown-by-the-assessment-rolls of-the-last-assessment-preceding-the-filing-of-the-petition,~~ for termination of the program and repeal of the license fee, in which event the program shall by order of the board of county commissioners be disestablished and the license fee shall not be further levied.

(2) If the resident owners of at least 51% of the sheep in the county either petition for an increase in the license fee or petition for a decrease in the license fee then in force, the board of county commissioners shall upon receipt of any such petition fix a new license fee to

1 continue from year to year and the program shall thereupon
2 continue within the limits of the aggregate amount of the
3 license fee as collected from year to year."

4 **Section 59.** Section 81-8-804, MCA, is amended to read:

5 **"81-8-804. Assessments -- refunds.** (1) Except as
6 provided in subsection (5), there is levied~~7-in-addition--to~~
7 ~~the--tax--on--livestock--prescribed-in-Title-157-chapter-247~~
8 ~~part-97~~ a per head tax of 25 cents on each head of cattle
9 that is more than 9 months of age and is owned or possessed
10 within a county for the support and maintenance of research
11 into beef production as provided in this part. The tax shall
12 be paid to the county treasurer of that county on or before
13 March 1 of each year.

14 (2) The tax required in subsection (1) must be paid
15 for each head of cattle that is more than 9 months of age
16 and is brought into the county after March 1 ~~and-is--subject~~
17 ~~to-taxation-and-assessment-under-15-24-301.~~

18 (3) Each county is entitled to receive \$250 annually
19 as reimbursement for the administration of this section.

20 (4) A person who has paid the tax required by this
21 section may obtain a refund of the tax upon submission of a
22 written request to the department. The application must be
23 made within 30 days after the payment of the tax and on
24 forms furnished by the department. The department shall,
25 upon receipt of a timely and otherwise properly submitted

1 refund request, refund the tax.

2 (5) The levy imposed by this section is suspended for
3 the taxable year January 1, 1987, through December 31, 1987.
4 If the referendum required in the Beef Promotion and
5 Research Act of 1985 (7 U.S.C. 2901 through 2918) to
6 continue a national assessment on beef is approved in 1988,
7 the levy imposed by this section is suspended for the
8 taxable year January 1, 1988, through December 31, 1988. The
9 board of livestock shall certify such approval to the
10 governor, and the governor shall declare the levy imposed in
11 this section to be suspended in accordance with this
12 section.

13 (6) The department shall provide for automatic refund
14 of any tax collected under this section for any year for
15 which the levy is suspended."

16 **Section 60.** Section 85-7-2001, MCA, is amended to
17 read:

18 **"85-7-2001. Limitations on debt-incurring power.** (1)
19 The board of commissioners or other officers of the district
20 may not incur any debt or liability, either by issuing bonds
21 or otherwise, except as provided in this chapter. No
22 irrigation district may become indebted, in any manner or
23 for any purpose in any one year, in an amount exceeding
24 ~~10.75%~~ 22% of the assessed valuation of the district, except
25 as provided in subsection (2).

(2) (a) For the purpose of organization; for any of the immediate purposes of this chapter; to make or purchase surveys, plans, and specifications; for stream gauging and gathering data; or to make any repairs occasioned by any calamity or other unforeseen contingency, the board of commissioners may, in any one year, incur the indebtedness of as many dollars as there are acres in the district and may cause warrants of the district to issue therefor.

(b) For the purpose of organization, for any of the immediate purposes of this chapter, or to meet the expenses occasioned by any calamity or other unforeseen contingency, the board of commissioners may, in any one year, incur (in addition to the ~~18-75%~~ 22% limitation of subsection (1)) an additional indebtedness not exceeding ~~12-5%~~ 15% of the assessed valuation of the district and may cause warrants of the district to issue therefor.

(c) The limitation of subsection (1) does not apply to warrants issued for unpaid interest on the valid bonds of any irrigation district.

(d) The limitation of subsection (1) does not apply to any bonds issued under this chapter pursuant to a provision which expressly supersedes the limitation.

(3) Any debt or liability incurred in excess of the limitations provided by the irrigation district laws is void.

(4) The limitation of subsection (1) does not apply to state or federal bonds used for a project authorized by the legislature."

NEW SECTION. Section 61. Repealer. Sections 15-6-137 through 15-6-140, 15-6-142, 15-6-144, 15-6-146, 15-10-401 through 15-10-412, 15-24-901 through 15-24-906, 15-24-908 through 15-24-911, 15-24-926, 15-24-931, 15-24-941 through 15-24-943, and 81-7-118, MCA, are repealed.

NEW SECTION. Section 62. Codification instruction. [Sections 43 and 44] are intended to be codified as an integral part of Title 15, chapter 24, part 9, and the provisions of Title 15, chapter 24, part 9, apply to [sections 43 and 44].

NEW SECTION. Section 63. Code commissioner instruction. (1) The code commissioner is instructed to change the property class designation for sections in Title 15, chapter 6, part 1, as follows:

(a) property in 15-6-141 is redesignated as class seven;

(b) property in 15-6-143 is redesignated as class eight;

(c) property in 15-6-145 is redesignated as class nine;

(d) property in 15-6-147 is redesignated as class ten;

(e) property in 15-6-148 is redesignated as class

LC 0258/01

1 eleven;

2 (f) property in 15-6-149 is redesignated as class
3 twelve;

4 (g) property in 15-6-150 is redesignated as class
5 thirteen.

6 (2) The code commissioner is instructed to change all
7 property class references in the Montana Code Annotated to
8 reflect the redesignations as set forth in subsection (1).

9 NEW SECTION. Section 64. Extension of authority. Any
10 existing authority to make rules on the subject of the
11 provisions of [this act] is extended to the provisions of
12 [this act].

13 NEW SECTION. Section 65. Effective date. [This act]
14 is effective on passage and approval.

15 NEW SECTION. Section 66. Applicability dates. (1)
16 Except as provided in subsection (2), [this act] applies to
17 taxable years beginning after December 31, 1989.

18 (2) [Section 36] applies retroactively, within the
19 meaning of 1-2-109, to taxable years beginning after
20 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 HB475, as introduced.


DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the classification of property for property tax purposes; exempting 50 percent of the first \$40,000 or less of market value of single-family residences of Montana residents from property taxation; exempting livestock, agricultural products, and certain other property from property taxation; providing a per capita tax on livestock and a penalty for failure to file a report; revising local government bonding, debt limits, and classification provisions; amending initiative measure no. 105 for the 1989 tax year to allow an increase in tax liability if there is at least a 5 percent decrease in taxable valuation from the 1986 tax year; and providing an immediate effective date and applicability dates.

ASSUMPTIONS:

1. The taxable value of the state will be \$1,899,969,000 in FY90 and \$1,869,831,000 in FY91 (REAC).
2. Reclassification of property will reduce the taxable value of personal property in the state by \$30,299,452 and increase the taxable value of real property by \$8,681,046 (a net reduction of \$21,618,407).
3. Due to the applicability date, the reduced rate for reclassified, unsecured personal property (30 percent of all reclassified personal property) will impact FY90 revenues.
4. The average county and local school district levies for personal property are 70.67 and 128.01 mills, respectively.
5. The total market value of single-family owner-occupied primary residences in the state is \$6,432,098,599.
6. The proposal will exempt \$2,651,693,032 in market value of single-family owner occupied primary residences from taxation, resulting in a reduction of \$99,091,414 in taxable value. (Approximately 81.4% of single-family primary residences are owner occupied.)
7. It is estimated that 45% of the \$99,091,414 reduction in taxable value due to exempting 50% of the first \$40,000 in market value of single-family owner-occupied residences also lies within cities and towns.
8. The average county and local school district levies for single-family owner-occupied primary residences are 78.76 and 148.02 mills, respectively. The average city and town levy is 93.63 mills.
9. Exempting livestock, agricultural products, and certain other property from taxation will reduce the taxable value of the state by \$26,680,842.
10. Due to the applicability date, exempt, unsecured personal property (30 percent of all exempt personal property) will impact FY90 revenues.
11. The average county and local school district levies for the exempt personal property are 69.79 and 115.96 mills, respectively.
12. The amendment to 15-10-412, MCA (addressing initiative 105) applies to tax year 1989 only.
13. Under the proposal and current law, if the 5% taxable valuation drop criteria (15-10-142, (7), MCA) is met, local jurisdictions, including school districts, will levy mills to equal revenue from property taxes for the 1986 tax year.

 2/4/89
RAY/SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

 2/7/89
BEN COHEN, PRIMARY SPONSOR DATE

Fiscal Note for HB475, as introduced**HB 475**

Fiscal Note Request, HB475 as introduced

Form BD-15

Page 2

14. The limitation on the amount of taxes levied subject to a statutory maximum mill levy does not prevent an increase of mills beyond the statutory maximum mill levy to produce revenue equal to its 1986 revenue.

FISCAL IMPACT:

Revenue Impact:

| | FY90 | | | | FY91 | | |
|---------------------|--------------|--------------|-------------|--|--------------|--------------|---------------|
| | Current Law | Proposed Law | Difference | | Current Law | Proposed Law | Difference |
| University Levy | \$11,400,000 | \$11,297,435 | (\$102,565) | | \$11,219,000 | \$10,334,657 | (\$ 884,343) |
| School Equalization | 85,499,000 | 84,729,766 | (769,234) | | 84,142,000 | 77,509,420 | (6,632,580) |
| Total | \$96,899,000 | \$96,027,201 | (\$871,799) | | \$95,361,000 | \$87,844,077 | (\$7,516,923) |

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

FY90

In FY90, the proposal is estimated to have a varying impact on county, local school and city/town revenues. All local jurisdictions will lose revenue as a result of the changes in personal property taxation. Some jurisdictions will have an increase in revenue due to the amendment to initiative no. 105.

The impact of changing the taxation of personal property is estimated to reduce county, local school and city/town revenues by \$1,201,012, \$2,091,775 and \$333,874, respectively.

Analyzing known data available (tax years 1986, 1987 and 1988), if the amendment to initiative no. 105 were in effect, county, local school and city/town revenues would increase by \$8,868,970, \$7,674,608 and \$24,536, respectively, relative to current law. Under current law, 22 counties were eligible to levy additional mills due to the drop in taxable valuation from tax year 1987 to 1988 (i.e., these counties had a 5% or greater drop in taxable valuation from 1987 to 1988). Under the proposal, 36 counties would have been eligible to levy additional mills due to the drop in taxable valuation from tax year 1986 to 1988. Examining the change in taxable valuation from tax year 1987 to 1988, eighteen counties not eligible to levy additional mills under current law would have been able to levy additional mills under the proposal (Carbon, Dawson, Deer Lodge, Fallon, Fergus, Flathead, Glacier, Liberty, Musselshell, Petroleum, Pondera, Powder River, Richland, Roosevelt, Sheridan, Sweet Grass, Toole and Wibaux). Generally, these are counties that experienced a significant (25% or more) drop in taxable valuation since 1986.

FY91

In FY91 and subsequent fiscal years, county, local school and city/town revenues are expected to be reduced by \$11,180,166, \$20,596,668 and \$5,288,175, respectively.

HB 475

APPROVED BY COMMITTEE
ON TAXATION

1 HOUSE BILL NO. 475

2 INTRODUCED BY COHEN, ECK, RANEY, VINCENT, HARPER, WHALEN,

3 REAM, KADAS, HANSEN, SPAETH, ADDY, MOORE, O'KEEFE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE

6 CLASSIFICATION OF PROPERTY FOR PROPERTY TAX PURPOSES;

7 EXEMPTING 50 PERCENT OF THE FIRST \$40,000 OR LESS OF MARKET

8 VALUE OF SINGLE-FAMILY RESIDENCES OF MONTANA RESIDENTS FROM

9 PROPERTY TAXATION; EXEMPTING LIVESTOCK AND AGRICULTURAL

10 PRODUCTS AND CERTAIN OTHER PROPERTY FROM PROPERTY TAXATION;

11 PROVIDING A PER-CAPITA TAX ON LIVESTOCK AND A PENALTY FOR

12 FAILURE TO FILE A REPORT; REVISING LOCAL GOVERNMENT BONDING

13 BEST LIMITS; AND CLASSIFICATION PROVISIONS; AMENDING

14 INITIATIVE MEASURE NO. 105 FOR THE 1989 TAX YEAR TO ALLOW AN

15 INCREASE IN TAX LIABILITY IF THERE IS AT LEAST A 5 PERCENT

16 DECREASE IN TAXABLE VALUATION FROM THE 1986 TAX YEAR;

17 AMENDING SECTIONS 7-1-211, 7-3-132, 7-6-221, 7-6-412,

18 7-6-425, 7-7-107, 7-7-108, 7-7-210, 7-7-220, 7-7-420,

19 7-7-422, 7-13-410, 7-14-236, 7-14-252, 7-14-255,

20 7-14-440, 7-16-232, 7-16-410, 7-31-106, 7-31-107,

21 7-34-213, 15-1-101, 15-6-133 THROUGH 15-6-136, 15-6-147,

22 15-6-201, 15-6-207, 15-8-111, 15-8-201, 15-8-205, 15-8-405,

23 15-8-706, 15-10-402, 15-10-412, 15-16-611, 15-16-613,

24 15-24-301, 15-24-302, 15-24-921, 15-24-925, 15-24-1102, AND

25 15-24-1103, 19-11-503, 19-11-504, 20-9-406, 20-9-407,

1 20-9-502, 81-7-111, 81-7-114, 81-7-120 THROUGH 81-7-122,

2 81-7-303, 81-7-305, 81-8-804, AND 85-7-200, MCA; REPEALING

3 SECTIONS 15-6-137 THROUGH 15-6-140, 15-6-142, 15-6-144, AND

4 15-6-146, 15-10-401 THROUGH 15-10-412, 15-24-901 THROUGH

5 15-24-906, 15-24-908 THROUGH 15-24-911, 15-24-926,

6 15-24-931, 15-24-941 THROUGH 15-24-943, AND 81-7-110, MCA;

7 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN

8 APPLICABILITY DATES DATE."

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

11 **Section 1.** Section 7-1-211, MCA, is amended to read:

12 "7-1-211. Classification of counties. (1) For the

13 purpose of regulating the compensation and salaries of all

14 county officers, not otherwise provided for, and for fixing

15 the penalties of officers' bonds, the several counties of

16 this state shall be classified according to that percentage

17 of the true and full valuation of the property therein upon

18 which the tax levy is made, except for vehicles subject to

19 taxation under 61-3-504(2), as follows:

20 (a) first class--all counties having such a taxable

21 valuation of \$50 million or over;

22 (b) second class--all counties having such a taxable

23 valuation of more than \$30 million and less than \$50

24 million;

25 (c) third class--all counties having such a taxable

1 valuation--of--more--than--\$20--million--and--less--than--\$30
 2 million;
 3 {d}--fourth-class--all-counties-having-such-a-taxable
 4 valuation--of--more--than--\$15--million--and--less--than--\$20
 5 million;
 6 {e}--fifth-class--all-counties-having--such-a-taxable
 7 valuation--of--more--than--\$10--million--and--less--than--\$15
 8 million;
 9 {f}--sixth-class--all-counties-having--such-a-taxable
 10 valuation--of--more--than--\$5--million--and--less--than--\$10--million;
 11 {g}--seventh--class--all-counties-having-such-a-taxable
 12 valuation--of--less--than--\$5--million;
 13 {2}--As-used-in-this-section, taxable--valuation--means
 14 the--taxable--value--of--taxable-property-in-the-county-as-of
 15 the-time-of-determination-plus:
 16 {a}--that-portion-of-the-taxable-value-of-the-county-on
 17 December-31, 1981, attributable-to--automobiles--and--trucks
 18 having--a-rated-capacity-of-three-quarters-of-a-ton-or-less;
 19 {b}--the--amount--of--interim--production--and--new
 20 production--taxes--levied, as-provided-in-15-23-607, divided
 21 by-the-appropriate-tax-rates-described-in-15-23-607(2){a}-or
 22 {2}{b}-and-multiplied-by-60%; and
 23 {c}--the-amount-of-value-represented-by-new--production
 24 exempted-from-tax-as-provided-in-15-23-612; and
 25 {d}--3.5%--of--the-total-taxable-value-of-the-county-on

1 December-31, 1988."

2 **Section 2.**--Section-7-3-1321, MCA, is amended to read:
 3 "7-3-1321. Authorization--to--incur--indebtedness--
 4 limitation.--(1) The-consolidated-municipality--may--borrow
 5 money-or-issue-bonds-for-any-municipal-purpose-to-the-extent
 6 and--in--the-manner-provided-by-the-constitution-and-laws-of
 7 Montana-for-the-borrowing-of-money-or-issuing--of--bonds--by
 8 counties-and-cities-and-towns;
 9 {2}--The--municipality--may--not-become-indebted-in-any
 10 manner-or-for-any-purpose-to-an-amount,--including--existing
 11 indebtedness,--in--the--aggregate--exceeding--28%-29%--of--the
 12 taxable--value--of--the--taxable--property--therein,--as
 13 ascertained--by--the--last--assessment--for-state-and-county
 14 taxes-prior-to-incurring-such--indebtedness. All-warrants,
 15 bonds,--or--obligations-in-excess-of-such-amount-given-by-or
 16 on-behalf-of-the-municipality-shall-be-void."

17 **Section 3.**--Section-7-6-2211, MCA, is amended to read:
 18 "7-6-2211. Authorization-to-conduct-county-business-on
 19 a-cash-basis.--(1) In-case--the-total-indebtedness-of-a
 20 county, lawful-when-incurred, exceeds-the-limit-of--23%-24%
 21 established--in--7-7-2101--by--reason-of-great-diminution-of
 22 taxable-value, the-county-may-conduct-its--business--affairs
 23 on-a-cash-basis-and-pay-the-reasonable-and-necessary-current
 24 expenses--of--the--county--out--of--the--cash--in--the-county
 25 treasury-derived-from-its-current-revenue--and--under--such

1 restrictions--and-regulations-as-may-be-imposed-by-the-board
2 of-county-commissioners-of-the-county-by-a--resolution--duly
3 adopted-and-included-in-the-minutes-of-the-board;

4 {2}--Nothing-in-this-section-restricts-the-right-of-the
5 board--to--make--the--necessary--tax-levies-for-interest-and
6 sinking-fund-purposes;--and-nothing-in-this--section--affects
7 the-right-of-any-creditor-of-the-county-to-pursue-any-remedy
8 now-given-him-by-law-to-obtain-payment-of-his-claim;"

9 **Section 4.**--Section--7-6-4121, MCA, is amended to read:

10 "7-6-4121.--Authorization-to-conduct-municipal-business
11 on-a-cash-basis.--{1}-In-case-the-total--indebtedness--of--a
12 city--or-town-has-reached-17%-18%-of-the-total-taxable-value
13 of-the-property-of-the-city-or-town-subject-to-taxation;--as
14 ascertained--by--the--last--assessment--for-state-and-county
15 taxes;--the-city-or-town-may-conduct-its-affairs-and-business
16 on-a-cash-basis-as-provided-by-subsection-{2};

17 {2}--{a}-Whenever-a-city--or--town--is--conducting--its
18 business--affairs--on--a--cash--basis;--the--reasonable--and
19 necessary-current-expenses-of-the-city-or-town-may--be--paid
20 out--of--the--cash--in-the-city-or-town-treasury-and-derived
21 from-its--current--revenues;--under--such--restrictions--and
22 regulations--as--the--city--or-town-council--may-by-ordinance
23 prescribe;

24 {b}--In-the-event-that-payment-is-made-in-advance;--the
25 city--or--town--may--require--a--cash--deposit-as-collateral

1 security-and-indemnity;--equal-in-amount-to-such-payment;--and
2 may-hold-the--same--as--a--special--deposit--with--the--city
3 treasurer--or--town-clerk;--in-package-form;--as-a-pledge-for
4 the--fulfillment--and--performance--of--the--contract--or
5 obligation-for-which-the-advance-is-made;

6 {c}--Before--the--payment--of--the--current--expenses
7 mentioned-above;--the-city-or-town-council--shall--first--set
8 apart--sufficient--money-to-pay-the-interest-upon-its-legally
9 valid;--and-outstanding-bonded-indebtedness--and--any--sinking
10 funds--therein--provided--for--and--shall-be-authorized-to-pay
11 all-valid-claims-against--funds--raised--by--tax--especially
12 authorized-by-law-for-the-purpose-of-paying-such-claims;"

13 **Section 5.**--Section--7-6-4254, MCA, is amended to read:

14 "7-6-4254.--Limitation-on-amount-of--emergency--budgets
15 and--appropriations.--{1}-The-total-of-all-emergency-budgets
16 and-appropriations-made-therein-in-any-one-year--and--to--be
17 paid--from-any-city-fund-may-not-exceed-38%-39%-of-the-total
18 amount-which-could-be-produced--for--such--city--fund--by--a
19 maximum--levy-authorized-by-law-to-be-made-for-such-fund;--as
20 shown-by-the-last-completed-assessment-roll-of--the--county;

21 {2}--The-term--"taxable-property";--as-used-herein;--means
22 the--percentage--of--the--value--at--which--such-property-is
23 assessed-and-which-percentage-is-used-for--the--purposes--of
24 computing-taxes-and-does-not-mean-the-assessed-value-of-such
25 property-as-the-same-appears-on-the-assessment-roll;"

Section 6. Section 7-7-107, MCA, is amended to read:

"7-7-107. Limitation on amount of bonds for city-county consolidated units. (1) Except as provided in 7-7-108, no city-county consolidated local government may issue bonds for any purpose which, with all outstanding indebtedness, may exceed 39% 40% of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes.

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

Section 7. Section 7-7-108, MCA, is amended to read:

"7-7-108. Authorization for additional indebtedness for water or sewer systems. (1) For the purpose of constructing a sewer system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government which shall own and control such water supply and water system and devote the revenues therefrom to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds.

(2) The additional indebtedness which may be incurred by borrowing money or issuing bonds for the construction of a sewer system or for the procurement of a water supply or

for both such purposes may not in the aggregate exceed 10% over and above the 39% 40% referred to in 7-7-107 of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes."

Section 8. Section 7-7-2101, MCA, is amended to read:

"7-7-2101. Limitation on amount of county indebtedness. (1) No county may become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding 23% 24% of the total of the taxable value of the property therein subject to taxation, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, as ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness.

(2) No county may incur indebtedness or liability for any single purpose to an amount exceeding \$500,000 without the approval of a majority of the electors thereof voting at an election to be provided by law, except as provided in 7-21-3413 and 7-21-3414.

(3) Nothing in this section shall apply to the acquisition of conservation easements as set forth in Title

767-chapter-6;"

Section 9. Section 7-7-2203, MCA, is amended to read:

"7-7-2203. Limitation on amount of bonded indebtedness. (1) Except as provided in subsections (2) through (4), no county may issue general obligation bonds for any purpose which, with all outstanding bonds and warrants except county high school bonds and emergency bonds, will exceed 11.25% 11.66% of the total of the taxable value of the property therein, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, to be ascertained by the last assessment for state and county taxes prior to the proposed issuance of bonds.

(2) In addition to the bonds allowed by subsection (1), a county may issue bonds which, with all outstanding bonds and warrants, will not exceed 27.75% 28.75% of the total of the taxable value of the property in the county subject to taxation, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612,

when necessary to do so, for the purpose of acquiring land for a site for county high school buildings and for erecting or acquiring buildings thereon and furnishing and equipping the same for county high school purposes.

(3) In addition to the bonds allowed by subsections (1) and (2), a county may issue bonds for the construction or improvement of a jail which will not exceed 12.5% 13% of the taxable value of the property in the county subject to taxation.

(4) The limitation in subsection (1) shall not apply to refunding bonds issued for the purpose of paying or retiring county bonds lawfully issued prior to January 1, 1932."

Section 10. Section 7-7-4201, MCA, is amended to read:

"7-7-4201. Limitation on amount of bonded indebtedness. (1) Except as otherwise provided, no city or town may issue bonds or incur other indebtedness for any purpose in an amount which, with all outstanding and unpaid indebtedness, will exceed 20% 29% of the taxable value of the property therein subject to taxation, to be ascertained by the last assessment for state and county taxes.

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

Section 11. Section 7-7-4202, MCA, is amended to read:

"7-7-4202. Special provisions relating to water and sewer systems. (1) Notwithstanding the provisions of 7-7-4201, for the purpose of constructing a sewer system, procuring a water supply, or constructing or acquiring a water system for a city or town which owns and controls the water supply and water system and devotes the revenues therefrom to the payment of the debt, a city or town may incur an additional indebtedness by borrowing money or issuing bonds:

(2) The additional total indebtedness that may be incurred by borrowing money or issuing bonds for the construction of a sewer system, for the procurement of a water supply, or for both such purposes, including all indebtedness theretofore contracted which is unpaid or outstanding, may not in the aggregate exceed 55% over and above the 28% 29% referred to in 7-7-4201, of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes."

Section 12. Section 7-13-4103, MCA, is amended to

read:

"7-13-4103. Limitation on indebtedness for acquisition of natural gas system. The total amount of indebtedness authorized to be contracted in any form, including the

then-existing indebtedness, must not at any time exceed 17% 18% of the total taxable value of the property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes."

Section 13. Section 7-14-236, MCA, is amended to read:

"7-14-236. Limitation on bonded indebtedness. The amount of bonds issued to provide funds for the district and outstanding at any time shall not exceed 28% 29% of the taxable value of taxable property therein as ascertained by the last assessment for state and county taxes previous to the issuance of such bonds."

Section 14. Section 7-14-2524, MCA, is amended to read:

"7-14-2524. Limitation on amount of bonds issued. Excess void. (1) Except as otherwise provided hereafter and in 7-7-2203 and 7-7-2204, no county shall issue bonds which with all outstanding bonds and warrants except county high school bonds and emergency bonds, will exceed 11.25% 11.66% of the total of the taxable value of the property therein, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612. The taxable property and the amount of interim production and new production taxes levied

1 shall be ascertained by the last assessment for state and
 2 county taxes prior to the issuance of such bonds;
 3 (2) A county may issue bonds which, with all
 4 outstanding bonds and warrants except county high school
 5 bonds, will exceed 11.25% 11.66% but will not exceed 22.5%
 6 23.3% of the total of the taxable value of such property,
 7 plus the amount of interim production and new production
 8 taxes levied divided by the appropriate tax rates described
 9 in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the
 10 amount of value represented by new production exempted from
 11 tax as provided in 15-23-612, when necessary for the purpose
 12 of replacing, rebuilding, or repairing county buildings,
 13 bridges, or highways which have been destroyed or damaged by
 14 an act of God, disaster, catastrophe, or accident;
 15 (3) The value of the bonds issued and all other
 16 outstanding indebtedness of the county, except county high
 17 school bonds, shall not exceed 22.5% 23.3% of the total of
 18 the taxable value of the property within the county, plus
 19 the amount of interim production and new production taxes
 20 levied divided by the appropriate tax rates described in
 21 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the
 22 amount of value represented by new production exempted from
 23 tax as provided in 15-23-612, as ascertained by the last
 24 preceding general assessment;"

25 **Section 15.** Section 7-14-2525, MCA, is amended to

1 read:
 2 "7-14-2525. Refunding agreements and refunding bonds
 3 authorized: (1) Whenever the total indebtedness of a county
 4 exceeds 22.5% 23.3% of the total of the taxable value of the
 5 property therein, plus the amount of interim production and
 6 new production taxes levied divided by the appropriate tax
 7 rates described in 15-23-607(2)(a) or (2)(b) and multiplied
 8 by 60%, plus the amount of value represented by new
 9 production exempted from tax as provided in 15-23-612, and
 10 the board determines that the county is unable to pay such
 11 indebtedness in full, the board may:
 12 (a) negotiate with the bondholders for an agreement
 13 whereby the bondholders agree to accept less than the full
 14 amount of the bonds and the accrued unpaid interest thereon
 15 in satisfaction thereof;
 16 (b) enter into such agreement;
 17 (c) issue refunding bonds for the amount agreed upon;
 18 (2) These bonds may be issued in more than one series,
 19 and each series may be either amortization or serial bonds;
 20 (3) The plan agreed upon between the board and the
 21 bondholders shall be embodied in full in the resolution
 22 providing for the issue of the bonds;"

23 **Section 16.** Section 7-14-4402, MCA, is amended to
 24 read:
 25 "7-14-4402. Limit on indebtedness to provide bus

1 service. The total amount of indebtedness authorized under
 2 7-14-4401(1) to be contracted in any form, including the
 3 then-existing indebtedness, may not at any time exceed 28%
 4 29% of the total taxable value of the property of the city
 5 or town subject to taxation as ascertained by the last
 6 assessment for state and county taxes. No money may be
 7 borrowed or bonds issued for the purposes specified in
 8 7-14-4401(1) until the proposition has been submitted to the
 9 vote of the taxpayers of the city or town and the majority
 10 vote cast in its favor."

11 **Section 17.** Section 7-16-2327, MCA, is amended to
 12 read:

13 "7-16-2327. Indebtedness for park purposes. (1)
 14 Subject to the provisions of subsection (2), a county park
 15 board, in addition to powers and duties now given under law,
 16 shall have the power and duty to contract an indebtedness in
 17 behalf of a county upon the credit thereof for the
 18 purposes of 7-16-2321(1) and (2):

19 (2) (a) The total amount of indebtedness authorized to
 20 be contracted in any form, including the then-existing
 21 indebtedness, must not at any time exceed 13% 13.5% of the
 22 total of the taxable value of the taxable property in the
 23 county, plus the amount of interim production and new
 24 production taxes levied divided by the appropriate tax rates
 25 described in 15-23-607(2)(a) or (2)(b) and multiplied by

1 60% plus the amount of value represented by new production
 2 exempted from tax as provided in 15-23-612, ascertained by
 3 the last assessment for state and county taxes previous to
 4 the incurring of such indebtedness:

5 (b) No money may be borrowed on bonds issued for the
 6 purchase of lands and improving same for any such purpose
 7 until the proposition has been submitted to the vote of
 8 those qualified under the provisions of the state
 9 constitution to vote at such election in the county affected
 10 thereby and a majority vote is cast in favor thereof."

11 **Section 18.** Section 7-16-4104, MCA, is amended to
 12 read:

13 "7-16-4104. Authorization for municipal indebtedness
 14 for various cultural, social, and recreational purposes:
 15 (1) A city or town council or commission may contract an
 16 indebtedness on behalf of the city or town, upon the credit
 17 thereof, by borrowing money or issuing bonds:

18 (a) for the purpose of purchasing and improving lands
 19 for public parks and grounds;

20 (b) for procuring by purchase, construction, or
 21 otherwise swimming pools, athletic fields, skating rinks,
 22 playgrounds, museums, a golf course, a site and building for
 23 a civic center, a youth center, or combination thereof; and

24 (c) for furnishing and equipping the same;

25 (2) The total amount of indebtedness authorized to be

1 contracted---in---any---form,---including---the---then-existing
 2 indebtedness,---may---not---at---any---time---exceed---16.5%~~17.1%~~---of---the
 3 taxable-value-of-the-taxable-property-of-the-city-or-town-as
 4 ascertained---by---the---last---assessment---for---state-and-county
 5 taxes---previous---to---the---incurring---of---such---indebtedness;---No
 6 money---may---be---borrowed-on-bonds-issued-for-the-purchase-of
 7 lands-and-improving-the-same-for-any-such-purpose-until---the
 8 proposition---has-been-submitted-to-the-vote-of-the-qualified
 9 electors-of-the-city-or-town-and-a-majority-vote-is-cast---in
 10 favor---thereof.⁴

11 **Section 18.**---Section 7-31-106, MCA, is amended to read:

12 "7-31-106.---Authorization---for---county---to---issue---bonds---
 13 election-required;---(1)---If---the---petition---is---presented---to---the
 14 board---of---county-commissioners;---it---shall---be---the---duty---of---the
 15 board,---for---the---purpose---of---raising---money---to---meet---the---payments
 16 under---the---terms---and---conditions---of---said---contract---and---other
 17 necessary---and---proper---expenses---in---and---about---the---same---and---for
 18 the---approval---or---disapproval---thereof:

19 (a)---to---ascertain,---within---30---days---after---submission---of
 20 the---petition,---the---existing---indebtedness---of---the---county---in---the
 21 aggregate;---and

22 (b)---to---submit,---within---60---days---after---ascertaining---the
 23 same,---to---the---electors---of---such---county---the---proposition---to
 24 approve---or---disapprove---the---contract---and---the---issuance---of---bonds
 25 necessary---to---carry---out---the---same.

1 (2)---The---amount---of---the---bonds---authorized---by---this---section
 2 may---not---exceed---22.5%~~23.3%~~---of---the---taxable---value---of---the
 3 taxable---property---therein,---inclusive---of---the---existing
 4 indebtedness---thereof,---to---be---ascertained---by---the---last
 5 assessment---for---state---and---county---taxes---previous---to---the
 6 issuance---of---said---bonds---and---incurring---of---said---indebtedness.⁴

7 **Section 20.**---Section 7-31-107, MCA, is amended to read:

8 "7-31-107.---Authorization---for---municipality---to---issue
 9 bonds-----election---required;---(1)---If---said---petition---is
 10 presented---to---the---council---of---any---incorporated---city---or---town,
 11 the---council,---for---the---purpose---of---raising---money---to---meet---the
 12 payments---under---the---terms---and---conditions---of---said---contract---and
 13 other---necessary---and---proper---expenses---in---and---about---the---same
 14 and---for---the---approval---or---disapproval---thereof:

15 (a)---shall---ascertain,---within---30---days---after---submission
 16 of---the---petition,---the---aggregate---indebtedness---of---such---city---or
 17 town;---and

18 (b)---shall---submit,---within---60---days---after---ascertaining
 19 the---same,---to---the---electors---of---such---city---or---town---the
 20 proposition---to---approve---or---disapprove---said---contract---and---the
 21 issuance---of---bonds---necessary---to---carry---out---the---same;

22 (2)---The---amount---of---the---bonds---authorized---by---this---section
 23 may---not---exceed---16.5%~~17.1%~~---of---the---taxable---value---of---the
 24 taxable---property---therein,---inclusive---of---the---existing
 25 indebtedness---thereof,---to---be---ascertained---in---the---manner

1 provided-in-this-part:"

2 **Section 24.** ~~Section 7-34-2131, MCA, is amended to~~
3 read:

4 ~~"7-34-2131. Hospital district bonds authorized. (1) A~~
5 ~~hospital district may borrow money by the issuance of its~~
6 ~~bonds to provide funds for payment of part or all of the~~
7 ~~cost of acquisition, furnishing, equipment, improvement,~~
8 ~~extension, and betterment of hospital facilities and to~~
9 ~~provide an adequate working capital for a new hospital.~~

10 ~~(2) The amount of bonds issued for such purpose and~~
11 ~~outstanding at any time may not exceed 22.5% 23.5% of the~~
12 ~~taxable value of the property therein as ascertained by the~~
13 ~~last assessment for state and county taxes previous to the~~
14 ~~issuance of such bonds.~~

15 ~~(3) Such bonds shall be authorized, sold, and issued~~
16 ~~and provisions made for their payment in the manner and~~
17 ~~subject to the conditions and limitations prescribed for~~
18 ~~bonds of school districts by Title 20, chapter 9, part 4.~~

19 ~~(4) Nothing herein shall be construed to preclude the~~
20 ~~provisions of Title 50, chapter 6, part 1, allowing the~~
21 ~~state to apply for and accept federal funds."~~

22 **Section 1.** Section 15-1-101, MCA, is amended to read:

23 "15-1-101. Definitions. (1) Except as otherwise
24 specifically provided, when terms mentioned in this section
25 are used in connection with taxation, they are defined in

1 the following manner:

2 (a) The term "agricultural" ~~refers to~~ means the
3 raising of livestock, poultry, bees, and other species of
4 domestic animals and wildlife in domestication or a captive
5 environment, and the raising of field crops, fruit, and
6 other animal and vegetable matter for food or fiber.

7 (b) The term "assessed value" means the value of
8 property as defined in 15-8-111.

9 (c) The term "average wholesale value" means the value
10 to a dealer prior to reconditioning and profit margin shown
11 in national appraisal guides and manuals or the valuation
12 schedules of the department of revenue.

13 (d) (i) The term "commercial", when used to describe
14 property, means any property used or owned by a business, a
15 trade, or a nonprofit corporation as defined in 35-2-102 or
16 used for the production of income, except that property
17 described in subsection (ii).

18 (ii) The following types of property are not
19 commercial:

20 (A) agricultural lands;

21 (B) timberlands;

22 (C) single-family residences and ancillary
23 improvements and improvements necessary to the function of a
24 bona fide farm, ranch, or stock operation;

25 (D) mobile homes used exclusively as a residence

1 except when held by a distributor or dealer of trailers or
2 mobile homes as his stock in trade; and

3 (E) all property described in 15-6-135~~7~~.

4 ~~{F}--all-property-described-in-15-6-136--and~~

5 ~~{G}--all-property-described-in-15-6-146--~~

6 (e) The term "comparable property" means property that
7 has similar use, function, and utility; that is influenced
8 by the same set of economic trends and physical,
9 governmental, and social factors; and that has the potential
10 of a similar highest and best use.

11 (f) The term "credit" means solvent debts, secured or
12 unsecured, owing to a person.

13 (g) The term "improvements" includes means all
14 buildings, structures, fences, and improvements situated
15 upon, erected upon, or affixed to land. When the department
16 of revenue or its agent determines that the permanency of
17 location of a mobile home or housetrailer has been
18 established, the mobile home or housetrailer is presumed to
19 be an improvement to real property. A mobile home or
20 housetrailer ~~may-be-determined--to--be--permanently--located~~
21 ~~only--when--it--is--attached--to--a--foundation--which--cannot~~
22 ~~feasibly-be-relocated-and-only-when-the-wheels--are--removed~~
23 used as a residence is an improvement, whether or not it is
24 affixed to the land.

25 (h) The term "leasehold improvements" means

1 improvements to mobile homes and mobile homes located on
2 land owned by another person. This property is assessed
3 under the appropriate classification and the taxes are due
4 and payable in two payments as provided in 15-24-202
5 15-16-102. Delinquent taxes on such leasehold improvements
6 are a lien only on such leasehold improvements.

7 (i) The term "livestock" means cattle, sheep, swine,
8 goats, horses, mules, and asses, llamas, and bison.

9 (j) The term "mobile home" means forms of housing
10 shelter known as "trailers", "housetrainers", or "trailer
11 coaches" exceeding 8 feet in width or 45 feet in length,
12 designed to be moved from one place to another by an
13 independent power connected to them, or any "trailer",
14 "housetrailer", or "trailer coach" up to 8 feet in width or
15 45 feet in length used as a principal residence.

16 (k) The term "personal property" includes means
17 everything that is the subject of ownership but that is not
18 included within the meaning of the terms "real estate" and
19 "improvements".

20 (l) The term "poultry" includes means all chickens,
21 turkeys, geese, ducks, and other birds raised in
22 domestication to produce food or feathers.

23 (m) The term "property" includes-moneys means money,
24 credits, bonds, stocks, franchises, and all other matters
25 and things, real, personal, and mixed, capable of private

1 ownership. This definition ~~must~~ may not be construed to
 2 authorize the taxation of the stocks of any company or
 3 corporation when the property of ~~such~~ the company or
 4 corporation represented by the stocks is within the state
 5 and has been taxed.

6 (n) The term "real estate" ~~includes~~ means:

7 (i) the possession of, claim to, ownership of, or
 8 right to the possession of land;

9 (ii) all mines, minerals, and quarries in and under the
 10 land subject to the provisions of 15-23-501 and Title 15,
 11 chapter 23, part 8; all timber belonging to individuals or
 12 corporations growing or being on the lands of the United
 13 States; and all rights and privileges appertaining thereto.

14 (o) "Research and development firm" means an entity
 15 incorporated under the laws of this state or a foreign
 16 corporation authorized to do business in this state whose
 17 principal purpose is to engage in theoretical analysis,
 18 exploration, and experimentation and the extension of
 19 investigative findings and theories of a scientific and
 20 technical nature into practical application for experimental
 21 and demonstration purposes, including the experimental
 22 production and testing of models, devices, equipment,
 23 materials, and processes.

24 (p) The term "taxable value" means the percentage of
 25 market or assessed value as provided for in ~~15-6-131~~ through

1 ~~15-6-149~~ this title.

2 (q) The term "weighted mean assessment ratio" means
 3 the total of the assessed values divided by the total of the
 4 selling prices of all area sales in the stratum.

5 (2) The phrase "municipal corporation" or
 6 "municipality" or "taxing unit" ~~shall-be-deemed-to-include~~
 7 means a county, city, incorporated town, township, school
 8 district, irrigation district, drainage district, or any
 9 person, persons, or organized body authorized by law to
 10 establish tax levies for the purpose of raising public
 11 revenue.

12 (3) The term "state board" or "board" when used
 13 without other qualification ~~shall-mean~~ means the state tax
 14 appeal board."

15 **Section 2.** Section 15-6-133, MCA, is amended to read:

16 "15-6-133. Class three property -- description --
 17 taxable percentage. (1) Class three property includes
 18 agricultural land as defined in 15-7-202.

19 (2) Class three property is taxed at ~~the-taxable~~
 20 ~~percentage-rate-"P"~~ 30% of its productive capacity.

21 ~~{3}--Until-July-17-1986,-the--taxable--percentage--rate~~
 22 ~~"P"--for-class-three-property-is-30%.~~

23 ~~{4}--Prior--to--July-17-1986,-the-department-of-revenue~~
 24 ~~shall-determine-the-taxable-percentage-rate--"P"--applicable~~
 25 ~~to--class-three-property-for-the-revaluation-cycle-beginning~~

January 17, 1986, as follows:

(a) The director of the department of revenue shall certify to the governor before July 1, 1986, the percentage by which the appraised value of all property in the state classified under class three as of January 17, 1986, has increased due to the revaluation conducted under 15-7-111. This figure is the "certified statewide percentage increase".

(b) The taxable value of property in class three is determined as a function of the certified statewide percentage increase in accordance with the table shown below:

(c) This table limits the statewide increase in taxable valuation resulting from reappraisal to 0%. In calculating the percentage increase, the department may not consider agricultural use changes during calendar year 1985.

(d) The taxable percentage must be calculated by interpolation to coincide with the nearest whole number certified statewide percentage increase from the following table:

| Certified Statewide Percentage Increase | Class Three Taxable Percentage "P" |
|--|---------------------------------------|
| 0 | 30.00 |
| 10 | 27.27 |
| 20 | 25.00 |

| | |
|----|-------|
| 30 | 23.00 |
| 40 | 21.43 |
| 50 | 20.00 |

(5) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a revaluation has been made as provided in 15-7-111.

Section 3. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land except that specifically included in another class;

(b) all improvements except those specifically included in another class;

(c) the first \$80,000 or less of the market value of any improvement on real property and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources including otherwise tax-exempt income of all types is not more than \$10,000 for a single person or \$12,000 for a married couple, as adjusted according to subsection (2)(b)(ii);

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least 9 holes and not less than 3,000 lineal yards.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a) and (1)(b) is taxed at 3.86% of its market value.

(b) (i) Property described in subsection (1)(c) is taxed at 3.86% of its market value multiplied by a percentage figure based on income and determined from the following table:

| Income | Income | Percentage |
|-----------------|-----------------|------------|
| Single Person | Married Couple | Multiplier |
| \$ 0 - \$ 1,000 | \$ 0 - \$ 1,200 | 0% |
| 1,001 - 2,000 | 1,201 - 2,400 | 10% |
| 2,001 - 3,000 | 2,401 - 3,600 | 20% |
| 3,001 - 4,000 | 3,601 - 4,800 | 30% |
| 4,001 - 5,000 | 4,801 - 6,000 | 40% |
| 5,001 - 6,000 | 6,001 - 7,200 | 50% |
| 6,001 - 7,000 | 7,201 - 8,400 | 60% |
| 7,001 - 8,000 | 8,401 - 9,600 | 70% |
| 8,001 - 9,000 | 9,601 - 10,800 | 80% |
| 9,001 - 10,000 | 10,801 - 12,000 | 90% |

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the

table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1986; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a).

~~(3)--After--July--1--1986--no--adjustment--may--be--made--by--the--department--to--the--taxable--percentage--rate--for--class--four--property--until--a--revaluation--has--been--made--as--provided--in--15-7-111.~~

~~(4)(3)~~ Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property.

(4) For the purposes of this section, all mobile homes are considered to be improvements."

Section 4. Section 15-6-135, MCA, is amended to read:

1 "15-6-135. Class five property -- description --
2 taxable percentage. (1) Class five property includes:

3 (a) all property used and owned by cooperative rural
4 electrical and cooperative rural telephone associations
5 organized under the laws of Montana, except property owned
6 by cooperative organizations described in subsection-~~(1)(b)~~
7 ~~of 15-6-137~~ 15-6-136(1)(d);

8 (b) air and water pollution control equipment as
9 defined in this section;

10 (c) new industrial property as defined in this
11 section;

12 (d) any personal or real property used primarily in
13 the production of gasohol during construction and for the
14 first 3 years of its operation;

15 (e) all land and improvements and all personal
16 property owned by a research and development firm, provided
17 that the property is actively devoted to research and
18 development;

19 (f) machinery and equipment used in electrolytic
20 reduction facilities.

21 (2) (a) "Air and water pollution equipment" means
22 facilities, machinery, or equipment used to reduce or
23 control water or atmospheric pollution or contamination by
24 removing, reducing, altering, disposing, or storing
25 pollutants, contaminants, wastes, or heat. The department of

1 health and environmental sciences shall determine if such
2 utilization is being made.

3 (b) The department of health and environmental
4 sciences' determination as to air and water pollution
5 equipment may be appealed to the board of health and
6 environmental sciences and may not be appealed to either a
7 county tax appeal board or the state tax appeal board.
8 However, the appraised value of the equipment as determined
9 by the department of revenue may be appealed to the county
10 tax appeal board and the state tax appeal board.

11 (3) "New industrial property" means any new industrial
12 plant, including land, buildings, machinery, and fixtures,
13 used by new industries during the first 3 years of their
14 operation. The property may not have been assessed within
15 the state of Montana prior to July 1, 1961.

16 (4) (a) "New industry" means any person, corporation,
17 firm, partnership, association, or other group that
18 establishes a new plant in Montana for the operation of a
19 new industrial endeavor, as distinguished from a mere
20 expansion, reorganization, or merger of an existing
21 industry.

22 (b) New industry includes only those industries that:

23 (i) manufacture, mill, mine, produce, process, or
24 fabricate materials;

25 (ii) do similar work, employing capital and labor, in

1 which materials unserviceable in their natural state are
2 extracted, processed, or made fit for use or are
3 substantially altered or treated so as to create commercial
4 products or materials; or

5 (iii) engage in the mechanical or chemical
6 transformation of materials or substances into new products
7 in the manner defined as manufacturing in the 1972 Standard
8 Industrial Classification Manual prepared by the United
9 States office of management and budget.

10 (5) New industrial property does not include:

11 (a) property used by retail or wholesale merchants,
12 commercial services of any type, agriculture, trades, or
13 professions;

14 (b) a plant that will create adverse impact on
15 existing state, county, or municipal services; or

16 (c) property used or employed in any industrial plant
17 that has been in operation in this state for 3 years or
18 longer.

19 (6) Class five property is taxed at 3% of its market
20 value."

21 **Section 5.** Section 15-6-136, MCA, is amended to read:

22 "15-6-136. Class six property -- description --
23 taxable percentage. (1) Class six property includes:

24 ~~(a) --livestock-and-other-species--of--domestic--animals~~
25 ~~and--wildlife--raised--in--domestication--or--a--captive~~

1 ~~environment,--except-for-cats,--dogs,--and-other-household-pets~~
2 ~~not-raised-for-profit,--and-the-unprocessed-products-of--such~~
3 ~~animals-and-wildlife;~~

4 ~~(b) --all--unprocessed-agricultural-products-on-the-farm~~
5 ~~or-in-storage-except:~~

6 ~~(i) --all--perishable--fruits--and--vegetables--in--farm~~
7 ~~storage-and-owned-by-the-producer;--and~~

8 ~~(ii) --all--producer-held-grain-in-storage;~~

9 ~~(c)(a) all items of personal property, including goods~~
10 ~~and equipment, intended for rent or lease in the ordinary~~
11 ~~course of business, provided each item of personal property~~
12 ~~satisfies all of the following: except personal property~~
13 ~~specifically included in another class;~~

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

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

21 ~~(iii) --the lease of the personal property is generally~~
22 ~~on an hourly, daily, or weekly basis;~~

23 ~~(b) all property used and owned by persons, firms,~~
24 ~~corporations, or other organizations that are engaged in the~~
25 ~~business of furnishing telephone communications exclusively~~

1 to rural areas or to rural areas and cities and towns of 800
 2 persons or less;

3 (c) subject to the provisions of subsection (2), all
 4 property owned by cooperative rural electrical and
 5 cooperative rural telephone associations that serve less
 6 than 95% of the electricity consumers or telephone users
 7 within the incorporated limits of a city or town;

8 (d) electric transformers and meters; electric light
 9 and power substation machinery; natural gas measuring and
 10 regulating station equipment, meters, and compressor station
 11 machinery owned by noncentrally assessed public utilities;
 12 and tools used in the repair and maintenance of such
 13 property;

14 (e) tools, implements, and machinery that are not
 15 hand-held and that are used to repair and maintain machinery
 16 not used for manufacturing and mining purposes;

17 (f) all agricultural implements and equipment;

18 (g) all mining machinery, fixtures, equipment, tools,
 19 and supplies except those included in class five;

20 (h) all manufacturing machinery, fixtures, equipment,
 21 tools, and supplies except those included in class five;

22 (i) all other machinery except that specifically
 23 included in another class;

24 (j) all trailers, including those referred to in
 25 15-24-102 but not including those subject to a fee in lieu

1 of property tax;

2 (k) truck toppers weighing more than 300 pounds;

3 (l) furniture, fixtures, and equipment, except that
 4 specifically included in another class, used in commercial
 5 establishments as defined in this section;

6 (m) x-ray and medical and dental equipment;

7 (n) citizens' band radios and mobile telephones;

8 (o) radio and television broadcasting and transmitting
 9 equipment;

10 (p) cable television systems;

11 (q) coal and ore haulers;

12 (r) trucks having a rated capacity of more than
 13 three-quarters of a ton, including those prorated under
 14 15-24-102 but not including those subject to a fee in lieu
 15 of property tax;

16 (s) theater projectors and sound equipment; and

17 (t) all other property not included in any other class
 18 in this part except that property subject to a fee in lieu
 19 of property tax.

20 (2) To qualify as class six property, the average
 21 circuit miles for each station on a telephone communication
 22 system described in subsection (1)(c) must be more than 1
 23 mile.

24 (3) "Commercial establishment" means any hotel; motel;
 25 office; petroleum marketing station; or service, wholesale,

1 retail, or food-handling business.

2 ~~{2}~~(4) Class six property is taxed at ~~4%~~ 10% of its
3 market value."

4 **Section 6.** Section 15-6-147, MCA, is amended to read:

5 "15-6-147. Class seventeen property -- description --
6 taxable percentage. (1) Class seventeen property includes
7 all airline transportation property as described in the Tax
8 Equity and Fiscal Responsibility Act of 1982 as it read on
9 January 1, 1986.

10 (2) For the taxable years 1986 through 1990 class
11 seventeen property is taxed at 12%, and for each taxable
12 year thereafter, class seventeen property is taxed at the
13 lesser of 12% or the percentage rate ~~for--class--fifteen~~
14 ~~property--without--adjustment~~ "R", to be determined by the
15 department as provided in subsection (3).

16 (3) R = A/B where:

17 (a) A is the total statewide taxable value of all
18 commercial property, except class seventeen property, as
19 commercial property is described in 15-1-101(1)(d),
20 including class 1 and class 2 property; and

21 (b) B is the total statewide market value of all
22 commercial property, except class seventeen property, as
23 commercial property is described in 15-1-101(1)(d),
24 including class 1 and class 2 property.

25 (c) In accordance with the commercial property taxable

1 value adjustment procedure set forth in 15-6-145(4) for
2 railroad property, the department shall determine the
3 value-weighted mean sales assessment ratio "M" and make a
4 similar adjustment prior to calculating "A" for airline
5 property in order to equalize airline taxable values.

6 ~~{3}~~(4) For the purpose of complying with the Tax
7 Equity and Fiscal Responsibility Act of 1982, as it read on
8 January 1, 1986, the rate "R" referred to in this section is
9 the equalized average tax rate generally applicable to
10 commercial and industrial property, except class seventeen
11 property, as commercial property is defined in
12 15-1-101(1)(d)."

13 **Section 7.** Section 15-6-201, MCA, is amended to read:

14 "15-6-201. Exempt categories. (1) The following
15 categories of property are exempt from taxation:

16 (a) the property of:

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

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

3 (iii) municipal corporations; and

4 (iv) public libraries;

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

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

18 (d) property that meets the following conditions:

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

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

1 (iii) is not maintained and operated for private or
2 corporate profit;

3 (e) institutions of purely public charity;

4 (f) evidence of debt secured by mortgages of record
5 upon real or personal property in the state of Montana;

6 (g) public art galleries and public observatories not
7 used or held for private or corporate profit;

8 (h) all household goods and furniture, including but
9 not limited to clocks, musical instruments, sewing machines,
10 and wearing apparel of members of the family, used by the
11 owner for personal and domestic purposes or for furnishing
12 or equipping the family residence;

13 (i) a truck canopy cover or topper weighing less than
14 300 pounds and having no accommodations attached. Such
15 property is also exempt from taxation under 61-3-504(2) and
16 61-3-537.

17 (j) a bicycle, as defined in 61-1-123, used by the
18 owner for personal transportation purposes;

19 (k) motor homes, travel trailers, and campers;

20 (l) all watercraft;

21 (m) land, fixtures, buildings, and improvements owned
22 by a cooperative association or nonprofit corporation
23 organized to furnish potable water to its members or
24 customers for uses other than the irrigation of agricultural
25 land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) property owned and used by a corporation or association organized and operated exclusively for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in 18-5-101, which is not operated for gain or profit;

(p) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100; and

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

~~(r)--58%--of--the--first--\$48,000--or--less--of--the--market value--of--any--single--family--owner--occupied--residence--owned--by a--Montana--resident--exclusive--of--land--and--appurtenant~~

improvements;

~~(s)(R)~~ all tools, implements, and machinery that are customarily hand-held and that are used to:

(i) construct, repair, and maintain improvements to real property; or

(ii) repair and maintain machinery, equipment, appliances, and other personal property not used for manufacturing and mining purposes; and

~~(t)(S)~~ all aircraft that are not considered airline transportation property as described in the Tax Equity and Fiscal Responsibility Act of 1982 and thereby included in 15-6-147.

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

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

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

1 years following installation of the property:

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

4 (b) \$100,000 in the case of a multifamily residential
5 dwelling or a nonresidential structure."

6 ~~Section 29.--Section 15-6-207, MCA, is amended to read:~~

7 ~~"15-6-207.--Agricultural exemptions.--(1) The following~~
8 ~~agricultural products are exempt from taxation:~~

9 ~~(a) all unprocessed, perishable fruits and vegetables~~
10 ~~agricultural products in farm storage and owned by the~~
11 ~~producer;~~

12 ~~(b) all producer-held grain in storage;~~

13 ~~(c) all nonperishable, unprocessed agricultural~~
14 ~~products, except livestock, held in possession of the~~
15 ~~original producer for less than 7 months following harvest;~~

16 ~~(d) except as provided in subsection (1)(e), livestock~~
17 ~~which have not attained the age of 24 months as of the last~~
18 ~~day of any month if assessed on the average inventory basis~~
19 ~~or on March 1 if assessed as provided in 15-24-911(1)(a);~~

20 ~~(e) swine which have not attained the age of 6 months~~
21 ~~as of January 1;~~

22 ~~(c) livestock, including cattle, sheep, swine, goats,~~
23 ~~horses, mules, asses, llamas, bison, and other animals and~~
24 ~~wildlife raised in domestication or in a captive~~
25 ~~environment, and their unprocessed products;~~

1 ~~(f)(d) poultry and the unprocessed products of~~
2 ~~poultry; and~~

3 ~~(g)(e) bees and the unprocessed product of bees;~~

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

12 ~~Section 30.--Section 15-8-111, MCA, is amended to read:~~

13 ~~"15-8-111.--Assessment-----market value standard----~~
14 ~~exceptions.--(1) All taxable property must be assessed at~~
15 ~~100% of its market value except as otherwise provided.~~

16 ~~(2) (a) Market value is the value at which property~~
17 ~~would change hands between a willing buyer and a willing~~
18 ~~seller, neither being under any compulsion to buy or to sell~~
19 ~~and both having reasonable knowledge of relevant facts.~~

20 ~~(b) If the department uses construction cost as one~~
21 ~~approximation of market value, the department shall fully~~
22 ~~consider reduction in value caused by depreciation, whether~~
23 ~~through physical depreciation, functional obsolescence, or~~
24 ~~economic obsolescence.~~

25 ~~(c) Except as provided in subsection (3), the market~~

1 value-of-all-motor-trucks; agricultural--tools;--implements;
2 and--machinery; and-vehicles-of-all-kinds; including-but-not
3 limited--to--boats--and--all--watercraft;--is--the--average
4 wholesale--value--shown--in--national--appraisal--guides-and
5 manuals-or-the-value-of-the--vehicle--before--reconditioning
6 and--profit--margin--The-department-of-revenue-shall-prepare
7 valuation-schedules-showing-the-average-wholesale-value-when
8 no-national-appraisal-guide-exists.

9 {3}--The-department-of-revenue-or-its--agents--may--not
10 adopt--a--lower--or--different-standard-of-value-from-market
11 value-in-making-the-official-assessment-and-appraisal-of-the
12 value-of-property; except:

13 {a}--the-wholesale-value--for--agricultural--implements
14 and--machinery--is--the--loan-value-as-shown-in-the-Official
15 Guide; Tractor-and-Farm-Equipment; published-by-the-national
16 farm-and-power-equipment-dealers--association;--St.---Louis,
17 Missouri;

18 {b}--for--agricultural--implements--and--machinery--not
19 listed-in-the-official-guide; the-department-shall-prepare-a
20 supplemental--manual--where--the--values--reflect--the--same
21 depreciation-as-those-found-in-the-official-guide; and

22 {c}--as--otherwise-authorized-in>Title-15-and>Title-61;

23 {4}--For-purposes-of-taxation; assessed--value--is--the
24 same-as-appraised-value;

25 {5}--The--taxable--value--for--all--property--is--the

1 percentage-of-market-or-assessed-value-established-for--each
2 class-of-property;

3 {6}--The--assessed--value--of--properties--in--15-6-131
4 through-15-6-133-is-as-follows:

5 {a}--Properties--in--15-6-131;--under--class--one;--are
6 assessed--at-100%--of-the-annual-net-proceeds-after-deducting
7 the-expenses-specified-and-allowed-by-15-23-503;

8 {b}--Properties--in--15-6-132;--under--class--two;--are
9 assessed-at-100%--of-the-annual-gross-proceeds;

10 {c}--Properties--in--15-6-133;--under--class-three;--are
11 assessed-at-100%--of-the-productive--capacity--of--the--lands
12 when--valued--for-agricultural-purposes; All-lands-that-meet
13 the-qualifications-of-15-7-202-are--valued--as--agricultural
14 lands-for-tax-purposes;

15 {d}--Properties--in-15-6-143; under-class-thirteen; are
16 assessed-at-100%--of-the--combined--appraised--value--of--the
17 standing--timber--and--grazing-productivity-of-the-land-when
18 valued-as-timberland;

19 {7}--Land-and-the-improvements-thereon--are--separately
20 assessed-when-any-of-the-following-conditions-occur:

21 {a}--ownership--of--the--improvements-is-different-from
22 ownership-of-the-land;

23 {b}--the-taxpayer-makes-a-written-request; or

24 {c}--the-land-is-outside-an-incorporated-city-or--town;

25 {Subsection--{6}{d}-terminates-January-1; 1991--sec. 10; Ch.

6017-B-1985-}"

Section 31. Section 15-8-2017, MCA, is amended to read:

"15-8-2017--General assessment day--(1)--The department of revenue or its agent must, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county. The department or its agent must assess property to the person by whom it was owned or claimed or in whose possession or control it was at midnight of January 1 next preceding. It must also ascertain and assess all mobile homes arriving in the county after midnight of January 1 next preceding. No mistake in the name of the owner or supposed owner of real property, however, renders the assessment invalid.

(2)--The procedure provided by this section may not apply to:

(a)--motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

(b)--motor homes, travel trailers, and campers;

(c)--watercraft;

(d)--livestock;

(e)(d)--property defined in 61-1-104 as "special mobile equipment"--that is subject to assessment for personal property taxes on the date that application is made for a

special mobile equipment plate; and

(f)(e)--mobile homes held by a distributor or dealer of mobile homes as a part of his stock in trade;

(3)--Credits--must--be--assessed--as--provided--in 15-1-101(f)(f)."

Section 8. Section 15-8-205, MCA, is amended to read:

"15-8-205. Initial assessment of class twelve property ----when mobile homes. The county assessor shall assess all class twelve property mobile homes immediately upon their arrival in the county if the taxes have not been previously paid for that year in another county in Montana."

Section 33. Section 15-8-405, MCA, is amended to read:

"15-8-405--Street railroads, AND bridges, and ferries, Street railroads and bridges and ferries and their franchises owned by persons or corporations must be listed and assessed in the county, town, or district where such property or any portion thereof is located, and the track of the railroad and the bridge are personal property."

Section 34. Section 15-8-706, MCA, is amended to read:

"15-8-706--Statement--by agent to the department--(1) On the second Monday in July in each year, the agent of the department of revenue in each county must transmit to the department a statement showing:

(a)--the several kinds of personal property;

(b)--the average and total value of each kind;

{c}--the-number-of--livestock,--number--of--bushels--of grain,--number--of-pounds-or-tons-of-any-article-sold-by-the pound-or-ton;

{d}--when-practicable,--the-separate-value-of-each-class of-land,--specifying-the-classes-and-the-number-of--acres--in each;

{2}--An-agent--of--the--department--who--purposely--or negligently-fails-to-perform-his-duty-under-this-section--or a-deputy-or-member-of-the-agent's-staff-delegated-such-duty who-purposely-or-negligently-fails-to-perform-such--duty--is guilty-of-official-misconduct-under-45-7-401."

Section 9. Section 15-10-402, MCA, is amended to read:

"15-10-402. Property tax limited to 1986 levels. (1) Except as provided in subsections (2) and (3), the amount of taxes levied on property described in 15-6-133, 15-6-134, and 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for any taxing jurisdiction, exceed the amount levied for taxable year 1986.

(2) The limitation contained in subsection (1) does not apply to levies for rural improvement districts, Title 7, chapter 12, part 21; special improvement districts, Title 7, chapter 12, part 41; or bonded indebtedness.

(3) New construction or improvements to or deletions from property described in subsection (1) are subject to taxation at 1986 levels.

(4) As used in this section, the "amount of taxes levied" and the "amount levied" mean the actual dollar amount of taxes imposed on an individual piece of property, notwithstanding an increase or decrease in value due to inflation, reappraisal, adjustments in the percentage multiplier used to convert appraised value to taxable value, changes in the number of mills levied, or increase or decrease in the value of a mill."

Section 36. Section 15-10-412, MCA, is amended to read:

"15-10-412.---(Temporary)---Property-tax-limited--to--1986 levels-----clarification-----extension--to--all--property classes---Section-15-10-402-is-interpreted-and-clarified--as follows:

{1}--The-limitation-to-1986-levels-is-extended-to-apply to-all-classes-of-property-described-in-Title-15, chapter-6, part-1;

{2}--The--limitation--on--the-amount-of-taxes-levied-is interpreted-to-mean-that-the-actual--tax--liability--for--an individual--property--is--capped-at-the-dollar-amount-due-in each-taxing-unit--for--the--1986--tax--year,--in--tax--years thereafter,--the--property-must-be-taxed-in-each-taxing-unit at-the-1986-cap-or-the-product--of--the--taxable--value--and mills-levied,--whichever-is-less-for-each-taxing-unit;

{3}--The--limitation-on-the-amount-of-taxes-levied--does

1 not-mean-that-no-further-increase-may-be-made-in--the--total
 2 taxable-valuation-of-a-taxing-unit-as-a-result-of:
 3 {a}--annexation--of--real-property-and-improvements-into
 4 a-taxing-unit;
 5 {b}--construction,---expansion,---or---remodeling---of
 6 improvements;
 7 {c}--transfer-of-property-into-a-taxing-unit;
 8 {d}--subdivision-of-real-property;
 9 {e}--reclassification-of-property;
 10 {f}--increases-in-the-amount-of-production-or-the-value
 11 of---production---for---property--described--in--15-6-131--or
 12 15-6-132;
 13 {g}--transfer-of-property-from--tax-exempt--to--taxable
 14 status;-or
 15 {h}--revaluations-caused-by;
 16 {i}--cyclical-reappraisal;-or
 17 {ii}--expansion,--addition,--replacement,--or--remodeling-of
 18 improvements;
 19 {4}--The--limitation-on-the-amount-of-taxes-levied--does
 20 not-mean-that-no-further-increase-may-be-made-in-the-taxable
 21 valuation-or-in--the--actual--tax--liability--on--individual
 22 property-in-each-class-as-a-result-of:
 23 {a}--construction,---expansion,---replacement,---or
 24 remodeling-of-improvements-that-adds-value-to-the--property;
 25 {b}--transfer-of-property-into-a-taxing-unit;

1 {c}--reclassification-of-property;
 2 {d}--increases-in-the-amount-of-production-or-the-value
 3 of---production---for---property--described--in--15-6-131--or
 4 15-6-132;
 5 {e}--annexation-of-the-individual-property-into--a--new
 6 taxing-unit;-or
 7 {f}--conversion---of---the---individual--property--from
 8 tax-exempt-to-taxable-status.
 9 {5}--Property-in-classes-four,--twelve,--and--fourteen--is
 10 valued--according--to-the-procedures-used-in-1986,--including
 11 the--designation--of--1982--as--the--base--year,--until--the
 12 reappraisal--cycle--beginning--January-1,--1986,--is-completed
 13 and-new-valuations-are-placed-on-the-tax--rolls--and--a--new
 14 base-year-designated,--if-the-property-is:
 15 {a}--new-construction;
 16 {b}--expanded,---deleted,---replaced,---or---remodeled
 17 improvements;
 18 {c}--annexed-property;-or
 19 {d}--property--converted--from--tax-exempt--to--taxable
 20 status;
 21 {6}--Property--described--in-subsections-(5){a}-through
 22 {5}{d}-that-is--not--class--four,--class--twelve,--or--class
 23 fourteen-property-is-valued-according-to-the-procedures-used
 24 in-1986-but-is-also-subject-to-the-dollar-cap-in-each-taxing
 25 unit-based-on-1986-mills-levied;

1 (7)--The--limitation--on--the--amount--of--taxes,--as
 2 clarified-in-this-section,--is-intended-to-leave-the-property
 3 appraisal-and-valuation-methodology--of--the--department--of
 4 revenue--intact,--Determinations--of-county-classifications,
 5 salaries-of-local-government-officers,--and-all-other-matters
 6 in-which-total-taxable-valuation-is--an--integral--component
 7 are--not--affected-by-15-10-401-and-15-10-402-except-for-the
 8 use-of-taxable-valuation-in-fixing-tax-levies,--in-fixing-tax
 9 levies,--the-taxing-units-of-local-government-may--anticipate
 10 the--deficiency--in--revenues--resulting--from--the--tax
 11 limitations-in-15-10-401-and-15-10-402,--while--understanding
 12 that--regardless-of-the-amount-of-mills-levied,--a-taxpayer's
 13 liability-may-not-exceed--the--dollar--amount--due--in--each
 14 taxing--unit--for-the-1986-tax-year-unless-the-taxing-unit's
 15 taxable-valuation-decreases-by-5%--or-more-from-the--previous
 16 1986--tax--year,--if--a--taxing--unit's--taxable--valuation
 17 decreases-by-5%--or-more-from-the-previous-1986-tax-year,--it
 18 may--levy--additional--mills-to-compensate-for-the-decreased
 19 taxable-valuation,--but-in--no--case--may--the--mills--levied
 20 exceed--a-number--calculated--to-equal--the--revenue--from
 21 property-taxes-for-the-1986-tax-year-in-that-taxing-unit;
 22 (8)--The-limitation-on-the-amount-of-taxes-levied--does
 23 not--apply--to--the--following--levy--or--special-assessment
 24 categories,--whether-or-not-they--are--based--on--commitments
 25 made-before-or-after-approval-of-15-10-401-and-15-10-402;

1 (a)--rural-improvement-districts;
 2 (b)--special-improvement-districts;
 3 (c)--levies--pledged--for--the--repayment--of--bonded
 4 indebtedness,--including-tax-increment-bonds;
 5 (d)--city-street-maintenance-districts;
 6 (e)--tax-increment-financing-districts;
 7 (f)--satisfaction-of-judgments-against-a--taxing--unit;
 8 (g)--electric--company-street-lighting-assessments,--and
 9 (h)--revolving--funds--to--support--any--categories
 10 specified-in-this-subsection-(8);
 11 (9)--The--limitation-on-the-amount-of-taxes-levied--does
 12 not-apply-in-a-taxing-unit-if-the-voters-in-the-taxing--unit
 13 approve--an-increase-in-tax-liability-following-a-resolution
 14 of-the-governing-body-of-the-taxing-unit-containing:
 15 (a)--a-finding-that-there--are--insufficient--funds--to
 16 adequately--operate-the-taxing-unit-as-a-result-of-15-10-401
 17 and-15-10-402;
 18 (b)--an-explanation-of--the--nature--of--the--financial
 19 emergency;
 20 (c)--an--estimate--of--the--amount-of-funding-shortfall
 21 expected-by-the-taxing-unit;
 22 (d)--a-statement-that-applicable-fund-balances--are--or
 23 by-the-end-of-the-fiscal-year-will-be-depleted;
 24 (e)--a-finding-that-there-are-no-alternative-sources-of
 25 revenue;

1 ~~{f}--a--summary--of--the--alternatives--that--the--governing~~
 2 ~~body--of--the--taxing--unit--has--considered;--and~~
 3 ~~{g}--a--statement--of--the--need--for--the--increased--revenue~~
 4 ~~and--how--it--will--be--used;~~
 5 ~~{i0}--The--limitation--on--the--amount--of--taxes--levied--does~~
 6 ~~not--apply--to--levies--required--to--address--the--funding--of~~
 7 ~~relief--of--suffering--of--inhabitants--caused--by--famine,~~
 8 ~~conflagration,--or--other--public--calamity,----{Terminates~~
 9 ~~December--31,--1989--Sec--67--Ch--654,--Lr--1987.}"~~

10 **Section 10.** Section 15-16-611, MCA, is amended to
 11 read:

12 "15-16-611. Reduction of property tax for property
 13 destroyed by natural disaster. (1) The department of revenue
 14 shall, upon showing by a taxpayer that some or all of the
 15 improvements on his real property or a trailer or mobile
 16 home ~~as-described-in-15-6-142~~ have been destroyed to such an
 17 extent that such improvements have been rendered unsuitable
 18 for their previous use by natural disaster, adjust the
 19 taxable value on the property, accounting for the
 20 destruction.

21 (2) The county treasurer shall adjust the tax due and
 22 payable for the current year on the property under 15-16-102
 23 as provided in subsection (3) of this section.

24 (3) To determine the amount of tax due for destroyed
 25 property, the county treasurer shall:

1 (a) multiply the amount of tax levied and assessed on
 2 the original taxable value of the property for the year by
 3 the ratio that the number of days in the year that the
 4 property existed before destruction bears to 365; and

5 (b) multiply the amount of tax levied and assessed on
 6 the adjusted taxable value of the property for the remainder
 7 of the year by the ratio that the number of days remaining
 8 in the year after the destruction of the property bears to
 9 365.

10 (4) This section does not apply to delinquent taxes
 11 owed on the destroyed property for a year prior to the year
 12 in which the property was destroyed.

13 (5) For the purposes of this section, "natural
 14 disaster" includes but is not limited to fire, flood,
 15 earthquake, or wind."

16 **Section 11.** Section 15-16-613, MCA, is amended to
 17 read:

18 "15-16-613. Refund of certain taxes paid in other
 19 states. Subject to the provisions of 15-16-601 and upon
 20 proof that tax was paid in another state, a taxpayer is
 21 entitled to a refund equal to the amount of tax paid in
 22 another state on a helicopter or property that was assessed
 23 in Montana under ~~15-6-138(i)(g)~~ 15-6-136(1)(t) on January 1
 24 of the year for which the refund is due. The refund under
 25 this section may not exceed the tax that was paid in Montana

1 on the same property for the same period of time."

2 **Section 38.**--Section--15-24-301,--MCA,--is--amended--to
3 read:

4 "15-24-301.--Personal--property--brought--into--the--state
5 ---assessment---exceptions-----custom--combine--equipment:
6 {1}--Except--as--provided--in--subsections--{2}--through--{5},
7 property--in--the--following--cases--is--subject--to--taxation--and
8 assessment--for--all--taxes--levied--that--year--in--the--county--in
9 which--it--is--located:

10 {a)--any--personal--property--{including--except--livestock
11 and--other--exempt--personal--property)--brought,--driven,--or
12 coming--into--this--state--at--any--time--during--the--year--that--is
13 used--in--the--state--for--hire,--compensation,--or--profit;

14 {b)--property--whose--owner--or--user--is--engaged--in--gainful
15 occupation--or--business--enterprise--in--the--state;--or

16 {c)--property--which--comes--to--rest--and--becomes--a--part--of
17 the--general--property--of--the--state;

18 {2}--The--taxes--on--this--property--are--levied--in--the--same
19 manner--and--to--the--same--extent,--except--as--otherwise--provided,
20 as--though--the--property--had--been--in--the--county--on--the--regular
21 assessment--date,--provided--that--the--property--has--not--been
22 regularly--assessed--for--the--year--in--some--other--county--of--the
23 state;

24 {3}--Nothing--in--this--section--shall--be--construed--to--levy
25 a--tax--against--a--merchant--or--dealer--within--this--state--on

1 goods,--wares,--or--merchandise--brought--into--the--county--to
2 replenish--the--stock--of--the--merchant--or--dealer;

3 {4}--Any--motor--vehicle--not--subject--to--a--fee--in--lieu--of
4 tax--brought,--driven,--or--coming--into--this--state--by--any
5 nonresident--person--temporarily--employed--in--Montana--and--used
6 exclusively--for--transportation--of--such--person--is--subject--to
7 taxation--and--assessment--for--taxes--as--follows:

8 {a)--The--motor--vehicle--is--taxed--by--the--county--in--which
9 it--is--located;

10 {b)--One--fourth--of--the--annual--tax--liability--of--the
11 motor--vehicle--must--be--paid--for--each--quarter--or--portion--of--a
12 quarter--of--the--year--that--the--motor--vehicle--is--located--in
13 Montana;

14 {c)--The--quarterly--taxes--are--due--the--first--day--of--the
15 quarter;

16 {5}--Agricultural--harvesting--machinery--classified--under
17 class--eight,--licensed--in--other--states,--and--operated--on--the
18 lands--of--persons--other--than--the--owner--of--the--machinery--under
19 contracts--for--hire--shall--be--subject--to--a--fee--in--lieu--of
20 taxation--of--\$35--per--machine--for--the--calendar--year--in--which
21 the--fee--is--collected.--The--machines--shall--be--subject--to
22 taxation--under--class--eight--only--if--they--are--sold--in
23 Montana;"

24 **Section 40.**--Section--15-24-302,--MCA,--is--amended--to
25 read:

"15-24-302--Collection---procedure:---All---property mentioned-in-15-24-301-is-assessed--at--the--same--value--as property--of--like--kind--and--character;--and--the--assessment; levy;--and--collection--of--the--tax--are--governed--by--the provisions---of---15-8-408;---15-16-111--through--15-16-115; 15-16-404; 15-17-911; and 15-24-202; as amended; except:

(1)--taxation-of-motor-vehicles-under--15-24-301(4)--to the---extent---that---subsection--varies--from--the--general provisions-cited-above; and

(2)--livestock-taxation-governed-by-81-7-104-and--Title 81; chapter-7; part-2:"

Section 41.--Section--15-24-921;--MCA;--is--amended--to read:

"15-24-921;--Per-capita-tax-levy--to--pay--expenses--of enforcing-livestock-laws;--(1)--In-addition-to-appropriations made---for--such--purposes;--a--per--capita--tax--is--hereby authorized-and-directed-to-be-levied-by-the-county--assessor on-all-poultry-and-bees; all-swine-3-months-of-age-or-older; and--all--other--livestock--9-months-of-age-or-older-in-each county-of-this-state--for--the--purpose--of--aiding--in--the payment--of--the-salaries-and-all-expenses-connected-with-the enforcement-of-the-livestock-laws-of-the-state-and--for--the payment---of---bounties---on--wild--animals--as--hereinafter specified;

(2)--As-used-in-this-section; "livestock"--means-cattler

sheep; swine; poultry; bees; goats; horses; mules; and asses; llamas; and bison;"

Section 42.--Section--15-24-925;--MCA;--is--amended--to read:

"15-24-925;--Reimbursement-to-county---transmission-of taxes-from-county--to--state--treasurer;---(1)--The--county treasurer--may--withhold--2%--of--the--money--received-under 15-24-921-as-reimbursement-to-the-county-for-the--collection of-the-levy-on-livestock;

(2)--Except--for--the--amount-withheld-under-subsection (1); the-taxes-levied-and-the-money--collected--pursuant--to the-provisions-of-15-24-922-shall--must--be-transmitted-to-the state--treasury--by--the-county-treasurer-of-each-county; as provided-in-15-1-504; but-not-later-than-July--1--following assessment;--The-county-treasurer-shall-designate-the-amount received-from-the--tax--levied--on--sheep--and--the--amount received--from--the--tax--levied--on--all-other-livestock--the categories-of-livestock; as-specified-by-the--department--of livestock; and--shall--specify--the--separate-amounts-in-his report-to-the-state-treasurer; The-money; when--received--by the--state--treasurer; shall--must--be-deposited-to-the-credit of-the-department-of--livestock--livestock's-state--special revenue-fund-for-the-use-of-the-department;"

NEW SECTION.--**Section 43.**--Collection--of--tax;--(1)--On or-before-January-15-of-each-year;--an--owner--of--property

1 subject--to--the-per-capita-tax-imposed-by-15-24-921;--or-the
 2 owner's-agent;--shall-make-and-deliver-to-the-county-assessor
 3 in-the-county-where--the--owner--or--agent--resides--or;--if
 4 neither--resides--in--the--state;--in--the--county-where-the
 5 majority-of-the-owner's-property-subject-to-the--per--capita
 6 tax--is--located-a-verified-statement-showing;--as-of-January
 7 1;--the-number-of-each-kind-of-property-subject--to--the--per
 8 capita--tax--within--the--state-belonging-to-the-owner;--with
 9 their-marks-and-brands;

10 {2}--The-county-assessor--shall--compile--the--reports
 11 received--under--subsection-{1}-and-forward-a-summary-of-the
 12 information-to-the-board-of-livestock-on-or-before--February
 13 1;--following-receipt-of-the-reports;

14 {3}--Upon-notification-of-the-amount-of-levy-set-by-the
 15 board--of--livestock--under--15-24-922;--the-county-assessor
 16 shall-send-to-each-owner-or--agent--who--filed--a--report--a
 17 statement-indicating-the-total-amount-due-under-the-levy-for
 18 the--year;--the-fact-that-payment-is-to-be-made-to-the-county
 19 treasurer-on-or-before-June-1-following-assessment--of--the
 20 tax;--and--the--penalties--and--lien--provisions--that-apply
 21 pursuant-to-{section-44};

22 NEW SECTION.--**Section 44.**--Penalty-for-failure-to--file
 23 report-----lien-upon-real-and-personal-property;--{1}-if-a
 24 person-who-is-the-owner--of--property--subject--to--the--per
 25 capita--tax--imposed--by-15-24-921-fails-to-make-or-have-his

1 agent-make-the-report--as--required--in--{section--43};--the
 2 county-assessor-may;--after-10-days--notice-to-the-person-who
 3 failed--to--file--the--report;--assess-the-tax-imposed-under
 4 15-24-921;--based-on-the-assessor's-estimate-of-the--property
 5 subject-to-the-tax;--and-may-add-a-10%-penalty;

6 {2}--The--tax--imposed--under--15-24-921-is-a-lien-upon
 7 both-real-and-personal-property-of-the-owner--who--fails--to
 8 pay--the-tax-on-or-before-June-1-following-assessment-of-the
 9 tax-and--is--collectible--under--the--tax--lien--enforcement
 10 provisions-of-Title-15;

11 **Section 12.** Section 15-24-1102, MCA, is amended to
 12 read:

13 "15-24-1102. Federal property held under contract of
 14 sale. When the property is held under a contract of sale or
 15 other agreement whereby upon payment the legal title is or
 16 may be acquired by the person, the real property shall must
 17 be assessed and taxed as defined in 15-6-131--through
 18 15-6-149 Title 15, chapter 6, part 1, and 15-8-111 without
 19 deduction on account of the whole or any part of the
 20 purchase price or other sum due on the property remaining
 21 unpaid. The lien for the tax may not attach to, impair, or
 22 be enforced against any interest of the United States in the
 23 real property."

24 **Section 13.** Section 15-24-1103, MCA, is amended to
 25 read:

"15-24-1103. Federal property held under lease. When the property is held under lease, other interest, or estate therein less than the fee, except under contract of sale, the property shall must be assessed and taxed as for the value, as ~~defined in 15-6-131 through 15-6-149~~ set forth in Title 15, chapter 6, part 1, of such the leasehold, interest, or estate in the property and the lien for the tax shall attach to and be enforced against only the leasehold, interest, or estate in the property. When the United States authorizes the taxation of the property for the full assessed value of the fee thereof, the property shall must be assessed for full assessed value as defined in 15-8-111."

Section 47. ~~Section 19-11-503, MCA, is amended to read:~~

"19-11-503. ~~Special tax levy for fund required. (1) The purpose of this section is to provide a means by which each disability and pension fund may be maintained at a level equal to 3% 3.1% of the taxable valuation of all taxable property within the limits of the city or town.~~

~~(2) Whenever the fund contains less than 3% 3.1% of the taxable valuation of all taxable property within the limits of the city or town, the governing body of the city or town shall, at the time of the levy of the annual tax, levy a special tax as provided in 19-11-504. The special tax shall be collected as other taxes are collected and, when so~~

~~collected, shall be paid into the disability and pension fund.~~

~~(3) If a special tax for the disability and pension fund is levied by a third class city or town using the all-purpose mill levy, the special tax levy must be made in addition to the all-purpose levy."~~

Section 48. ~~Section 19-11-504, MCA, is amended to read:~~

"19-11-504. ~~Amount of special tax levy. Whenever the fund contains an amount which is less than 3% 3.1% of the taxable valuation of all taxable property in the city or town, the city council shall levy an annual special tax of not less than 1 mill and not more than 4 mills on each dollar of taxable valuation of all taxable property within the city or town."~~

Section 49. ~~Section 20-9-406, MCA, is amended to read:~~

"20-9-406. ~~Limitations on amount of bond issue. (1) The maximum amount for which each school district may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% 46.6% of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The 45% 46.6% maximum, however, may not pertain to indebtedness~~

imposed--by--special--improvement--district--obligations--or
assessments--against--the--school--district. All bonds issued in
excess--of--such--amount--shall--be--null--and--void, except as
provided in this section.

{2}--When--the--total--indebtedness--of--a--school--district
has--reached--the--45%-46.6%--limitation--prescribed--in--this
section, the school district may pay all reasonable and
necessary expenses of the school district on a cash basis in
accordance with the financial administration provisions of
this chapter.

{3}--Whenever bonds are issued for the purpose of
refunding bonds, any moneys to the credit of the debt
service fund for the payment of the bonds to be refunded are
applied towards the payment of such bonds and the refunding
bond issue is decreased accordingly."

Section 50. Section 20-9-407, MCA, is amended to read:

"20-9-407. Industrial facility agreement for bond
issue in excess of maximum. (1) In a school district within
which a new major industrial facility which seeks to qualify
for taxation as class five property under 15-6-135 is being
constructed or is about to be constructed, the school
district may require, as a precondition of the new major
industrial facility qualifying as class five property, that
the owners of the proposed industrial facility enter into an
agreement with the school district concerning the issuing of

bonds in excess of the 45%-46.6%--limitation--prescribed--in
20-9-406. Under such an agreement, the school district may,
with the approval of the voters, issue bonds which exceed
the limitation prescribed in this section by a maximum of
45%-46.6% of the estimated taxable value of the property of
the new major industrial facility subject to taxation when
completed. The estimated taxable value of the property of
the new major industrial facility subject to taxation shall
be computed by the department of revenue when requested to
do so by a resolution of the board of trustees of the school
district. A copy of the department's statement of estimated
taxable value shall be printed on each ballot used to vote
on a bond issue proposed under this section.

{2} Pursuant to the agreement between the new major
industrial facility and the school district and as a
precondition to qualifying as class five property, the new
major industrial facility and its owners shall pay, in
addition to the taxes imposed by the school district on
property owners generally, so much of the principal and
interest on the bonds provided for under this section as
represents payment on an indebtedness in excess of the
limitation prescribed in 20-9-406. After the completion of
the new major industrial facility and when the indebtedness
of the school district no longer exceeds the limitation
prescribed in this section, the new major industrial

facility---shall---be---entitled;---after---all---the---current indebtedness-of-the-school-district-has-been-paid; to-a-tax credit-over-a-period-of-no-more-than-20-years.-The-credit shall-as-a-total-amount-be-equal-to-the-amount-which-the facility-paid-the-principal-and-interest-of-the-school district's-bonds-in-excess-of-its-general-liability-as-a taxpayer-within-the-district.

{3}--A--major-industrial-facility-is-a-facility-subject to-the-taxing-power-of-the-school-district; whose construction-or-operation-will-increase-the-population-of the-district; imposing-a-significant-burden-upon-the resources-of-the-district-and-requiring-construction-of-new school-facilities.-A-significant-burden-is-an-increase-in ANB-of-at-least-20% in-a-single-year."

Section 51.--Section-20-9-502, MCA, is amended to read:

"20-9-502.--Purpose--and--authorization--of--a-building reserve-fund-by--an--election.---{1}--The--trustees--of--any district; with-the-approval-of-the-qualified-electors-of-the district; may--establish-a-building-reserve-for-the-purpose of-raising-money-for-the-future-construction; equipping; or enlarging--of--school--buildings--or--for--the-purpose-of purchasing-land-needed-for-school-purposes-in-the-district. In-order-to-submit-to-the-qualified-electors-of-the-district a--building--reserve-proposition-for-the-establishment-of-or addition-to-a-building-reserve; the-trustees--shall--pass--a

resolution-that-specifies:

{a}--the-purpose-or-purposes-for-which-the-new-or addition-to-the-building-reserve-will-be-used;

{b}--the-duration-of-time-over-which-the-new-or addition-to-the-building-reserve-will-be-raised-in-annual; equal-installments;

{c}--the-total-amount-of-money-that-will-be-raised during-the-duration-of-time-specified-in-subsection-(1){b}; and

{d}--any-other-requirements-under-20-20-201-for-the calling-of-an-election.

{2}--The-total-amount-of-building-reserve-when-added-to the-outstanding-indebtedness-of-the-district-shall-not-be more-than-45%-46.6%-of-the-taxable-value-of-the-taxable property-of-the-district. Such-limitation-shall-be determined-in-the-manner-provided-in-20-9-406. A-building reserve-tax-authorization-shall-not-be-for-more-than-20 years.

{3}--The-election-shall-be-conducted-in-accordance-with the-school-election-laws-of-this-title; and-the-electors qualified-to-vote-in-the-election-shall-be-qualified-under the-provisions-of-20-20-301. The-ballot-for-a-building reserve-proposition-shall-be-substantially-in-the-following form:

OFFICIAL-BALLOT

SCHOOL-DISTRICT-BUILDING-RESERVE-ELECTION

INSTRUCTIONS-TO-VOTERS:--Make-an-X-or--similar--mark--in
the--vacant--square-before-the-words-"BUILDING-RESERVE--YES"
if-you-wish-to-vote-for--the--establishment--of--a--building
reserve--(addition--to--the--building--reserve);--if-you-are
opposed-to-the-establishment-of-a-building-reserve--(addition
to-the-building-reserve)--make-an-X-or-similar-mark--in--the
square-before-the-words-"BUILDING-RESERVE--NO";

Shall--the--trustees--be--authorized--to--impose--an
additional-levy-each-year-for-----years--to--establish--a
building--reserve--(add--to--the--building--reserve)--of--this
school-district-to-raise-a--total--amount--of-----dollars
(\$-----);--for-the-purpose(s)-----{here-state-the-purpose-or
purposes-for-which-the-building-reserve-will-be-used}?

--BUILDING-RESERVE--YES;

--BUILDING-RESERVE--NO;

{4}--The-building-reserve-proposition-shall-be-approved
if-a-majority-of--those--electors--voting--at--the--election
approve--the--establishment--of--or--addition--to--such-building
reserve. The-annual-budgeting-and-taxation-authority-of--the
trustees--for--a--building--reserve--shall--be--computed--by
dividing-the-total-authorized-amount-by-the-specified-number
of-years. The-authority--of--the--trustees--to--budget--and
impose--the--taxation--for--the-annual-amount-to-be-raised-for
the-building-reserve-shall-lapse-when, at-a-later--time, a

bond--issue--is--approved--by--the-qualified-electors-of-the
district-for-the-same-purpose--or--purposes--for--which--the
building--reserve--fund--of--the--district--was-established.
Whenever-a-subsequent--bond--issue--is--made--for--the--same
purpose--or--purposes--of--a--building-reserve, the-money-in-the
building-reserve-shall-be-used-for-such-purpose-or--purposes
before-any-money-realized-by-the-bond-issue-is-used."

Section 52. Section 81-7-111, MCA, is amended to read:

"81-7-111. Evidence--of--killing--by--bounty-claimant;
(1) Any-person-killing-any-of-the-aforesaid-animals, except
mountain-lions, to-obtain--bounty--thereon-shall-within-30
days-of-the-date-of-the-killing:

(a)--exhibit-the-entire--skin--or--skins--of--the--said
animal--or--animals, including-the-entire-head-with-ears, the
tail, and-all-four-paws-to-the-bounty-inspector--nearest--to
the-locality-in-which-the-animal-or-animals-were-killed, and

(b)--at--the--same-time-file-with-the-bounty-inspector,
as-hereinafter-provided, an-affidavit-setting-forth:

(i)--that-he-killed-the-animal-or--animals--from--which
the-skin-or-skins-were-taken;

(ii)--that--the--same--was--killed-nearer-to-or, if-more
than-one-hide-is-presented, that--the--greater--number--were
killed--nearer-to-the-residence-of-the-said-bounty-inspector
to-which-the-same-was-presented-than--to--any--other--bounty
inspector; and

(iii)-the-county-or-counties-in-which-said-animals-were
killed.

(2)--Any--person--killing--any--mountain-lion-to-obtain
bounty-thereon-shall-present-the-same-to-a-bounty--inspector
as--provided--in-this-section-for-wolves-and-coyotes,-except
that,-in-addition-to-the-requirements-of-this--section,-the
skins--of--mountain-lions-shall-also-contain-the-entire-skin
of-the-lower-jaw,-which--shall--be--severed--by--the--bounty
inspector--and--thereafter--treated--in--the--same-manner-as
scalps-of-wolves-and-coyotes-herein-provided.

(3)--Every--bounty--inspector---appointed---under---the
provisions-of-81-7-111-through-81-7-117-and-81-7-119-through
81-7-122--shall--be-empowered-to-administer-oaths-to-any-and
all-persons-making-any-affidavit-as-aforsaid."

Section 53.--Section-81-7-114,-MCA,-is-amended-to-read:

"81-7-114.--Certificate-and-record-of-sheriff.--(1)-The
officer-shall-at-the-same-time-make-out-and-deliver--to--the
person--a--certificate--addressed-to-the-county-clerk-of-his
county--and--immediately-deliver--to--the--county--clerk--a
duplicate--of-the-certificate,-showing-the-date,-number,-and
kind-of-skins-marked-for-severing-and-the-name-of-the-person
presenting-the-skins.-The-certificate-shall-also-recite-that
the--filing--of--the--affidavits--of--taxpayers---previously
required--has-been-done-and-the-examination-has-been-made-as
required.-The-certificate-shall-be-signed-by-the-officer--in

his-official-capacity.-When-a-doubt-exists-as-to-the-kind-of
skin--presented,-whether--wolf--or--coyote,-the-certificate
shall-be-issued-for-the-lesser-bounty.-Each--sheriff--shall
keep--a--record-of-all-skins-marked-and-severed,-showing-the
date,-number,-and--kinds--and--the--names--of--the--persons
presenting-the-skins.-This-record-is-an-official-record.-The
sheriff,-undersheriff,-or-deputy-sheriff-may-not-perform-any
duties--under-81-7-111-through-81-7-117-and-81-7-119-through
81-7-122-except-at-the-county-seat.

(2)--The-sheriff-shall,-not-later-than-the-15th-of-each
month,-give-to--the--county--clerk--and--recorder--a--report
setting--forth--the--names--of-the-persons-presenting-skins,
with-the-number-of-the-certificate-and-the-kind--and--number
of--the--skins--presented.-The-sheriff-shall-report-for-each
certificate-which-he-has-issued-during-the-month."

Section 54.--Section-81-7-120,-MCA,-is-amended-to-read:

"81-7-120.--Use-of-funds--remaining--after--payment--of
bounties-----sale--of--furs,-skins,-and--specimens----
presentation-to-museums,-(1)-if,-at-the--end--of--a--bounty
paying--season,-there--is--surplus--money-available-for-the
administration-of-81-7-111--through--81-7-117--and--81-7-119
through--81-7-122,-the-surplus-may-be-used-to-hire-salaried
hunters-and-trappers-to-hunt-and-trap-predatory-animals--and
to--purchase--and--supply--poison--to--be--used-for-a-poison
campaign-on-predatory-animals-

{2}--All furs, skins, and specimens taken by hunters or trappers whose salaries are paid in whole or in part out of this money shall be sold by the department, and the proceeds from these sales shall be credited to the state special revenue fund. These funds shall be used to carry out 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122. Specimens may be presented free of charge to a state museum or institution."

Section 55.--Section 81-7-121, MCA, is amended to read:

"81-7-121.--Falsifying certificates or affidavits---penalty.--Any person who falsely makes, alters, forges, or counterfeits any of the certificates or orders and any person who falsely swears to any affidavit provided for by 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122 or procures the same to be done by another, with the intent of obtaining any one of the certificates or orders, is punishable as provided in Title 45."

Section 56.--Section 81-7-122, MCA, is amended to read:

"81-7-122.--Penalty for fraudulent claims.--Any person or persons who shall patch up any skin or scalp or who shall present any punched or patched skin or scalp or who shall bring in any skin or skins from other states or territory with the intent to obtain the bounty on the same fraudulently or any officer who shall sign any certificate herein provided for without first counting the skins and

examining the same to determine the kind of skins and to see that the skin from the scalp or head is properly severed and preserved as hereinbefore provided or shall evade or violate any provision of any law of the state of Montana relative to bounties or bounty claims shall be deemed guilty of a misdemeanor and, on conviction thereof, shall be punished by a fine not exceeding \$1,800 or by imprisonment in the county jail not exceeding 1 year or by both such fine and imprisonment and two thirds of the fine, if the same be collected or can be collected, shall be given to the informer and the balance be deposited in the state special revenue fund and used for the administration of 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122."

Section 57.--Section 81-7-303, MCA, is amended to read:

"81-7-303.--County commissioners permitted to require per capita license fee on sheep.--{1} To defray the expense of such protection the board of county commissioners of any county shall have the power to require all owners or persons in possession of any sheep coming 1 year old or over in the county on the regular assessment date of each year to pay a license fee in an amount to be determined by the board on a per head basis for sheep so owned or possessed by him in the county. All owners or persons in possession of any sheep coming 1 year old or over coming into the county after the regular assessment date and subject to taxation under the

1 provisions--of-15-24-301-shall-also-be-subject-to-payment-of
2 the-license-fee-herein-prescribed;

3 {2}--Upon--the--order--of--the--board--of--county
4 commissioners--such-license-fees-may-be-imposed-by-the-entry
5 thereof-in-the-name-of-the-licensee-upon--the--property--tax
6 rolls--of--the--county--by-the-county-assessor--Said-license
7 fees-shall--be--payable--to--and--collected--by--the--county
8 treasurer--and--when--so--levied--shall-be-a-lien-upon-the
9 property--both-real-and-personal--of-the-licensee--in--case
10 the--person--against-whom-said-license-fee-is-levied-owns-no
11 real-estate-against-which-said-license-fee-is-or-may--become
12 a--lien--then-said-license-fee-shall-be-payable-immediately
13 upon-its-levy-and-the-treasurer-shall-collect--the--same--in
14 the--manner--provided-by-law-for-the-collection-of-personal
15 property-taxes-which-are-not-a-lien-upon-real-estate;

16 {3}--When-collected--said-fees-shall-be-placed--by--the
17 treasurer--in--the--predatory--animal--control--fund-and-the
18 moneys-in-said-fund-shall-be-expended-on-order-of-the--board
19 of--county--commissioners-of-the-county-for-predatory-animal
20 control-only."

21 **Section 58.**--Section-81-7-305--MCA--is-amended-to-read--

22 "81-7-305.--Duty-of-county-commissioners---petition-of
23 sheep-owners---license-fees--{1}-in-conducting-a-predatory
24 animal-control-program--the-board--of--county--commissioners
25 shall--give--preference--to-recommendations-for-such-program

1 and-its-incidents-as-made-by-organized-associations-of-sheep
2 growers-in-the-county--Upon-petition-of-the-resident--owners
3 of--at-least-51%--of-the-sheep-in-the-county--as-shown-by-the
4 assessment-rolls-of-the--last--preceding--assessment--which
5 petition--shall--be--filed--with--the--board--of--county
6 commissioners-on-or-before-the-first-Monday-in--December--in
7 any--year--such-board-shall-establish-the-predatory-animal
8 control-program-and-cause-said-licenses-to--be--secured--and
9 issued-and-the-fees-collected-for-the-following-year-in-such
10 amount--as-will-defray-the-cost-of-administering-the-program
11 so-established--The-license-fee-determined-and--set--by--the
12 board--shall--remain--in--full-force-and-effect-from-year-to
13 year-without-change--unless-there-is-filed-with-the-board--a
14 petition--subscribed--by-the-resident-owners-of-at-least-51%
15 of-the-sheep-in-the-county--as-shown-by-the-assessment-rolls
16 of-the-last-assessment-preceding-the-filing-of-the-petition--
17 for-termination-of-the-program-and--repeat--of--the--license
18 fee--in-which-event-the-program-shall-by-order-of-the-board
19 of-county-commissioners-be-disestablished--and--the--license
20 fee-shall-not-be-further-levied;

21 {2}--If--the--resident--owners--of--at-least-51%--of-the
22 sheep-in-the-county-either-petition-for-an-increase--in--the
23 license--fee--or--petition-for-a-decrease-in-the-license-fee
24 then-in-force--the-board-of-county-commissioners-shall--upon
25 receipt--of--any--such--petition--fix--a--new-license-fee-to

continue from year to year and the program shall thereupon continue within the limits of the aggregate amount of the license fee as collected from year to year."

Section 59. Section 81-8-804, MCA, is amended to read:

"81-8-804. Assessments-----refunds:--(1)--Except as provided in subsection (5), there is levied, in addition to the tax on livestock prescribed in Title 15, chapter 24, part 9, a per head tax of 25 cents on each head of cattle that is more than 9 months of age and is owned or possessed within a county for the support and maintenance of research into beef production as provided in this part. The tax shall be paid to the county treasurer of that county on or before March 1 of each year.

(2)--The tax required in subsection (1) must be paid for each head of cattle that is more than 9 months of age and is brought into the county after March 1 and is subject to taxation and assessment under 15-24-301.

(3)--Each county is entitled to receive \$250 annually as reimbursement for the administration of this section.

(4)--A person who has paid the tax required by this section may obtain a refund of the tax upon submission of a written request to the department. The application must be made within 30 days after the payment of the tax and on forms furnished by the department. The department shall, upon receipt of a timely and otherwise properly submitted

refund request, refund the tax.

(5)--The levy imposed by this section is suspended for the taxable year January 1, 1987, through December 31, 1987, if the referendum required in the Beef Promotion and Research Act of 1985 (7--U.S.C.--2901 through 2918) to continue a national assessment on beef is approved in 1988, the levy imposed by this section is suspended for the taxable year January 1, 1988, through December 31, 1988. The board of livestock shall certify such approval to the governor, and the governor shall declare the levy imposed in this section to be suspended in accordance with this section.

(6)--The department shall provide for automatic refund of any tax collected under this section for any year for which the levy is suspended."

Section 60. Section 85-7-2001, MCA, is amended to read:

"85-7-2001. Limitations on debt incurring power:--(1) The board of commissioners or other officers of the district may not incur any debt or liability, either by issuing bonds or otherwise, except as provided in this chapter. No irrigation district may become indebted, in any manner or for any purpose in any one year, in an amount exceeding 10.75% ~~22%~~ of the assessed valuation of the district, except as provided in subsection (2).

{2}--{a}--For--the--purpose--of--organization;--for--any--of
the--immediate--purposes--of--this--chapter;--to--make--or--purchase
surveys;--plans;--and--specifications;--for--stream--gauging--and
gathering--data;--or--to--make--any--repairs--occasioned--by--any
calamity--or--other--unforeseen--contingency;--the--board--of
commissioners--may;--in--any--one--year;--incur--the--indebtedness
of--as--many--dollars--as--there--are--acres--in--the--district--and
may--cause--warrants--of--the--district--to--issue--therefor;

{b}--For--the--purpose--of--organization;--for--any--of--the
immediate--purposes--of--this--chapter;--or--to--meet--the--expenses
occasioned--by--any--calamity--or--other--unforeseen--contingency;
the--board--of--commissioners--may;--in--any--one--year;--incur--(in
addition--to--the--10.75%--22%--limitation--of--subsection--{1})--an
additional--indebtedness--not--exceeding--12.5%--15%--of--the
assessed--valuation--of--the--district--and--may--cause--warrants--of
the--district--to--issue--therefor;

{c}--The--limitation--of--subsection--{1}--does--not--apply--to
warrants--issued--for--unpaid--interest--on--the--valid--bonds--of
any--irrigation--district;

{d}--The--limitation--of--subsection--{1}--does--not--apply--to
any--bonds--issued--under--this--chapter--pursuant--to--a--provision
which--expressly--supersedes--the--limitation;

{3}--Any--debt--or--liability--incurred--in--excess--of--the
limitations--provided--by--the--irrigation--district--laws--is
void;

{4}--The--limitation--of--subsection--{1}--does--not--apply--to
state--or--federal--bonds--used--for--a--project--authorized--by--the
legislature;"

NEW SECTION. Section 14. Repealer. Sections 15-6-137
through 15-6-140, 15-6-142, 15-6-144, AND 15-6-146,
15-10-401--through--15-10-412;--15-24-901--through--15-24-906;
15-24-908--through--15-24-911;--15-24-926;--15-24-931;--15-24-941
through--15-24-943;--and--81-7-118; MCA, are repealed.

NEW SECTION. Section 62.--Codification--instruction--
{Sections--43--and--44}--are--intended--to--be--codified--as--an
integral--part--of--Title--15;--chapter--24;--part--9;--and--the
provisions--of--Title--15;--chapter--24;--part--9;--apply--to
{sections--43--and--44};

NEW SECTION. Section 15. Code commissioner
instruction. (1) The code commissioner is instructed to
change the property class designation for sections in Title
15, chapter 6, part 1, as follows:

(a) property in 15-6-141 is redesignated as class
seven;

(b) property in 15-6-143 is redesignated as class
eight;

(c) property in 15-6-145 is redesignated as class
nine;

(d) property in 15-6-147 is redesignated as class ten;

(e) property in 15-6-148 is redesignated as class

1 eleven;

2 (f) property in 15-6-149 is redesignated as class
3 twelve;

4 (g) property in 15-6-150 is redesignated as class
5 thirteen.

6 (2) The code commissioner is instructed to change all
7 property class references in the Montana Code Annotated to
8 reflect the redesignations as set forth in subsection (1).

9 NEW SECTION. Section 16. Extension of authority. Any
10 existing authority to make rules on the subject of the
11 provisions of [this act] is extended to the provisions of
12 [this act].

13 NEW SECTION. Section 17. Effective date. [This act]
14 is effective on passage and approval.

15 NEW SECTION. Section 18. Applicability dates DATE.
16 ~~{1}--Except--as-provided-in-subsection-{2},--{this [THIS act]~~
17 ~~applies to taxable years beginning after December 31, 1989.~~
18 ~~{2}--{Section--36}--applies--retroactively,--within-the~~
19 ~~meaning--of--1-2-109,--to--taxable--years--beginning---after~~
20 ~~December-31,--1988.~~

-End-

HOUSE BILL NO. 475

INTRODUCED BY COHEN, ECK, RANEY, VINCENT, HARPER, WHALEN,
REAM, KADAS, HANSEN, SPAETH, ADDY, MOORE, O'KEEFE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE
CLASSIFICATION OF PROPERTY FOR PROPERTY TAX PURPOSES;
EXEMPTING 50 PERCENT OF THE FIRST \$40,000 OR LESS OF MARKET
VALUE OF SINGLE-FAMILY RESIDENCES OF MONTANA RESIDENTS FROM
PROPERTY TAXATION; EXEMPTING LIVESTOCK, AGRICULTURAL
PRODUCTS, AND CERTAIN OTHER PROPERTY FROM PROPERTY TAXATION;
PROVIDING A PER CAPITA TAX ON LIVESTOCK AND A PENALTY FOR
FAILURE TO FILE A REPORT; REVISING LOCAL GOVERNMENT BONDING,
DEBT LIMITS, AND CLASSIFICATION PROVISIONS; AMENDING
INITIATIVE MEASURE NO. 105 FOR THE 1989 TAX YEAR TO ALLOW AN
INCREASE IN TAX LIABILITY IF THERE IS AT LEAST A 5 PERCENT
DECREASE IN TAXABLE VALUATION FROM THE 1986 TAX YEAR;
AMENDING SECTIONS 7-1-211, 7-3-132, 7-6-221, 7-6-412,
7-6-425, 7-7-107, 7-7-108, 7-7-210, 7-7-220, 7-7-420,
7-7-420, 7-13-410, 7-14-236, 7-14-252, 7-14-255,
7-14-440, 7-16-232, 7-16-410, 7-31-106, 7-31-107,
7-34-213, 15-1-101, 15-6-133 THROUGH 15-6-136, 15-6-147,
15-6-201, 15-6-207, 15-8-111, 15-8-201, 15-8-205, 15-8-405,
15-8-706, 15-10-402, 15-10-412, 15-16-611, 15-16-613,
15-24-301, 15-24-302, 15-24-921, 15-24-925, 15-24-1102, AND
15-24-1103, 19-11-503, 19-11-504, 20-9-406, 20-9-407,

20-9-502, 21-7-111, 21-7-114, 21-7-120 THROUGH 21-7-122,
21-7-303, 21-7-305, 21-8-004, AND 25-7-200, MCA; REPEALING
SECTIONS 15-6-137 THROUGH 15-6-140, 15-6-142, 15-6-144, AND
15-6-146, 15-10-401 THROUGH 15-10-412, 15-24-901 THROUGH
15-24-906, 15-24-908 THROUGH 15-24-911, 15-24-926,
15-24-931, 15-24-941 THROUGH 15-24-943, AND 21-7-110, MCA;
AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN
APPLICABILITY DATES DATE."

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

Section 1. Section 7-1-211, MCA, is amended to read:
"7-1-211. Classification of counties. (1) For the
purpose of regulating the compensation and salaries of all
county officers, not otherwise provided for, and for fixing
the penalties of officers' bonds, the several counties of
this state shall be classified according to that percentage
of the true and full valuation of the property therein upon
which the tax levy is made, except for vehicles subject to
taxation under 61-3-504(2), as follows:

(a) first class all counties having such a taxable
valuation of \$50 million or over;
(b) second class all counties having such a taxable
valuation of more than \$30 million and less than \$50
million;
(c) third class all counties having such a taxable

1 valuation--of--more--than--\$20--million--and--less--than--\$30
2 million;

3 {d}--fourth-class--all-counties-having-such--a--taxable
4 valuation--of--more--than--\$15--million--and--less--than--\$20
5 million;

6 {e}--fifth-class--all-counties-having-such--a--taxable
7 valuation--of--more--than--\$10--million--and--less--than--\$15
8 million;

9 {f}--sixth-class--all-counties-having-such--a--taxable
10 valuation--of--more--than--\$5--million--and--less--than--\$10--million;

11 {g}--seventh-class--all-counties-having-such--a--taxable
12 valuation--of--less--than--\$5--million;

13 {2}--As-used-in-this-section, taxable--valuation--means
14 the--taxable--value--of--taxable--property--in--the--county--as--of
15 the--time--of--determination--plus:

16 {a}--that--portion--of--the--taxable--value--of--the--county--on
17 December--31,--1981,--attributable--to--automobiles--and--trucks
18 having--a--rated--capacity--of--three--quarters--of--a--ton--or--less;

19 {b}--the--amount--of--interim--production--and--new
20 production--taxes--levied,--as--provided--in--15-23-607,--divided
21 by--the--appropriate--tax--rates--described--in--15-23-607{2}{a}--or
22 {2}{b}--and--multiplied--by--60%;--and

23 {c}--the--amount--of--value--represented--by--new--production
24 exempted--from--tax--as--provided--in--15-23-612;--and

25 {d}--3.5%--of--the--total--taxable--value--of--the--county--on

1 December--31,--1988:"

2 **Section 2.**--Section 7-3-1321, MCA, is amended to read:

3 "7-3-1321. Authorization--to--incur--indebtedness--
4 limitation:--(1)--The--consolidated--municipality--may--borrow
5 money--or--issue--bonds--for--any--municipal--purpose--to--the--extent
6 and--in--the--manner--provided--by--the--constitution--and--laws--of
7 Montana--for--the--borrowing--of--money--or--issuing--of--bonds--by
8 counties--and--cities--and--towns;

9 {2}--The--municipality--may--not--become--indebted--in--any
10 manner--or--for--any--purpose--to--an--amount,--including--existing
11 indebtedness,--in--the--aggregate--exceeding--28%--29%--of--the
12 taxable--value--of--the--taxable--property--therein,--as
13 ascertained--by--the--last--assessment--for--state--and--county
14 taxes--prior--to--incurring--such--indebtedness. All--warrants,
15 bonds,--or--obligations--in--excess--of--such--amount--given--by--or
16 on--behalf--of--the--municipality--shall--be--void."

17 **Section 3.**--Section 7-6-2211, MCA, is amended to read:

18 "7-6-2211. Authorization--to--conduct--county--business--on
19 a--cash--basis:--(1)--in--case--the--total--indebtedness--of--a
20 county,--lawful--when--incurred,--exceeds--the--limit--of--23%--24%
21 established--in--7-7-2101--by--reason--of--great--diminution--of
22 taxable--value,--the--county--may--conduct--its--business--affairs
23 on--a--cash--basis--and--pay--the--reasonable--and--necessary--current
24 expenses--of--the--county--out--of--the--cash--in--the--county
25 treasury--derived--from--its--current--revenue--and--under--such

1 restrictions--and-regulations-as-may-be-imposed-by-the-board
2 of-county-commissioners-of-the-county-by-a--resolution--duly
3 adopted-and-included-in-the-minutes-of-the-board;

4 {2}--Nothing-in-this-section-restricts-the-right-of-the
5 board--to--make--the--necessary--tax-levies-for-interest-and
6 sinking-fund-purposes;--and-nothing-in-this--section--affects
7 the-right-of-any-creditor-of-the-county-to-pursue-any-remedy
8 now-given-him-by-law-to-obtain-payment-of-his-claim."

9 **Section 4.**--Section--7-6-4121, MCA, is amended to read:

10 "7-6-4121.--Authorization-to-conduct-municipal-business
11 on-a-cash-basis.--{1}-In-case-the-total--indebtedness--of--a
12 city--or-town-has-reached-17%-18%--of-the-total-taxable-value
13 of-the-property-of-the-city-or-town-subject-to-taxation;--as
14 ascertained--by--the--last--assessment--for-state-and-county
15 taxes;--the-city-or-town-may-conduct-its-affairs-and-business
16 on-a-cash-basis-as-provided-by-subsection-{2}:

17 {2}--{a}-Whenever-a-city--or--town--is--conducting--its
18 business--affairs--on--a--cash--basis;--the--reasonable--and
19 necessary-current-expenses-of-the-city-or-town-may-be-paid
20 out--of--the--cash--in-the-city-or-town-treasury-and-derived
21 from-its--current--revenues;--under--such--restrictions--and
22 regulations--as--the--city--or-town-council--may-by-ordinance
23 prescribe;

24 {b}--In-the-event-that-payment-is-made-in-advance;--the
25 city--or--town--may--require--a--cash--deposit-as-collateral

1 security-and-indemnity;--equal-in-amount-to-such-payment;--and
2 may-hold-the--same--as--a--special--deposit--with--the--city
3 treasurer--or--town--clerk;--in-package-form;--as-a-pledge-for
4 the--fulfillment--and--performance--of--the--contract--or
5 obligation-for-which-the-advance-is-made;

6 {c}--Before--the--payment--of--the--current--expenses
7 mentioned-above;--the-city-or-town-council--shall--first--set
8 apart--sufficient--money-to-pay-the-interest-upon-its-legally
9 valid;--and-outstanding-bonded-indebtedness-and--any--sinking
10 funds--therein--provided--for--and-shall-be-authorized-to-pay
11 all-valid-claims-against--funds--raised--by--tax--especially
12 authorized-by-law-for-the-purpose-of-paying-such-claims."

13 **Section 5.**--Section--7-6-4254, MCA, is amended to read:

14 "7-6-4254.--Limitation-on-amount-of--emergency--budgets
15 and--appropriations.--{1}-The-total-of-all-emergency-budgets
16 and-appropriations-made-therein-in-any-one-year--and--to--be
17 paid--from-any-city-fund-may-not-exceed-38%-39%--of-the-total
18 amount-which-could-be-produced--for--such--city--fund--by--a
19 maximum-levy-authorized-by-law-to-be-made-for-such-fund;--as
20 shown-by-the-last-completed-assessment-roll-of--the--county;

21 {2}--The-term--"taxable-property";--as-used-herein;--means
22 the--percentage--of--the--value--at--which--such-property-is
23 assessed-and-which-percentage-is-used-for--the--purposes--of
24 computing-taxes-and-does-not-mean-the-assessed-value-of-such
25 property-as-the-same-appears-on-the-assessment-roll."

Section 6. Section 7-7-107, MCA, is amended to read:

"7-7-107. Limitation on amount of bonds for city-county consolidated units. (1) Except as provided in 7-7-108, no city-county consolidated local government may issue bonds for any purpose which, with all outstanding indebtedness, may exceed 39% 40% of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes.

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

Section 7. Section 7-7-108, MCA, is amended to read:

"7-7-108. Authorization for additional indebtedness for water or sewer systems. (1) For the purpose of constructing a sewer system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government which shall own and control such water supply and water system and devote the revenues therefrom to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds.

(2) The additional indebtedness which may be incurred by borrowing money or issuing bonds for the construction of a sewer system or for the procurement of a water supply or

for both such purposes may not in the aggregate exceed 10% over and above the 39% 40% referred to in 7-7-107 of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes."

Section 8. Section 7-7-2101, MCA, is amended to read:

"7-7-2101. Limitation on amount of county indebtedness. (1) No county may become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding 23% 24% of the total of the taxable value of the property therein subject to taxation, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, as ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness.

(2) No county may incur indebtedness or liability for any single purpose to an amount exceeding \$500,000 without the approval of a majority of the electors thereof voting at an election to be provided by law, except as provided in 7-21-3413 and 7-21-3414.

(3) Nothing in this section shall apply to the acquisition of conservation easements as set forth in Title

767 chapter 6."

Section 9. Section 7-7-2203, MCA, is amended to read:

"7-7-2203. Limitation on amount of bonded indebtedness. (1) Except as provided in subsections (2) through (4), no county may issue general obligation bonds for any purpose which, with all outstanding bonds and warrants except county high school bonds and emergency bonds, will exceed 11.25% ~~11.66%~~ of the total of the taxable value of the property therein, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, to be ascertained by the last assessment for state and county taxes prior to the proposed issuance of bonds.

(2) In addition to the bonds allowed by subsection (1), a county may issue bonds which, with all outstanding bonds and warrants, will not exceed 27.75% ~~28.75%~~ of the total of the taxable value of the property in the county subject to taxation, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612,

when necessary to do so, for the purpose of acquiring land for a site for county high school buildings and for erecting or acquiring buildings thereon and furnishing and equipping the same for county high school purposes.

(3) In addition to the bonds allowed by subsections (1) and (2), a county may issue bonds for the construction or improvement of a jail which will not exceed 12.5% ~~13%~~ of the taxable value of the property in the county subject to taxation.

(4) The limitation in subsection (1) shall not apply to refunding bonds issued for the purpose of paying or retiring county bonds lawfully issued prior to January 1, 1932."

Section 10. Section 7-7-4201, MCA, is amended to read:

"7-7-4201. Limitation on amount of bonded indebtedness. (1) Except as otherwise provided, no city or town may issue bonds or incur other indebtedness for any purpose in an amount which with all outstanding and unpaid indebtedness will exceed 28% ~~29%~~ of the taxable value of the property therein subject to taxation, to be ascertained by the last assessment for state and county taxes.

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

Section 11. Section 7-7-4202, MCA, is amended to read:

"7-7-4202. Special provisions relating to water and sewer systems; (1) Notwithstanding the provisions of 7-7-4201 for the purpose of constructing a sewer system, procuring a water supply, or constructing or acquiring a water system for a city or town which owns and controls the water supply and water system and devotes the revenues therefrom to the payment of the debt, a city or town may incur an additional indebtedness by borrowing money or issuing bonds:

(2) The additional total indebtedness that may be incurred by borrowing money or issuing bonds for the construction of a sewer system, for the procurement of a water supply, or for both such purposes, including all indebtedness theretofore contracted which is unpaid or outstanding, may not in the aggregate exceed 55% over and above the 28% 29% referred to in 7-7-4201 of the taxable value of the property therein subject to taxation as ascertained by the last assessment for state and county taxes."

Section 12. Section 7-13-4103, MCA, is amended to read:

"7-13-4103. Limitation on indebtedness for acquisition of natural gas system; The total amount of indebtedness authorized to be contracted in any form, including the

then-existing indebtedness, must not at any time exceed 17% 18% of the total taxable value of the property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes."

Section 13. Section 7-14-236, MCA, is amended to read:

"7-14-236. Limitation on bonded indebtedness; The amount of bonds issued to provide funds for the district and outstanding at any time shall not exceed 28% 29% of the taxable value of taxable property therein as ascertained by the last assessment for state and county taxes previous to the issuance of such bonds."

Section 14. Section 7-14-2524, MCA, is amended to read:

"7-14-2524. Limitation on amount of bonds issued; excess void; (1) Except as otherwise provided hereafter and in 7-7-2203 and 7-7-2204, no county shall issue bonds which with all outstanding bonds and warrants except county high school bonds and emergency bonds, will exceed 11.25% 11.66% of the total of the taxable value of the property therein, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612; The taxable property and the amount of interim production and new production taxes levied

shall be ascertained by the last assessment for state and county taxes prior to the issuance of such bonds;

(2) A county may issue bonds which, with all outstanding bonds and warrants except county high school bonds, will exceed 11.25% ~~11.66%~~ but will not exceed 22.5% ~~23.3%~~ of the total of the taxable value of such property, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, when necessary for the purpose of replacing, rebuilding, or repairing county buildings, bridges, or highways which have been destroyed or damaged by an act of God, disaster, catastrophe, or accident;

(3) The value of the bonds issued and all other outstanding indebtedness of the county, except county high school bonds, shall not exceed 22.5% ~~23.3%~~ of the total of the taxable value of the property within the county, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, as ascertained by the last preceding general assessment."

Section 15. Section 7-14-2525, MCA, is amended to

read:

"7-14-2525. Refunding agreements and refunding bonds authorized: (1) Whenever the total indebtedness of a county exceeds 22.5% ~~23.3%~~ of the total of the taxable value of the property therein, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, and the board determines that the county is unable to pay such indebtedness in full, the board may:

(a) negotiate with the bondholders for an agreement whereby the bondholders agree to accept less than the full amount of the bonds and the accrued unpaid interest thereon in satisfaction thereof;

(b) enter into such agreement;

(c) issue refunding bonds for the amount agreed upon;

(2) These bonds may be issued in more than one series, and each series may be either amortization or serial bonds;

(3) The plan agreed upon between the board and the bondholders shall be embodied in full in the resolution providing for the issue of the bonds."

Section 16. Section 7-14-4402, MCA, is amended to

read:

"7-14-4402. Limit on indebtedness to provide bus

1 service:--The total amount of indebtedness authorized under
 2 7-14-4401(1) to be contracted in any form, including the
 3 then existing indebtedness, may not at any time exceed 28%
 4 29% of the total taxable value of the property of the city
 5 or town subject to taxation as ascertained by the last
 6 assessment for state and county taxes:--No money may be
 7 borrowed or bonds issued for the purposes specified in
 8 7-14-4401(1) until the proposition has been submitted to the
 9 vote of the taxpayers of the city or town and the majority
 10 vote cast in its favor."

11 **Section 17.**--Section 7-16-2327, MCA, is amended to
 12 read:

13 "7-16-2327. Indebtedness for park purposes:--(1)
 14 Subject to the provisions of subsection (2), a county park
 15 board, in addition to powers and duties now given under law,
 16 shall have the power and duty to contract an indebtedness in
 17 behalf of a county, upon the credit thereof, for the
 18 purposes of 7-16-2321(1) and (2):

19 (2) (a) The total amount of indebtedness authorized to
 20 be contracted in any form, including the then existing
 21 indebtedness, must not at any time exceed 13% ~~13.5%~~ of the
 22 total of the taxable value of the taxable property in the
 23 county, plus the amount of interim production and new
 24 production taxes levied divided by the appropriate tax rates
 25 described in 15-23-607(2)(a) or (2)(b) and multiplied by

1 60% plus the amount of value represented by new production
 2 exempted from tax as provided in 15-23-612, ascertained by
 3 the last assessment for state and county taxes previous to
 4 the incurring of such indebtedness:

5 (b) No money may be borrowed on bonds issued for the
 6 purchase of lands and improving same for any such purpose
 7 until the proposition has been submitted to the vote of
 8 those qualified under the provisions of the state
 9 constitution to vote at such election in the county affected
 10 thereby and a majority vote is cast in favor thereof."

11 **Section 18.**--Section 7-16-4104, MCA, is amended to
 12 read:

13 "7-16-4104. Authorization for municipal indebtedness
 14 for various cultural, social, and recreational purposes:
 15 (1) A city or town council or commission may contract an
 16 indebtedness on behalf of the city or town, upon the credit
 17 thereof, by borrowing money or issuing bonds:

18 (a) for the purpose of purchasing and improving lands
 19 for public parks and grounds;

20 (b) for procuring by purchase, construction, or
 21 otherwise swimming pools, athletic fields, skating rinks,
 22 playgrounds, museums, a golf course, a site and building for
 23 a civic center, a youth center, or combination thereof; and

24 (c) for furnishing and equipping the same.

25 (2) The total amount of indebtedness authorized to be

contracted---in---any---form, including the then-existing indebtedness, may not at any time exceed ~~16.5%~~ 17.1% of the taxable value of the taxable property of the city or town as ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness. No money may be borrowed on bonds issued for the purchase of lands and improving the same for any such purpose until the proposition has been submitted to the vote of the qualified electors of the city or town and a majority vote is cast in favor thereof."

Section 19. Section 7-31-106, MCA, is amended to read:

"7-31-106. Authorization for county to issue bonds---election required. (1) If the petition is presented to the board of county commissioners, it shall be the duty of the board, for the purpose of raising money to meet the payments under the terms and conditions of said contract and other necessary and proper expenses in and about the same and for the approval or disapproval thereof:

(a) to ascertain, within 30 days after submission of the petition, the existing indebtedness of the county in the aggregate; and

(b) to submit, within 60 days after ascertaining the same, to the electors of such county the proposition to approve or disapprove the contract and the issuance of bonds necessary to carry out the same.

(2) The amount of the bonds authorized by this section may not exceed ~~22.5%~~ 23.3% of the taxable value of the taxable property therein, inclusive of the existing indebtedness thereof, to be ascertained by the last assessment for state and county taxes previous to the issuance of said bonds and incurring of said indebtedness."

Section 20. Section 7-31-107, MCA, is amended to read:

"7-31-107. Authorization for municipality to issue bonds-----election required. (1) If said petition is presented to the council of any incorporated city or town, the council, for the purpose of raising money to meet the payments under the terms and conditions of said contract and other necessary and proper expenses in and about the same and for the approval or disapproval thereof:

(a) shall ascertain, within 30 days after submission of the petition, the aggregate indebtedness of such city or town; and

(b) shall submit, within 60 days after ascertaining the same, to the electors of such city or town the proposition to approve or disapprove said contract and the issuance of bonds necessary to carry out the same.

(2) The amount of the bonds authorized by this section may not exceed ~~16.5%~~ 17.1% of the taxable value of the taxable property therein, inclusive of the existing indebtedness thereof, to be ascertained in the manner

1 provided-in-this-part."

2 **Section 21.** ~~Section 7-34-2131, MCA, is amended to~~
3 ~~read:~~

4 ~~"7-34-2131. Hospital district bonds authorized. (1) A~~
5 ~~hospital district may borrow money by the issuance of its~~
6 ~~bonds to provide funds for payment of part or all of the~~
7 ~~cost of acquisition, furnishing, equipment, improvement,~~
8 ~~extension, and betterment of hospital facilities and to~~
9 ~~provide an adequate working capital for a new hospital.~~

10 ~~(2) The amount of bonds issued for such purpose and~~
11 ~~outstanding at any time may not exceed 22.5% 23.5% of the~~
12 ~~taxable value of the property therein as ascertained by the~~
13 ~~last assessment for state and county taxes previous to the~~
14 ~~issuance of such bonds.~~

15 ~~(3) Such bonds shall be authorized, sold, and issued~~
16 ~~and provisions made for their payment in the manner and~~
17 ~~subject to the conditions and limitations prescribed for~~
18 ~~bonds of school districts by Title 20, chapter 9, part 4.~~

19 ~~(4) Nothing herein shall be construed to preclude the~~
20 ~~provisions of Title 50, chapter 6, part 1, allowing the~~
21 ~~state to apply for and accept federal funds."~~

22 **Section 1.** Section 15-1-101, MCA, is amended to read:

23 "15-1-101. Definitions. (1) Except as otherwise
24 specifically provided, when terms mentioned in this section
25 are used in connection with taxation, they are defined in

1 the following manner:

2 (a) The term "agricultural" ~~refers to~~ means the
3 raising of livestock, poultry, bees, and other species of
4 domestic animals and wildlife in domestication or a captive
5 environment, and the raising of field crops, fruit, and
6 other animal and vegetable matter for food or fiber.

7 (b) The term "assessed value" means the value of
8 property as defined in 15-8-111.

9 (c) The term "average wholesale value" means the value
10 to a dealer prior to reconditioning and profit margin shown
11 in national appraisal guides and manuals or the valuation
12 schedules of the department of revenue.

13 (d) (i) The term "commercial", when used to describe
14 property, means any property used or owned by a business, a
15 trade, or a nonprofit corporation as defined in 35-2-102 or
16 used for the production of income, except that property
17 described in subsection (ii).

18 (ii) The following types of property are not
19 commercial:

20 (A) agricultural lands;

21 (B) timberlands;

22 (C) single-family residences and ancillary
23 improvements and improvements necessary to the function of a
24 bona fide farm, ranch, or stock operation;

25 (D) mobile homes used exclusively as a residence

1 except when held by a distributor or dealer of trailers or
2 mobile homes as his stock in trade; and

3 (E) all property described in 15-6-135;

4 ~~(F) all property described in 15-6-136; and~~

5 ~~(G) all property described in 15-6-146;~~

6 (e) The term "comparable property" means property that
7 has similar use, function, and utility; that is influenced
8 by the same set of economic trends and physical,
9 governmental, and social factors; and that has the potential
10 of a similar highest and best use.

11 (f) The term "credit" means solvent debts, secured or
12 unsecured, owing to a person.

13 (g) The term "improvements" includes means all
14 buildings, structures, fences, and improvements situated
15 upon, erected upon, or affixed to land. When the department
16 of revenue or its agent determines that the permanency of
17 location of a mobile home or housetrailer has been
18 established, the mobile home or housetrailer is presumed to
19 be an improvement to real property. A mobile home or
20 housetrailer ~~may be determined to be permanently located~~
21 ~~only when it is attached to a foundation which cannot~~
22 ~~feasibly be relocated and only when the wheels are removed~~
23 used as a residence is an improvement, whether or not it is
24 affixed to the land.

25 (h) The term "leasehold improvements" means

1 improvements to mobile homes and mobile homes located on
2 land owned by another person. This property is assessed
3 under the appropriate classification and the taxes are due
4 and payable in two payments as provided in 15-24-202
5 15-16-102. Delinquent taxes on such leasehold improvements
6 are a lien only on such leasehold improvements.

7 (i) The term "livestock" means cattle, sheep, swine,
8 goats, horses, mules, and asses, llamas, and bison.

9 (j) The term "mobile home" means forms of housing
10 shelter known as "trailers", "housetrainers", or "trailer
11 coaches" exceeding 8 feet in width or 45 feet in length,
12 designed to be moved from one place to another by an
13 independent power connected to them, or any "trailer",
14 "housetrailer", or "trailer coach" up to 8 feet in width or
15 45 feet in length used as a principal residence.

16 (k) The term "personal property" includes means
17 everything that is the subject of ownership but that is not
18 included within the meaning of the terms "real estate" and
19 "improvements".

20 (l) The term "poultry" includes means all chickens,
21 turkeys, geese, ducks, and other birds raised in
22 domestication to produce food or feathers.

23 (m) The term "property" includes moneys means money,
24 credits, bonds, stocks, franchises, and all other matters
25 and things, real, personal, and mixed, capable of private

1 ownership. This definition ~~must~~ may not be construed to
2 authorize the taxation of the stocks of any company or
3 corporation when the property of such the company or
4 corporation represented by the stocks is within the state
5 and has been taxed.

6 (n) The term "real estate" ~~includes~~ means:

7 (i) the possession of, claim to, ownership of, or
8 right to the possession of land;

9 (ii) all mines, minerals, and quarries in and under the
10 land subject to the provisions of 15-23-501 and Title 15,
11 chapter 23, part 8; all timber belonging to individuals or
12 corporations growing or being on the lands of the United
13 States; and all rights and privileges appertaining thereto.

14 (o) "Research and development firm" means an entity
15 incorporated under the laws of this state or a foreign
16 corporation authorized to do business in this state whose
17 principal purpose is to engage in theoretical analysis,
18 exploration, and experimentation and the extension of
19 investigative findings and theories of a scientific and
20 technical nature into practical application for experimental
21 and demonstration purposes, including the experimental
22 production and testing of models, devices, equipment,
23 materials, and processes.

24 (p) The term "taxable value" means the percentage of
25 market or assessed value as provided for in ~~15-6-131 through~~

1 ~~15-6-149~~ this title.

2 (q) The term "weighted mean assessment ratio" means
3 the total of the assessed values divided by the total of the
4 selling prices of all area sales in the stratum.

5 (2) The phrase "municipal corporation" or
6 "municipality" or "taxing unit" ~~shall be deemed to include~~
7 means a county, city, incorporated town, township, school
8 district, irrigation district, drainage district, or any
9 person, persons, or organized body authorized by law to
10 establish tax levies for the purpose of raising public
11 revenue.

12 (3) The term "state board" or "board" when used
13 without other qualification ~~shall mean~~ means the state tax
14 appeal board."

15 **Section 2.** Section 15-6-133, MCA, is amended to read:

16 "~~15-6-133. Class three property -- description --~~
17 ~~taxable percentage. (1) Class three property includes~~
18 ~~agricultural land as defined in 15-7-202.~~

19 ~~(2) Class three property is taxed at the taxable~~
20 ~~percentage rate--"P" 30% of its productive capacity.~~

21 ~~(3)--Until July 17, 1986, the taxable percentage rate~~
22 ~~"P" for class three property is 30%.~~

23 ~~(4)--Prior to July 17, 1986, the department of revenue~~
24 ~~shall determine the taxable percentage rate--"P"--applicable~~
25 ~~to class three property for the revaluation cycle beginning~~

1 January 1, 1986, as follows:

2 (a) The director of the department of revenue shall
3 certify to the governor before July 1, 1986, the percentage
4 by which the appraised value of all property in the state
5 classified under class three as of January 1, 1986, has
6 increased due to the revaluation conducted under 15-7-111.
7 This figure is the "certified statewide percentage
8 increase".

9 (b) The taxable value of property in class three is
10 determined as a function of the certified statewide
11 percentage increase in accordance with the table shown
12 below:

13 (c) This table limits the statewide increase in
14 taxable valuation resulting from reappraisal to 8% in
15 calculating the percentage increase; the department may not
16 consider agricultural use changes during calendar year 1985.

17 (d) The taxable percentage must be calculated by
18 interpolation to coincide with the nearest whole number
19 certified statewide percentage increase from the following
20 table:

| 21 Certified Statewide | 21 Class Three Taxable |
|------------------------|------------------------|
| 22 Percentage Increase | 22 Percentage "P" |
| 23 0 | 30.00 |
| 24 10 | 27.27 |
| 25 20 | 25.00 |

| | | |
|---|----|-------|
| 1 | 30 | 23.00 |
| 2 | 40 | 21.43 |
| 3 | 50 | 20.00 |

4 (5) After July 1, 1986, no adjustment may be made by
5 the department to the taxable percentage rate "P" until a
6 revaluation has been made as provided in 15-7-111.

7 **Section 3.** Section 15-6-134, MCA, is amended to read:

8 "15-6-134. Class four property -- description --
9 taxable percentage. (1) Class four property includes:

10 (a) all land except that specifically included in
11 another class;

12 (b) all improvements except those specifically
13 included in another class;

14 (c) the first \$80,000 or less of the market value of
15 any improvement on real property and appurtenant land not
16 exceeding 5 acres owned or under contract for deed and
17 actually occupied for at least 10 months a year as the
18 primary residential dwelling of any person whose total
19 income from all sources including otherwise tax-exempt
20 income of all types is not more than \$10,000 for a single
21 person or \$12,000 for a married couple, as adjusted
22 according to subsection (2)(b)(ii);

23 (d) all golf courses, including land and improvements
24 actually and necessarily used for that purpose, that consist
25 of at least 9 holes and not less than 3,000 lineal yards.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a) and (1)(b) is taxed at 3.86% of its market value.

(b) (i) Property described in subsection (1)(c) is taxed at 3.86% of its market value multiplied by a percentage figure based on income and determined from the following table:

| Income | | Income | Percentage |
|-----------------|-----------------|--------|------------|
| Single Person | Married Couple | | Multiplier |
| \$ 0 - \$ 1,000 | \$ 0 - \$ 1,200 | | 0% |
| 1,001 - 2,000 | 1,201 - 2,400 | | 10% |
| 2,001 - 3,000 | 2,401 - 3,600 | | 20% |
| 3,001 - 4,000 | 3,601 - 4,800 | | 30% |
| 4,001 - 5,000 | 4,801 - 6,000 | | 40% |
| 5,001 - 6,000 | 6,001 - 7,200 | | 50% |
| 6,001 - 7,000 | 7,201 - 8,400 | | 60% |
| 7,001 - 8,000 | 8,401 - 9,600 | | 70% |
| 8,001 - 9,000 | 9,601 - 10,800 | | 80% |
| 9,001 - 10,000 | 10,801 - 12,000 | | 90% |

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the

table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1986; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a).

~~(3) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate for class four property until a revaluation has been made as provided in 15-7-111.~~

~~(4)~~ (3) Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property.

(4) For the purposes of this section, all mobile homes are considered to be improvements."

Section 4. Section 15-6-135, MCA, is amended to read:

1 "15-6-135. Class five property -- description --
2 taxable percentage. (1) Class five property includes:

3 (a) all property used and owned by cooperative rural
4 electrical and cooperative rural telephone associations
5 organized under the laws of Montana, except property owned
6 by cooperative organizations described in subsection-(1)(b)
7 of-15-6-137 15-6-136(1)(d);

8 (b) air and water pollution control equipment as
9 defined in this section;

10 (c) new industrial property as defined in this
11 section;

12 (d) any personal or real property used primarily in
13 the production of gasohol during construction and for the
14 first 3 years of its operation;

15 (e) all land and improvements and all personal
16 property owned by a research and development firm, provided
17 that the property is actively devoted to research and
18 development;

19 (f) machinery and equipment used in electrolytic
20 reduction facilities.

21 (2) (a) "Air and water pollution equipment" means
22 facilities, machinery, or equipment used to reduce or
23 control water or atmospheric pollution or contamination by
24 removing, reducing, altering, disposing, or storing
25 pollutants, contaminants, wastes, or heat. The department of

1 health and environmental sciences shall determine if such
2 utilization is being made.

3 (b) The department of health and environmental
4 sciences' determination as to air and water pollution
5 equipment may be appealed to the board of health and
6 environmental sciences and may not be appealed to either a
7 county tax appeal board or the state tax appeal board.
8 However, the appraised value of the equipment as determined
9 by the department of revenue may be appealed to the county
10 tax appeal board and the state tax appeal board.

11 (3) "New industrial property" means any new industrial
12 plant, including land, buildings, machinery, and fixtures,
13 used by new industries during the first 3 years of their
14 operation. The property may not have been assessed within
15 the state of Montana prior to July 1, 1961.

16 (4) (a) "New industry" means any person, corporation,
17 firm, partnership, association, or other group that
18 establishes a new plant in Montana for the operation of a
19 new industrial endeavor, as distinguished from a mere
20 expansion, reorganization, or merger of an existing
21 industry.

22 (b) New industry includes only those industries that:

23 (i) manufacture, mill, mine, produce, process, or
24 fabricate materials;

25 (ii) do similar work, employing capital and labor, in

1 which materials unserviceable in their natural state are
2 extracted, processed, or made fit for use or are
3 substantially altered or treated so as to create commercial
4 products or materials; or

5 (iii) engage in the mechanical or chemical
6 transformation of materials or substances into new products
7 in the manner defined as manufacturing in the 1972 Standard
8 Industrial Classification Manual prepared by the United
9 States office of management and budget.

10 (5) New industrial property does not include:

11 (a) property used by retail or wholesale merchants,
12 commercial services of any type, agriculture, trades, or
13 professions;

14 (b) a plant that will create adverse impact on
15 existing state, county, or municipal services; or

16 (c) property used or employed in any industrial plant
17 that has been in operation in this state for 3 years or
18 longer.

19 (6) Class five property is taxed at 3% of its market
20 value."

21 **Section 5.** Section 15-6-136, MCA, is amended to read:

22 "15-6-136. Class six property -- description --
23 taxable percentage. (1) Class six property includes:

24 (a) ~~livestock and other species of domestic animals~~
25 ~~and wildlife raised in domestication or a captive~~

1 ~~environment, except for cats, dogs, and other household pets~~
2 ~~not raised for profit, and the unprocessed products of such~~
3 ~~animals and wildlife;~~

4 ~~(b) all unprocessed agricultural products on the farm~~
5 ~~or in storage except:~~

6 ~~(i) all perishable fruits and vegetables in farm~~
7 ~~storage and owned by the producer; and~~

8 ~~(ii) all producer-held grain in storage;~~

9 ~~(c)(a) all items of personal property, including goods~~
10 ~~and equipment, intended for rent or lease in the ordinary~~
11 ~~course of business, provided each item of personal property~~
12 ~~satisfies all of the following: except personal property~~
13 ~~specifically included in another class;~~

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

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

21 ~~(iii) the lease of the personal property is generally~~
22 ~~on an hourly, daily, or weekly basis;~~

23 ~~(b) all property used and owned by persons, firms,~~
24 ~~corporations, or other organizations that are engaged in the~~
25 ~~business of furnishing telephone communications exclusively~~

1 to rural areas or to rural areas and cities and towns of 800
 2 persons or less;

3 (c) subject to the provisions of subsection (2), all
 4 property owned by cooperative rural electrical and
 5 cooperative rural telephone associations that serve less
 6 than 95% of the electricity consumers or telephone users
 7 within the incorporated limits of a city or town;

8 (d) electric transformers and meters; electric light
 9 and power substation machinery; natural gas measuring and
 10 regulating station equipment, meters, and compressor station
 11 machinery owned by noncentrally assessed public utilities;
 12 and tools used in the repair and maintenance of such
 13 property;

14 (e) tools, implements, and machinery that are not
 15 hand-held and that are used to repair and maintain machinery
 16 not used for manufacturing and mining purposes;

17 (f) all agricultural implements and equipment;

18 (g) all mining machinery, fixtures, equipment, tools,
 19 and supplies except those included in class five;

20 (h) all manufacturing machinery, fixtures, equipment,
 21 tools, and supplies except those included in class five;

22 (i) all other machinery except that specifically
 23 included in another class;

24 (j) all trailers, including those referred to in
 25 15-24-102 but not including those subject to a fee in lieu

1 of property tax;

2 (k) truck toppers weighing more than 300 pounds;

3 (l) furniture, fixtures, and equipment, except that
 4 specifically included in another class, used in commercial
 5 establishments as defined in this section;

6 (m) x-ray and medical and dental equipment;

7 (n) citizens' band radios and mobile telephones;

8 (o) radio and television broadcasting and transmitting
 9 equipment;

10 (p) cable television systems;

11 (q) coal and ore haulers;

12 (r) trucks having a rated capacity of more than
 13 three-quarters of a ton, including those prorated under
 14 15-24-102 but not including those subject to a fee in lieu
 15 of property tax;

16 (s) theater projectors and sound equipment; and

17 (t) all other property not included in any other class
 18 in this part except that property subject to a fee in lieu
 19 of property tax.

20 (2) To qualify as class six property, the average
 21 circuit miles for each station on a telephone communication
 22 system described in subsection (1)(c) must be more than 1
 23 mile.

24 (3) "Commercial establishment" means any hotel; motel;
 25 office; petroleum marketing station; or service, wholesale,

1 retail, or food-handling business.

2 ~~{2}{4}~~ Class six property is taxed at ~~4%~~ 10% of its
3 market value."

4 **Section 6.** Section 15-6-147, MCA, is amended to read:

5 "15-6-147. Class seventeen property -- description --
6 taxable percentage. (1) Class seventeen property includes
7 all airline transportation property as described in the Tax
8 Equity and Fiscal Responsibility Act of 1982 as it read on
9 January 1, 1986.

10 (2) For the taxable years 1986 through 1990 class
11 seventeen property is taxed at 12%, and for each taxable
12 year thereafter, class seventeen property is taxed at the
13 lesser of 12% or the percentage rate for--class--fifteen
14 property--without--adjustment "R", to be determined by the
15 department as provided in subsection (3).

16 (3) R = A/B where:

17 (a) A is the total statewide taxable value of all
18 commercial property, except class seventeen property, as
19 commercial property is described in 15-1-101(1)(d),
20 including class 1 and class 2 property; and

21 (b) B is the total statewide market value of all
22 commercial property, except class seventeen property, as
23 commercial property is described in 15-1-101(1)(d),
24 including class 1 and class 2 property.

25 (c) In accordance with the commercial property taxable

1 value adjustment procedure set forth in 15-6-145(4) for
2 railroad property, the department shall determine the
3 value-weighted mean sales assessment ratio "M" and make a
4 similar adjustment prior to calculating "A" for airline
5 property in order to equalize airline taxable values.

6 ~~{3}{4}~~ For the purpose of complying with the Tax
7 Equity and Fiscal Responsibility Act of 1982, as it read on
8 January 1, 1986, the rate "R" referred to in this section is
9 the equalized average tax rate generally applicable to
10 commercial and industrial property, except class seventeen
11 property, as commercial property is defined in
12 15-1-101(1)(d)."

13 **Section 7.** Section 15-6-201, MCA, is amended to read:

14 "15-6-201. Exempt categories. (1) The following
15 categories of property are exempt from taxation:

16 (a) the property of:

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

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

3 (iii) municipal corporations; and

4 (iv) public libraries;

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

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

18 (d) property that meets the following conditions:

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

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

1 (iii) is not maintained and operated for private or
2 corporate profit;

3 (e) institutions of purely public charity;

4 (f) evidence of debt secured by mortgages of record
5 upon real or personal property in the state of Montana;

6 (g) public art galleries and public observatories not
7 used or held for private or corporate profit;

8 (h) all household goods and furniture, including but
9 not limited to clocks, musical instruments, sewing machines,
10 and wearing apparel of members of the family, used by the
11 owner for personal and domestic purposes or for furnishing
12 or equipping the family residence;

13 (i) a truck canopy cover or topper weighing less than
14 300 pounds and having no accommodations attached. Such
15 property is also exempt from taxation under 61-3-504(2) and
16 61-3-537.

17 (j) a bicycle, as defined in 61-1-123, used by the
18 owner for personal transportation purposes;

19 (k) motor homes, travel trailers, and campers;

20 (l) all watercraft;

21 (m) land, fixtures, buildings, and improvements owned
22 by a cooperative association or nonprofit corporation
23 organized to furnish potable water to its members or
24 customers for uses other than the irrigation of agricultural
25 land;

1 (n) the right of entry that is a property right
2 reserved in land or received by mesne conveyance (exclusive
3 of leasehold interests), devise, or succession to enter land
4 whose surface title is held by another to explore, prospect,
5 or dig for oil, gas, coal, or minerals;

6 (o) property owned and used by a corporation or
7 association organized and operated exclusively for the care
8 of the developmentally disabled, mentally ill, or
9 vocationally handicapped as defined in 18-5-101, which is
10 not operated for gain or profit;

11 (p) all farm buildings with a market value of less
12 than \$500 and all agricultural implements and machinery with
13 a market value of less than \$100; and

14 (q) property owned by a nonprofit corporation
15 organized to provide facilities primarily for training and
16 practice for or competition in international sports and
17 athletic events and not held or used for private or
18 corporate gain or profit. For purposes of this subsection
19 (1)(q), "nonprofit corporation" means an organization exempt
20 from taxation under section 501(c) of the Internal Revenue
21 Code and incorporated and admitted under the Montana
22 Nonprofit Corporation Act;

23 ~~(r) 50% of the first \$40,000 or less of the market~~
24 ~~value of any single-family owner-occupied residence owned by~~
25 ~~a Montana resident, exclusive of land and appurtenant~~

1 improvements;

2 ~~(s)(R)~~ all tools, implements, and machinery that are
3 customarily hand-held and that are used to:

4 (i) construct, repair, and maintain improvements to
5 real property; or

6 (ii) repair and maintain machinery, equipment,
7 appliances, and other personal property not used for
8 manufacturing and mining purposes; and

9 ~~(t)(S)~~ all aircraft that are not considered airline
10 transportation property as described in the Tax Equity and
11 Fiscal Responsibility Act of 1982 and thereby included in
12 15-6-147.

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

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

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

1 years following installation of the property:

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

4 (b) \$100,000 in the case of a multifamily residential
5 dwelling or a nonresidential structure."

6 **Section 29.** ~~Section 15-6-207, MCA, is amended to read:~~

7 "15-6-207. ~~Agricultural exemptions.~~ ~~(1) The following~~
8 ~~agricultural products are exempt from taxation:~~

9 (a) ~~all unprocessed, perishable fruits and vegetables~~
10 ~~agricultural products in farm storage and owned by the~~
11 ~~producer;~~

12 (b) ~~all producer-held grain in storage;~~

13 (c) ~~all nonperishable, unprocessed agricultural~~
14 ~~products, except livestock, held in possession of the~~
15 ~~original producer for less than 7 months following harvest;~~

16 (d) ~~except as provided in subsection (1)(e), livestock~~
17 ~~which have not attained the age of 24 months as of the last~~
18 ~~day of any month if assessed on the average inventory basis~~
19 ~~or on March 1 if assessed as provided in 15-24-911(1)(a);~~

20 (e) ~~swine which have not attained the age of 6 months~~
21 ~~as of January 1;~~

22 (f) ~~livestock, including cattle, sheep, swine, goats,~~
23 ~~horses, mules, asses, llamas, bison, and other animals and~~
24 ~~wildlife raised in domestication or in a captive~~
25 ~~environment, and their unprocessed products;~~

1 (f)(d) ~~poultry and the unprocessed products of~~
2 ~~poultry; and~~

3 (g)(e) ~~bees and the unprocessed product of bees;~~

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

12 **Section 30.** ~~Section 15-8-111, MCA, is amended to read:~~

13 "15-8-111. ~~Assessment.~~ ~~Market value standard.~~
14 ~~exceptions.~~ (1) ~~All taxable property must be assessed at~~
15 ~~100% of its market value except as otherwise provided;~~

16 (2) (a) ~~Market value is the value at which property~~
17 ~~would change hands between a willing buyer and a willing~~
18 ~~seller, neither being under any compulsion to buy or to sell~~
19 ~~and both having reasonable knowledge of relevant facts;~~

20 (b) ~~If the department uses construction cost as one~~
21 ~~approximation of market value, the department shall fully~~
22 ~~consider reduction in value caused by depreciation, whether~~
23 ~~through physical depreciation, functional obsolescence, or~~
24 ~~economic obsolescence;~~

25 (c) ~~Except as provided in subsection (3), the market~~

1 value-of-all-motor-trucks,-agricultural--tools,-implements,
 2 and--machinery,-and-vehicles-of-all-kinds,-including-but-not
 3 limited--to--boats-and--all--watercraft,-is--the--average
 4 wholesale--value--shown--in--national--appraisal--guides-and
 5 manuals-or-the-value-of-the--vehicle--before--reconditioning
 6 and--profit--margin,-The-department-of-revenue-shall-prepare
 7 valuation-schedules-showing-the-average-wholesale-value-when
 8 no-national-appraisal-guide-exists:
 9 {3}--The-department-of-revenue-or-its--agents--may--not
 10 adopt--a--lower--or--different-standard-of-value-from-market
 11 value-in-making-the-official-assessment-and-appraisal-of-the
 12 value-of-property,-except:
 13 {a}--the-wholesale-value--for--agricultural--implements
 14 and--machinery--is--the--loan-value-as-shown-in-the-Official
 15 Guide,-Tractor-and-Farm-Equipment,-published-by-the-national
 16 farm-and-power-equipment-dealers--association,-St.-Louis,
 17 Missouri;
 18 {b}--for--agricultural--implements--and--machinery--not
 19 listed-in-the-official-guide,-the-department-shall-prepare-a
 20 supplemental--manual--where--the--values--reflect--the--same
 21 depreciation-as-those-found-in-the-official-guide,-and
 22 {c}--as--otherwise-authorized-in-Title-15-and-Title-61;
 23 {4}--For-purposes-of-taxation,-assessed--value--is--the
 24 same-as-appraised-value;
 25 {5}--The--taxable--value--for--all--property--is--the

1 percentage-of-market-or-assessed-value-established-for--each
 2 class-of-property:
 3 {6}--The--assessed--value--of--properties--in--15-6-131
 4 through-15-6-133-is-as-follows:
 5 {a}--Properties--in--15-6-131,-under--class--one,-are
 6 assessed--at-100%-of-the-annual-net-proceeds-after-deducting
 7 the-expenses-specified-and-allowed-by-15-23-503;
 8 {b}--Properties--in--15-6-132,-under--class--two,-are
 9 assessed-at-100%-of-the-annual-gross-proceeds;
 10 {c}--Properties--in--15-6-133,-under--class-three,-are
 11 assessed-at-100%-of-the-productive--capacity--of--the--lands
 12 when--valued--for--agricultural--purposes,-All-lands-that-meet
 13 the-qualifications-of-15-7-202-are--valued--as--agricultural
 14 lands-for-tax-purposes;
 15 {d}--Properties--in-15-6-143,-under-class-thirteen,-are
 16 assessed-at-100%-of-the-combined--appraised--value--of--the
 17 standing--timber--and--grazing-productivity-of-the-land-when
 18 valued-as-timberland;
 19 {7}--Land-and-the-improvements-thereon--are--separately
 20 assessed-when-any-of-the-following-conditions-occur:
 21 {a}--ownership--of--the--improvements-is-different-from
 22 ownership-of-the-land;
 23 {b}--the-taxpayer-makes-a-written-request;-or
 24 {c}--the-land-is-outside-an-incorporated-city-or--town-
 25 {Subsection--(6){d}-terminates-January-1,-1991--sec.-10,-Ch-

1 681, B, 1985,}"

2 **Section 31.** Section 15-8-201, MCA, is amended to read:

3 "15-8-201. General assessment day. (1) The department

4 of revenue or its agent must, between January 1 and the

5 second Monday of July in each year, ascertain the names of

6 all taxable inhabitants and assess all property subject to

7 taxation in each county. The department or its agent must

8 assess property to the person by whom it was owned or

9 claimed or in whose possession or control it was at midnight

10 of January 1 next preceding. It must also ascertain and

11 assess all mobile homes arriving in the county after

12 midnight of January 1 next preceding. No mistake in the name

13 of the owner or supposed owner of real property, however,

14 renders the assessment invalid.

15 (2) The procedure provided by this section may not

16 apply to:

17 (a) motor vehicles that are required by 15-8-202 to be

18 assessed on January 1 or upon their anniversary registration

19 date;

20 (b) motor homes, travel trailers, and campers;

21 (c) watercraft;

22 (d) livestock;

23 (e) (d) property defined in 61-1-104 as "special mobile

24 equipment" that is subject to assessment for personal

25 property taxes on the date that application is made for a

1 special mobile equipment plate, and

2 (f) (e) mobile homes held by a distributor or dealer of

3 mobile homes as a part of his stock in trade.

4 (3) Credits must be assessed as provided in

5 15-1-101(i)(f)."

6 **Section 8.** Section 15-8-205, MCA, is amended to read:

7 "15-8-205. Initial assessment of class twelve property

8 when mobile homes. The county assessor shall assess all

9 class twelve property mobile homes immediately upon their

10 arrival in the county if the taxes have not been previously

11 paid for that year in another county in Montana."

12 **Section 33.** Section 15-8-405, MCA, is amended to read:

13 "15-8-405. Street railroads, AND bridges, and ferries.

14 Street railroads and bridges and ferries and their

15 franchises owned by persons or corporations must be listed

16 and assessed in the county, town, or district where such

17 property or any portion thereof is located, and the track of

18 the railroad and the bridge are personal property."

19 **Section 34.** Section 15-8-706, MCA, is amended to read:

20 "15-8-706. Statement by agent to the department. (1)

21 On the second Monday in July in each year, the agent of the

22 department of revenue in each county must transmit to the

23 department a statement showing:

24 (a) the several kinds of personal property;

25 (b) the average and total value of each kind;

{c}--the-number-of--livestock--number--of--bushels--of
grain--number--of--pounds--or--tons--of--any--article--sold--by--the
pound--or--ton;

{d}--when--practicable--the--separate--value--of--each--class
of--land--specifying--the--classes--and--the--number--of--acres--in
each;

{2}--An--agent--of--the--department--who--purposely--or
negligently--fails--to--perform--his--duty--under--this--section--or
a--deputy--or--member--of--the--agent's--staff--delegated--such--duty
who--purposely--or--negligently--fails--to--perform--such--duty--is
guilty--of--official--misconduct--under--45-7-401."

Section 9. Section 15-10-402, MCA, is amended to read:

"15-10-402. Property tax limited to 1986 levels. (1)
Except as provided in subsections (2) and (3), the amount of
taxes levied on property described in 15-6-133, 15-6-134,
and 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for
any taxing jurisdiction, exceed the amount levied for
taxable year 1986.

(2) The limitation contained in subsection (1) does
not apply to levies for rural improvement districts, Title
7, chapter 12, part 21; special improvement districts, Title
7, chapter 12, part 41; or bonded indebtedness.

(3) New construction or improvements to or deletions
from property described in subsection (1) are subject to
taxation at 1986 levels.

(4) As used in this section, the "amount of taxes
levied" and the "amount levied" mean the actual dollar
amount of taxes imposed on an individual piece of property,
notwithstanding an increase or decrease in value due to
inflation, reappraisal, adjustments in the percentage
multiplier used to convert appraised value to taxable value,
changes in the number of mills levied, or increase or
decrease in the value of a mill."

Section 36. Section 15-10-412, MCA, is amended to
read:

"15-10-412. (Temporary) Property tax limited to 1986
levels-----clarification-----extension--to--all--property
classes--Section-15-10-402-is-interpreted-and-clarified--as
follows:

{1}--The-limitation-to-1986-levels-is-extended-to-apply
to-all-classes-of-property-described-in-Title-15, chapter-6,
part-1;

{2}--The--limitation--on--the--amount--of--taxes--levied--is
interpreted-to-mean-that-the-actual--tax--liability--for--an
individual--property--is--capped-at-the-dollar-amount--due--in
each--taxing-unit--for--the--1986--tax--year--in--tax--years
thereafter--the--property--must--be--taxed--in--each--taxing-unit
at--the--1986--cap--or--the--product--of--the--taxable--value--and
mills--levied--whichever--is--less--for--each--taxing-unit;

{3}--The--limitation--on--the--amount--of--taxes--levied--does

1 not-mean-that-no-further-increase-may-be-made-in--the--total
 2 taxable-valuation-of-a-taxing-unit-as-a-result-of:
 3 {a}--annexation--of-real-property-and-improvements-into
 4 a-taxing-unit;
 5 {b}--construction,---expansion,---or---remodeling---of
 6 improvements;
 7 {c}--transfer-of-property-into-a-taxing-unit;
 8 {d}--subdivision-of-real-property;
 9 {e}--reclassification-of-property;
 10 {f}--increases-in-the-amount-of-production-or-the-value
 11 of---production---for---property--described--in--15-6-131--or
 12 15-6-132;
 13 {g}--transfer-of-property-from--tax-exempt--to--taxable
 14 status;--or
 15 {h}--revaluations-caused-by:
 16 {i}--cyclical-reappraisal;--or
 17 {ii}--expansion,--addition,--replacement,--or--remodeling-of
 18 improvements;
 19 {4}--The--limitation-on-the-amount-of-taxes-levied--does
 20 not-mean-that-no-further-increase-may-be-made-in-the-taxable
 21 valuation-or-in--the--actual--tax--liability--on--individual
 22 property-in-each-class-as-a-result-of:
 23 {a}--construction,-----expansion,-----replacement,-----or
 24 remodeling-of-improvements-that-adds-value-to-the--property;
 25 {b}--transfer-of-property-into-a-taxing-unit;

1 {c}--reclassification-of-property;
 2 {d}--increases-in-the-amount-of-production-or-the-value
 3 of---production---for---property--described--in--15-6-131--or
 4 15-6-132;
 5 {e}--annexation-of-the-individual-property-into--a--new
 6 taxing-unit;--or
 7 {f}--conversion---of---the---individual--property--from
 8 tax-exempt-to-taxable-status;
 9 {5}--Property-in-classes-four,--twelve,--and-fourteen--is
 10 valued--according--to-the-procedures-used-in-1986,--including
 11 the--designation--of--1982--as--the--base--year,--until--the
 12 reappraisal--cycle--beginning--January-1,--1986,--is-completed
 13 and-new-valuations-are-placed-on-the-tax--rolls--and--a--new
 14 base-year-designated,--if-the-property-is:
 15 {a}--new-construction;
 16 {b}--expanded,---deleted,---replaced,---or---remodeled
 17 improvements;
 18 {c}--annexed-property;--or
 19 {d}--property--converted--from--tax-exempt--to--taxable
 20 status;
 21 {6}--Property--described--in-subsections-(5){a}-through
 22 (5){d}-that-is--not--class--four,--class--twelve,--or--class
 23 fourteen-property-is-valued-according-to-the-procedures-used
 24 in-1986-but-is-also-subject-to-the-dollar-cap-in-each-taxing
 25 unit-based-on-1986-mills-levied;

1 {7}--The---limitation---on---the---amount---of---taxes,---as
 2 clarified-in-this-section,---is-intended-to-leave-the-property
 3 appraisal-and-valuation-methodology---of---the---department---of
 4 revenue---intact;---Determinations---of-county-classifications,
 5 salaries-of-local-government-officers,---and-all-other-matters
 6 in-which-total-taxable-valuation-is---an---integral---component
 7 are---not---affected-by-15-10-401-and-15-10-402-except-for-the
 8 use-of-taxable-valuation-in-fixing-tax-levies,---in-fixing-tax
 9 levies,---the-taxing-units-of-local-government-may---anticipate
 10 the---deficiency---in---revenues---resulting---from---the---tax
 11 limitations-in-15-10-401-and-15-10-402,---while---understanding
 12 that---regardless-of-the-amount-of-mills-levied,---a-taxpayer's
 13 liability-may-not-exceed---the---dollar---amount---due---in---each
 14 taxing-unit---for-the-1986-tax-year-unless-the-taxing-unit's
 15 taxable-valuation-decreases-by-5%---or-more-from-the---previous
 16 1986---tax---year,---if---a---taxing---unit's---taxable---valuation
 17 decreases-by-5%---or-more-from-the-previous-1986-tax-year,---it
 18 may---levy---additional---mills-to-compensate-for-the-decreased
 19 taxable-valuation,---but-in-no-case-may---the---mills---levied
 20 exceed---a-number---calculated---to---equal---the---revenue---from
 21 property-taxes-for-the-1986-tax-year-in-that-taxing-unit;

22 {8}--The-limitation-on-the-amount-of-taxes-levied---does
 23 not---apply---to---the---following---levy---or---special-assessment
 24 categories,---whether-or-not-they-are---based---on---commitments
 25 made-before-or-after-approval-of-15-10-401-and-15-10-402:

1 {a}---rural-improvement-districts;
 2 {b}---special-improvement-districts;
 3 {c}---levies---pledged---for---the---repayment---of---bonded
 4 indebtedness,---including-tax-increment-bonds;
 5 {d}---city-street-maintenance-districts;
 6 {e}---tax-increment-financing-districts;
 7 {f}---satisfaction-of-judgments-against-a---taxing---unit;
 8 {g}---electric---company-street-lighting-assessments,---and
 9 {h}---revolving---funds---to---support---any---categories
 10 specified-in-this-subsection-{8};

11 {9}--The---limitation-on-the-amount-of-taxes-levied-does
 12 not-apply-in-a-taxing-unit-if-the-voters-in-the-taxing---unit
 13 approve---an-increase-in-tax-liability-following-a-resolution
 14 of-the-governing-body-of-the-taxing-unit-containing:

15 {a}---a-finding-that-there---are---insufficient---funds---to
 16 adequately---operate-the-taxing-unit-as-a-result-of-15-10-401
 17 and-15-10-402;

18 {b}---an-explanation-of---the---nature---of---the---financial
 19 emergency;

20 {c}---an-estimate---of---the---amount-of-funding-shortfall
 21 expected-by-the-taxing-unit;

22 {d}---a-statement-that-applicable-fund-balances---are---or
 23 by-the-end-of-the-fiscal-year-will-be-depleted;

24 {e}---a-finding-that-there-are-no-alternative-sources-of
 25 revenue;

1 ~~{ff}--a--summary--of--the--alternatives--that--the--governing~~
2 ~~body--of--the--taxing--unit--has--considered--and~~

3 ~~{g}--a--statement--of--the--need--for--the--increased--revenue~~
4 ~~and--how--it--will--be--used--~~

5 ~~{i0}--The--limitation--on--the--amount--of--taxes--levied--does~~
6 ~~not--apply--to--levies--required--to--address--the--funding--of~~
7 ~~relief---of---suffering---of---inhabitants---caused--by--famine,~~
8 ~~conflagration,--or--other--public---calamity,---{Terminates~~
9 ~~December-31-1989--sec--67-2h-6547-E-1987-}~~"

10 **Section 10.** Section 15-16-611, MCA, is amended to
11 read:

12 "15-16-611. Reduction of property tax for property
13 destroyed by natural disaster. (1) The department of revenue
14 shall, upon showing by a taxpayer that some or all of the
15 improvements on his real property or a trailer or mobile
16 home as described in 15-6-142 have been destroyed to such an
17 extent that such improvements have been rendered unsuitable
18 for their previous use by natural disaster, adjust the
19 taxable value on the property, accounting for the
20 destruction.

21 (2) The county treasurer shall adjust the tax due and
22 payable for the current year on the property under 15-16-102
23 as provided in subsection (3) of this section.

24 (3) To determine the amount of tax due for destroyed
25 property, the county treasurer shall:

1 (a) multiply the amount of tax levied and assessed on
2 the original taxable value of the property for the year by
3 the ratio that the number of days in the year that the
4 property existed before destruction bears to 365; and

5 (b) multiply the amount of tax levied and assessed on
6 the adjusted taxable value of the property for the remainder
7 of the year by the ratio that the number of days remaining
8 in the year after the destruction of the property bears to
9 365.

10 (4) This section does not apply to delinquent taxes
11 owed on the destroyed property for a year prior to the year
12 in which the property was destroyed.

13 (5) For the purposes of this section, "natural
14 disaster" includes but is not limited to fire, flood,
15 earthquake, or wind."

16 **Section 11.** Section 15-16-613, MCA, is amended to
17 read:

18 "15-16-613. Refund of certain taxes paid in other
19 states. Subject to the provisions of 15-16-601 and upon
20 proof that tax was paid in another state, a taxpayer is
21 entitled to a refund equal to the amount of tax paid in
22 another state on a helicopter or property that was assessed
23 in Montana under ~~15-6-138(i)(g)~~ 15-6-136(1)(t) on January 1
24 of the year for which the refund is due. The refund under
25 this section may not exceed the tax that was paid in Montana

1 on the same property for the same period of time."

2 **Section 39.** ~~Section 15-24-301, MCA, is amended to~~
3 ~~read:~~

4 ~~"15-24-301. Personal property brought into the state~~
5 ~~assessment exceptions custom combine equipment~~
6 ~~{1} Except as provided in subsections {2} through {5},~~
7 ~~property in the following cases is subject to taxation and~~
8 ~~assessment for all taxes levied that year in the county in~~
9 ~~which it is located:~~

10 ~~{a} any personal property (including except livestock~~
11 ~~and other exempt personal property) brought, driven, or~~
12 ~~coming into this state at any time during the year that is~~
13 ~~used in the state for hire, compensation, or profit;~~

14 ~~{b} property whose owner or user is engaged in gainful~~
15 ~~occupation or business enterprise in the state; or~~

16 ~~{c} property which comes to rest and becomes a part of~~
17 ~~the general property of the state;~~

18 ~~{2} The taxes on this property are levied in the same~~
19 ~~manner and to the same extent, except as otherwise provided,~~
20 ~~as though the property had been in the county on the regular~~
21 ~~assessment date, provided that the property has not been~~
22 ~~regularly assessed for the year in some other county of the~~
23 ~~state;~~

24 ~~{3} Nothing in this section shall be construed to levy~~
25 ~~a tax against a merchant or dealer within this state on~~

1 ~~goods, wares, or merchandise brought into the county to~~
2 ~~replenish the stock of the merchant or dealer.~~

3 ~~{4} Any motor vehicle not subject to a fee in lieu of~~
4 ~~tax brought, driven, or coming into this state by any~~
5 ~~nonresident person temporarily employed in Montana and used~~
6 ~~exclusively for transportation of such person is subject to~~
7 ~~taxation and assessment for taxes as follows:~~

8 ~~{a} The motor vehicle is taxed by the county in which~~
9 ~~it is located;~~

10 ~~{b} One-fourth of the annual tax liability of the~~
11 ~~motor vehicle must be paid for each quarter or portion of a~~
12 ~~quarter of the year that the motor vehicle is located in~~
13 ~~Montana;~~

14 ~~{c} The quarterly taxes are due the first day of the~~
15 ~~quarter;~~

16 ~~{5} Agricultural harvesting machinery classified under~~
17 ~~class eight, licensed in other states, and operated on the~~
18 ~~lands of persons other than the owner of the machinery under~~
19 ~~contracts for hire shall be subject to a fee in lieu of~~
20 ~~taxation of \$35 per machine for the calendar year in which~~
21 ~~the fee is collected. The machines shall be subject to~~
22 ~~taxation under class eight only if they are sold in~~
23 ~~Montana."~~

24 **Section 40.** ~~Section 15-24-302, MCA, is amended to~~
25 ~~read:~~

"15-24-302. Collection procedure. All property mentioned in 15-24-301 is assessed at the same value as property of like kind and character, and the assessment, levy, and collection of the tax are governed by the provisions of 15-8-400, 15-16-111 through 15-16-115, 15-16-404, 15-17-911, and 15-24-202, as amended, except:

(1) taxation of motor vehicles under 15-24-301(4) to the extent that subsection varies from the general provisions cited above; and

(2) livestock taxation governed by 81-7-104 and Title 81, chapter 7, part 2."

Section 41. Section 15-24-921, MCA, is amended to read:

"15-24-921. Per capita tax levy to pay expenses of enforcing livestock laws. (1) In addition to appropriations made for such purposes, a per capita tax is hereby authorized and directed to be levied by the county assessor on all poultry and bees, all swine 3 months of age or older, and all other livestock 9 months of age or older in each county of this state for the purpose of aiding in the payment of the salaries and all expenses connected with the enforcement of the livestock laws of the state and for the payment of bounties on wild animals as hereinafter specified:

(2) As used in this section, "livestock" means cattier

sheep, swine, poultry, bees, goats, horses, mules, and asses, llamas, and bison."

Section 42. Section 15-24-925, MCA, is amended to read:

"15-24-925. Reimbursement to county transmission of taxes from county to state treasurer. (1) The county treasurer may withhold 2% of the money received under 15-24-921 as reimbursement to the county for the collection of the levy on livestock:

(2) Except for the amount withheld under subsection (1), the taxes levied and the money collected pursuant to the provisions of 15-24-922 shall must be transmitted to the state treasury by the county treasurer of each county, as provided in 15-1-504, but not later than July 1 following assessment. The county treasurer shall designate the amount received from the tax levied on sheep and the amount received from the tax levied on all other livestock the categories of livestock, as specified by the department of livestock, and shall specify the separate amounts in his report to the state treasurer. The money, when received by the state treasurer, shall must be deposited to the credit of the department of livestock's state special revenue fund for the use of the department."

NEW SECTION. Section 43. Collection of tax. (1) On or before January 15 of each year, an owner of property

1 subject--to--the-per-capita-tax-imposed-by-15-24-9217-or-the
 2 owner's-agent, shall-make-and-deliver-to-the-county-assessor
 3 in-the-county-where-the-owner-or-agent-resides-or,--if
 4 neither--resides--in--the--state,--in--the--county-where-the
 5 majority-of-the-owner's-property-subject-to-the-per-capita
 6 tax--is--located-a-verified-statement-showing,--as-of-January
 7 1,--the-number-of-each-kind-of-property-subject--to--the--per
 8 capita--tax--within--the--state-belonging-to-the-owner,--with
 9 their-marks-and-brands.

10 {2}--The-county--assessor--shall--compile--the--reports
 11 received--under--subsection--{1}--and--forward--a--summary--of--the
 12 information--to--the--board--of--livestock--on--or--before--February
 13 1,--following--receipt--of--the--reports.

14 {3}--Upon-notification-of-the-amount-of-levy-set-by-the
 15 board--of--livestock--under--15-24-922,--the-county-assessor
 16 shall-send-to-each-owner-or-agent--who--filed--a--report--a
 17 statement-indicating-the-total-amount-due-under-the-levy-for
 18 the--year,--the-fact-that-payment-is-to-be-made-to-the-county
 19 treasurer-on-or-before-June-1-following--assessment--of--the
 20 tax,--and--the--penalties--and--lien--provisions--that-apply
 21 pursuant-to-{section-44}.

22 **NEW-SECTION--Section 44--Penalty for Failure to--file**
 23 **report-----lien--upon--real-and-personal-property,--{1}--if-a**
 24 **person-who-is-the-owner--of--property--subject--to--the--per**
 25 **capita--tax--imposed--by-15-24-921-fails-to-make-or-have-his**

1 agent-make-the-report--as--required--in--{section--43},--the
 2 county-assessor-may,--after-10-days'-notice-to-the-person-who
 3 failed--to--file--the--report,--assess-the-tax-imposed-under
 4 15-24-9217-based-on-the-assessor's-estimate-of-the--property
 5 subject-to-the-tax,--and-may-add-a-10%-penalty.

6 {2}--The--tax--imposed--under--15-24-921-is-a-lien-upon
 7 both-real-and-personal-property-of-the-owner--who--fails--to
 8 pay--the-tax-on-or-before-June-1-following-assessment-of-the
 9 tax-and--is--collectible--under--the--tax--lien--enforcement
 10 provisions-of-Title-15.

11 **Section 12.** Section 15-24-1102, MCA, is amended to
 12 read:

13 "15-24-1102. Federal property held under contract of
 14 sale. When the property is held under a contract of sale or
 15 other agreement whereby upon payment the legal title is or
 16 may be acquired by the person, the real property shall must
 17 be assessed and taxed as defined in 15-6-131--through
 18 15-6-149 Title 15, chapter 6, part 1, and 15-8-111 without
 19 deduction on account of the whole or any part of the
 20 purchase price or other sum due on the property remaining
 21 unpaid. The lien for the tax may not attach to, impair, or
 22 be enforced against any interest of the United States in the
 23 real property."

24 **Section 13.** Section 15-24-1103, MCA, is amended to
 25 read:

"15-24-1103. Federal property held under lease. When the property is held under lease, other interest, or estate therein less than the fee, except under contract of sale, the property shall must be assessed and taxed as for the value, as defined in 15-6-131 through 15-6-149 set forth in Title 15, chapter 6, part 1, of such the leasehold, interest, or estate in the property and the lien for the tax shall attach to and be enforced against only the leasehold, interest, or estate in the property. When the United States authorizes the taxation of the property for the full assessed value of the fee thereof, the property shall must be assessed for full assessed value as defined in 15-8-111."

Section 47. Section 19-11-503, MCA, is amended to read:

"19-11-503. Special tax levy for fund required. (1) The purpose of this section is to provide a means by which each disability and pension fund may be maintained at a level equal to 3% 3.1% of the taxable valuation of all taxable property within the limits of the city or town:

(2) Whenever the fund contains less than 3% 3.1% of the taxable valuation of all taxable property within the limits of the city or town, the governing body of the city or town shall, at the time of the levy of the annual tax, levy a special tax as provided in 19-11-504. The special tax shall be collected as other taxes are collected and, when so

collected, shall be paid into the disability and pension fund:

(3) If a special tax for the disability and pension fund is levied by a third-class city or town using the all-purpose mill levy, the special tax levy must be made in addition to the all-purpose levy."

Section 48. Section 19-11-504, MCA, is amended to read:

"19-11-504. Amount of special tax levy. Whenever the fund contains an amount which is less than 3% 3.1% of the taxable valuation of all taxable property in the city or town, the city council shall levy an annual special tax of not less than 1 mill and not more than 4 mills on each dollar of taxable valuation of all taxable property within the city or town."

Section 49. Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue. (1) The maximum amount for which each school district may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% 46.6% of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The 45% 46.6% maximum, however, may not pertain to indebtedness

1 imposed--by--special--improvement--district--obligations--or
2 assessments--against--the--school--district. All bonds issued in
3 excess--of--such--amount--shall--be--null--and--void, except as
4 provided in this section.

5 {2}--When the total indebtedness of a school district
6 has--reached--the--45%--46.6%--limitation prescribed in this
7 section, the school district may pay all reasonable and
8 necessary expenses of the school district on a cash basis in
9 accordance with the financial administration provisions of
10 this chapter.

11 {3}--Whenever bonds are issued for the purpose of
12 refunding bonds, any moneys to the credit of the debt
13 service fund for the payment of the bonds to be refunded are
14 applied towards the payment of such bonds and the refunding
15 bond issue is decreased accordingly."

16 Section 50.--Section 20-9-407, MCA, is amended to read:

17 "20-9-407.--Industrial--facility--agreement--for--bond
18 issue in excess of maximum.--{1}--In a school district within
19 which a new major industrial facility which seeks to qualify
20 for taxation as class five property under 15-6-135 is being
21 constructed or is about to be constructed, the school
22 district may require, as a precondition of the new major
23 industrial facility qualifying as class five property, that
24 the owners of the proposed industrial facility enter into an
25 agreement with the school district concerning the issuing of

1 bonds in excess of the 45% 46.6% limitation prescribed in
2 20-9-406. Under such an agreement, the school district may,
3 with the approval of the voters, issue bonds which exceed
4 the limitation prescribed in this section by a maximum of
5 45% 46.6% of the estimated taxable value of the property of
6 the new major industrial facility subject to taxation when
7 completed. The estimated taxable value of the property of
8 the new major industrial facility subject to taxation shall
9 be computed by the department of revenue when requested to
10 do so by a resolution of the board of trustees of the school
11 district. A copy of the department's statement of estimated
12 taxable value shall be printed on each ballot used to vote
13 on a bond issue proposed under this section.

14 {2}--Pursuant to the agreement between the new major
15 industrial facility and the school district and as a
16 precondition to qualifying as class five property, the new
17 major industrial facility and its owners shall pay in
18 addition to the taxes imposed by the school district on
19 property owners generally, so much of the principal and
20 interest on the bonds provided for under this section as
21 represents payment on an indebtedness in excess of the
22 limitation prescribed in 20-9-406. After the completion of
23 the new major industrial facility and when the indebtedness
24 of the school district no longer exceeds the limitation
25 prescribed in this section, the new major industrial

facility---shall---be---entitled;---after--all--the--current
indebtedness-of-the-school-district-has-been-paid; to-a--tax
credit--over--a--period-of-no-more-than-20-years--The credit
shall-as-a-total-amount-be-equal-to--the--amount--which--the
facility--paid--the--principal--and--interest--of-the-school
district's-bonds-in-excess-of-its--general--liability--as--a
taxpayer-within-the-district;

{3}--A--major-industrial-facility-is-a-facility-subject
to--the--taxing-power--of--the--school--district;--whose
construction--or--operation--will-increase-the-population-of
the--district;--imposing--a--significant--burden--upon--the
resources--of-the-district-and-requiring-construction-of-new
school-facilities--A-significant-burden-is--an--increase--in
ANB-of-at-least-20%--in-a-single-year."

Section 51.--Section 20-9-502, MCA, is amended to read:

"20-9-502. Purpose and authorization of a building
reserve fund by an election. (1) The trustees of any
district, with the approval of the qualified electors of the
district, may establish a building reserve for the purpose
of raising money for the future construction, equipping, or
enlarging of school buildings or for the purpose of
purchasing land needed for school purposes in the district,
in order to submit to the qualified electors of the district
a building reserve proposition for the establishment of or
addition to a building reserve; the trustees shall pass a

resolution that specifies:

{a}--the--purpose--or--purposes--for--which--the--new--or
addition-to-the-building-reserve-will-be-used;

{b}--the--duration--of--time--over--which--the--new--or
addition--to--the-building-reserve-will-be-raised-in-annual,
equal-installments;

{c}--the-total-amount-of-money--that--will--be--raised
during--the-duration-of-time-specified-in-subsection-(1)(b);
and

{d}--any-other-requirements--under--20-20-201--for--the
calling-of-an-election;

{2}--The-total-amount-of-building-reserve-when-added-to
the--outstanding--indebtedness--of-the-district-shall-not-be
more-than-45%-~~46.6%~~ of-the-taxable-value-of-the-taxable
property--of--the--district;--Such--limitation--shall--be
determined-in-the-manner-provided-in--20-9-406. A building
reserve--tax--authorization--shall--not--be--for--more--than--20
years;

{3}--The-election-shall-be-conducted-in-accordance-with
the-school-election-laws-of-this--title;--and--the--electors
qualified--to--vote-in-the-election-shall-be-qualified-under
the-provisions-of--20-20-301. The--ballot--for--a--building
reserve--proposition-shall-be-substantially-in-the-following
form:

OFFICIAL BALLOT

SCHOOL-DISTRICT-BUILDING-RESERVE-ELECTION

INSTRUCTIONS-TO-VOTERS:-Make-an-X-or--similar--mark--in

the--vacant--square-before-the-words-"BUILDING-RESERVE--YES"

if-you-wish-to-vote-for--the--establishment--of--a--building

reserve--(addition--to--the--building--reserve);--if-you-are

opposed-to-the-establishment-of-a-building-reserve-(addition

to-the-building-reserve)-make-an-X-or-similar--mark--in--the

square-before-the-words-"BUILDING-RESERVE--NO";

Shall---the---trustees---be--authorized--to--impose--an

additional-levy-each-year-for-----years--to--establish--a

building--reserve--(add--to--the--building--reserve)-of-this

school-district-to-raise-a--total--amount--of-----dollars

(\$-----);--for-the-purpose(s)------(here-state-the-purpose-or

purposes-for-which-the-building-reserve-will-be-used)?

--BUILDING-RESERVE--YES-

--BUILDING-RESERVE--NO-

(4)--The-building-reserve-proposition-shall-be-approved

if-a-majority-of--those--electors--voting--at--the--election

approve--the--establishment--of-or-addition-to-such-building

reserve.-The-annual-budgeting-and-taxation-authority-of--the

trustees--for--a--building--reserve--shall--be--computed--by

dividing-the-total-authorized-amount-by-the-specified-number

of-years--The-authority--of--the--trustees--to--budget--and

impose--the--taxation-for-the-annual-amount-to-be-raised-for

the-building-reserve-shall-lapse-when;-at-a-later-time;-a

bond--issue--is--approved--by--the-qualified-electors-of-the

district-for-the-same-purpose--or--purposes--for--which--the

building--reserve--fund--of--the--district--was-established;

Whenever-a-subsequent--bond--issue--is--made--for--the--same

purpose--or--purposes-of-a-building-reserve;-the-money-in-the

building-reserve-shall-be-used-for-such-purpose-or--purposes

before-any-money-realized-by-the-bond-issue-is-used."

Section 52.--Section 81-7-111, MCA, is amended to read:

"81-7-111.--Evidence--of--killing--by--bounty-claimant;

(1)--Any-person-killing-any-of-the-aforsaid-animals;--except

mountain--lions;--to--obtain--bounty-thereon-shall-within-30

days-of-the-date-of-the-killing;

(a)--exhibit-the-entire--skin--or--skins--of--the--said

animal--or-animals;--including-the-entire-head-with-ears;--the

tail;--and-all-four-paws-to-the-bounty-inspector--nearest--to

the-locality-in-which-the-animal-or-animals-were-killed;--and

(b)--at--the--same-time-file-with-the-bounty-inspector;

as-hereinafter-provided;-an-affidavit-setting-forth:

(i)--that-he-killed-the-animal-or--animals--from--which

the-skin-or-skins-were-taken;

(ii)--that--the--same--was--killed-nearer-to-or;-if-more

than-one-hide-is-presented;-that--the--greater--number--were

killed--nearer-to-the-residence-of-the-said-bounty-inspector

to-which-the-same-was-presented-than--to--any--other--bounty

inspector;--and

(iii)-the-county-or-counties-in-which-said-animals-were
killed;

(2)--Any--person--killing--any--mountain-lion-to-obtain
bounty-thereon-shall-present-the-same-to-a-bounty--inspector
as--provided--in-this-section-for-wolves-and-coyotes,-except
that,-in-addition-to-the-requirements-of-this--section,-the
skins--of--mountain-lions-shall-also-contain-the-entire-skin
of-the-lower-jaw,-which--shall--be--severed--by--the--bounty
inspector--and--thereafter--treated--in--the--same-manner-as
scatps-of-wolves-and-coyotes-herein-provided;

(3)--Every--bounty--inspector---appointed---under---the
provisions-of-81-7-111-through-81-7-117-and-81-7-119-through
81-7-122--shall--be-empowered-to-administer-oaths-to-any-and
all-persons-making-any-affidavit-as-aforesaid;"

Section 53.--Section 81-7-114, MCA, is amended to read:

"81-7-114.--Certificate-and-record-of-sheriff:--(1)-The
officer-shall-at-the-same-time-make-out-and-deliver--to--the
person--a--certificate--addressed-to-the-county-clerk-of-his
county--and--immediately--deliver--to--the--county--clerk--a
duplicate--of-the-certificate,-showing-the-date,-number,-and
kind-of-skins-marked-for-severing-and-the-name-of-the-person
presenting-the-skins.-The-certificate-shall-also-recite-that
the--filing--of--the--affidavits--of--taxpayers---previously
required--has-been-done-and-the-examination-has-been-made-as
required.-The-certificate-shall-be-signed-by-the-officer--in

his-official-capacity.-When-a-doubt-exists-as-to-the-kind-of
skin--presented,-whether--wolf--or--coyote,-the-certificate
shall-be-issued-for-the-lesser-bounty:--Each--sheriff--shall
keep--a--record-of-all-skins-marked-and-severed,-showing-the
date,-number,-and--kinds--and--the--names--of--the--persons
presenting-the-skins.-This-record-is-an-official-record.-The
sheriff,-undersheriff,-or-deputy-sheriff-may-not-perform-any
duties--under-81-7-111-through-81-7-117-and-81-7-119-through
81-7-122-except-at-the-county-seat.

(2)--The-sheriff-shall,-not-later-than-the-15th-of-each
month,-give-to--the--county--clerk--and--recorder--a--report
setting--forth--the--names--of-the-persons-presenting-skins,-
with-the-number-of-the-certificate-and-the-kind--and--number
of--the--skins--presented.-The-sheriff-shall-report-for-each
certificate-which-he-has-issued-during-the-month;"

Section 54.--Section 81-7-120, MCA, is amended to read:

"81-7-120.--Use-of-funds--remaining--after--payment--of
bounties-----sale--of--furs,-skins,-and--specimens-----
presentation-to-museums:--(1)-if,-at-the--end--of--a--bounty
paying--season,-there--is--surplus--money-available-for-the
administration-of-81-7-111--through--81-7-117--and--81-7-119
through--81-7-122,-the-surplus-may-be-used-to-hire-salaried
hunters-and-trappers-to-hunt-and-trap-predatory-animals--and
to--purchase--and--supply--poison--to--be--used-for-a-poison
campaign-on-predatory-animals;

(2)--All furs, skins, and specimens taken by hunters or trappers whose salaries are paid in whole or in part out of this money shall be sold by the department, and the proceeds from these sales shall be credited to the state special revenue fund. These funds shall be used to carry out 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122. Specimens may be presented free of charge to a state museum or institution."

Section 56.--Section 81-7-121, MCA, is amended to read:

"81-7-121. Falsifying certificates or affidavits--penalty.--Any person who falsely makes, alters, forges, or counterfeits any of the certificates or orders and any person who falsely swears to any affidavit provided for by 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122 or procures the same to be done by another, with the intent of obtaining any one of the certificates or orders, is punishable as provided in Title 45."

Section 56.--Section 81-7-122, MCA, is amended to read:

"81-7-122. Penalty for fraudulent claims.--Any person or persons who shall patch up any skin or scalp or who shall present any punched or patched skin or scalp or who shall bring in any skin or skins from other states or territory with the intent to obtain the bounty on the same fraudulently or any officer who shall sign any certificate herein provided for without first counting the skins and

examining the same to determine the kind of skins and to see that the skin from the scalp or head is properly severed and preserved as hereinbefore provided or shall evade or violate any provision of any law of the state of Montana relative to bounties or bounty claims shall be deemed guilty of a misdemeanor and, on conviction thereof, shall be punished by a fine not exceeding \$1,000 or by imprisonment in the county jail not exceeding 1 year or by both such fine and imprisonment and two thirds of the fine, if the same be collected or can be collected, shall be given to the informer and the balance be deposited in the state special revenue fund and used for the administration of 81-7-111 through 81-7-117 and 81-7-119 through 81-7-122."

Section 57.--Section 81-7-303, MCA, is amended to read:

"81-7-303. County commissioners permitted to require per capita license fee on sheep.--(1) To defray the expense of such protection the board of county commissioners of any county shall have the power to require all owners or persons in possession of any sheep coming 1 year old or over in the county on the regular assessment date of each year to pay a license fee in an amount to be determined by the board on a per head basis for sheep so owned or possessed by him in the county. All owners or persons in possession of any sheep coming 1 year old or over coming into the county after the regular assessment date and subject to taxation under the

provisions of 15-24-301 shall also be subject to payment of the license fee herein prescribed:

{2} Upon the order of the board of county commissioners such license fees may be imposed by the entry thereof in the name of the licensee upon the property tax rolls of the county by the county assessor. Said license fees shall be payable to and collected by the county treasurer, and when so levied, shall be a lien upon the property, both real and personal, of the licensee, in case the person against whom said license fee is levied owns no real estate against which said license fee is or may become a lien, then said license fee shall be payable immediately upon its levy and the treasurer shall collect the same in the manner provided by law for the collection of personal property taxes which are not a lien upon real estate.

{3} When collected, said fees shall be placed by the treasurer in the predatory animal control fund and the moneys in said fund shall be expended on order of the board of county commissioners of the county for predatory animal control only."

Section 58. Section 81-7-305, MCA, is amended to read:

"81-7-305. Duty of county commissioners. Upon petition of sheep owners license fees: {1} In conducting a predatory animal control program, the board of county commissioners shall give preference to recommendations for such program

and its incidents as made by organized associations of sheep growers in the county. Upon petition of the resident owners of at least 51% of the sheep in the county, as shown by the assessment rolls of the last preceding assessment, which petition shall be filed with the board of county commissioners on or before the first Monday in December in any year, such board shall establish the predatory animal control program and cause said licenses to be secured and issued and the fees collected for the following year in such amount as will defray the cost of administering the program so established. The license fee determined and set by the board shall remain in full force and effect from year to year without change, unless there is filed with the board a petition subscribed by the resident owners of at least 51% of the sheep in the county, as shown by the assessment rolls of the last assessment preceding the filing of the petition, for termination of the program and repeat of the license fee, in which event the program shall by order of the board of county commissioners be disestablished and the license fee shall not be further levied.

{2} If the resident owners of at least 51% of the sheep in the county either petition for an increase in the license fee or petition for a decrease in the license fee then in force, the board of county commissioners shall upon receipt of any such petition fix a new license fee to

1 continue from year to year and the program shall thereupon
2 continue within the limits of the aggregate amount of the
3 license fee as collected from year to year."

4 **Section 59.** Section 81-8-804, MCA, is amended to read:
5 "81-8-804. Assessments-----refunds---(1) Except as
6 provided in subsection (5), there is levied, in addition to
7 the tax on livestock prescribed in Title 15, chapter 24,
8 part 9, a per head tax of 25 cents on each head of cattle
9 that is more than 9 months of age and is owned or possessed
10 within a county for the support and maintenance of research
11 into beef production as provided in this part. The tax shall
12 be paid to the county treasurer of that county on or before
13 March 1 of each year.

14 (2) The tax required in subsection (1) must be paid
15 for each head of cattle that is more than 9 months of age
16 and is brought into the county after March 1 and is subject
17 to taxation and assessment under 15-24-301.

18 (3) Each county is entitled to receive \$250 annually
19 as reimbursement for the administration of this section.

20 (4) A person who has paid the tax required by this
21 section may obtain a refund of the tax upon submission of a
22 written request to the department. The application must be
23 made within 30 days after the payment of the tax and on
24 forms furnished by the department. The department shall
25 upon receipt of a timely and otherwise properly submitted

1 refund request, refund the tax.

2 (5) The levy imposed by this section is suspended for
3 the taxable year January 1, 1987, through December 31, 1987,
4 if the referendum required in the Beef Promotion and
5 Research Act of 1985 (7 U.S.C. 2901 through 2918) to
6 continue a national assessment on beef is approved in 1988,
7 the levy imposed by this section is suspended for the
8 taxable year January 1, 1988, through December 31, 1988. The
9 board of livestock shall certify such approval to the
10 governor, and the governor shall declare the levy imposed in
11 this section to be suspended in accordance with this
12 section.

13 (6) The department shall provide for automatic refund
14 of any tax collected under this section for any year for
15 which the levy is suspended."

16 **Section 60.** Section 85-7-2001, MCA, is amended to
17 read:

18 "85-7-2001. Limitations on debt incurring power. (1)
19 The board of commissioners or other officers of the district
20 may not incur any debt or liability, either by issuing bonds
21 or otherwise, except as provided in this chapter. No
22 irrigation district may become indebted, in any manner or
23 for any purpose in any one year, in an amount exceeding
24 10.75% ~~22%~~ of the assessed valuation of the district, except
25 as provided in subsection (2).

1 {2}--(a)--For--the--purpose--of--organization;--for--any--of
2 the--immediate--purposes--of--this--chapter;--to--make--or--purchase
3 surveys;--plans;--and--specifications;--for--stream--gauging--and
4 gathering--data;--or--to--make--any--repairs--occasioned--by--any
5 calamity--or--other--unforeseen--contingency;--the--board--of
6 commissioners--may;--in--any--one--year;--incur--the--indebtedness
7 of--as--many--dollars--as--there--are--acres--in--the--district--and
8 may--cause--warrants--of--the--district--to--issue--therefor.

9 {b}--For--the--purpose--of--organization;--for--any--of--the
10 immediate--purposes--of--this--chapter;--or--to--meet--the--expenses
11 occasioned--by--any--calamity--or--other--unforeseen--contingency;
12 the--board--of--commissioners--may;--in--any--one--year;--incur--(in
13 addition--to--the--18.75%-22%--limitation--of--subsection--(1))--an
14 additional--indebtedness--not--exceeding--12.5%-15%--of--the
15 assessed--valuation--of--the--district--and--may--cause--warrants--of
16 the--district--to--issue--therefor.

17 {c}--The--limitation--of--subsection--(1)--does--not--apply--to
18 warrants--issued--for--unpaid--interest--on--the--valid--bonds--of
19 any--irrigation--district;

20 {d}--The--limitation--of--subsection--(1)--does--not--apply--to
21 any--bonds--issued--under--this--chapter--pursuant--to--a--provision
22 which--expressly--supersedes--the--limitation;

23 {3}--Any--debt--or--liability--incurred--in--excess--of--the
24 limitations--provided--by--the--irrigation--district--laws--is
25 void;

1 {4}--The--limitation--of--subsection--(1)--does--not--apply--to
2 state--or--federal--bonds--used--for--a--project--authorized--by--the
3 legislature."

4 NEW SECTION. Section 14. Repealer. Sections 15-6-137
5 through 15-6-140, 15-6-142, 15-6-144, AND 15-6-146,
6 15-10-401--through--15-10-412;--15-24-901--through--15-24-906;
7 15-24-908--through--15-24-911;--15-24-926;--15-24-931;--15-24-941
8 through--15-24-943;--and--81-7-118, MCA, are repealed.

9 NEW SECTION. Section 62. Codification. Instruction
10 {Sections--43--and--44}--are--intended--to--be--codified--as--an
11 integral--part--of--Title--15;--chapter--24;--part--9;--and--the
12 provisions--of--Title--15;--chapter--24;--part--9;--apply--to
13 {sections--43--and--44};

14 NEW SECTION. Section 15. Code commissioner
15 instruction. (1) The code commissioner is instructed to
16 change the property class designation for sections in Title
17 15, chapter 6, part 1, as follows:

18 (a) property in 15-6-141 is redesignated as class
19 seven;

20 (b) property in 15-6-143 is redesignated as class
21 eight;

22 (c) property in 15-6-145 is redesignated as class
23 nine;

24 (d) property in 15-6-147 is redesignated as class ten;

25 (e) property in 15-6-148 is redesignated as class

1 eleven;

2 (f) property in 15-6-149 is redesignated as class
3 twelve;

4 (g) property in 15-6-150 is redesignated as class
5 thirteen.

6 (2) The code commissioner is instructed to change all
7 property class references in the Montana Code Annotated to
8 reflect the redesignations as set forth in subsection (1).

9 NEW SECTION. **Section 16.** Extension of authority. Any
10 existing authority to make rules on the subject of the
11 provisions of [this act] is extended to the provisions of
12 [this act].

13 NEW SECTION. **Section 17.** Effective date. [This act]
14 is effective on passage and approval.

15 NEW SECTION. **Section 18.** Applicability dates DATE.
16 ~~{1}--Except--as--provided--in--subsection--{2}--{this [THIS act]~~
17 ~~applies to taxable years beginning after December 31, 1989.~~
18 ~~{2}--{Section--36}--applies--retroactively,--within--the~~
19 ~~meaning--of--1-2-109,--to--taxable--years--beginning--after~~
20 ~~December-31,--1988.~~

-End-