

HOUSE BILL NO. 566

INTRODUCED BY HARRINGTON, D. BROWN, PAVLOVICH, CONNELLY,
DAILY, QUILICI, MCCORMICK, J. BROWN, O'CONNELL, WYATT,
REAM, COCCHIARELLA, MCDONOUGH, SQUIRES, VINCENT

IN THE HOUSE

FEBRUARY 3, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
FEBRUARY 4, 1989	FIRST READING.
FEBRUARY 28, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 1, 1989	PRINTING REPORT.
MARCH 2, 1989	SECOND READING, DO PASS AS AMENDED.
MARCH 3, 1989	ENGROSSING REPORT.
MARCH 4, 1989	THIRD READING, PASSED. AYES, 93; NOES, 0.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 6, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
APRIL 11, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 12, 1989	SECOND READING, CONCURRED IN.
APRIL 13, 1989	THIRD READING, CONCURRED IN. AYES, 47; NOES, 0.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 15, 1989

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS NOT
CONCURRED IN.

APRIL 17, 1989

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 18, 1989

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

APRIL 20, 1989

ON MOTION, CONFERENCE COMMITTEE
DISSOLVED.

IN THE HOUSE

APRIL 20, 1989

ON MOTION, CONFERENCE COMMITTEE
DISSOLVED AND PLACED ON SECOND
READING THIS DAY.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 21, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *566*
 2 INTRODUCED BY *Harington Dan Brown Carlsont.*
 3 *Dail Gaultier* *W. Brown* *W. Brown* *W. Brown* *W. Brown*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL
 5 GOVERNMENT TO EXEMPT A BUSINESS INCUBATOR OWNED BY A LOCAL
 6 ECONOMIC DEVELOPMENT CORPORATION FROM CERTAIN PROPERTY
 7 TAXES."
 8

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

10 NEW SECTION. Section 1. Definitions. Unless the
 11 context requires otherwise, the following definitions apply
 12 to [section 2]:

13 (1) "Business incubator" means a facility that leases
 14 space to new small businesses and provides shared services
 15 and business assistance to the new businesses in order to
 16 improve their chances of success. The services provided may
 17 include but are not limited to receptionist, copying,
 18 computer, telephone, secretarial, and meeting services. The
 19 assistance provided may include but is not limited to advice
 20 concerning marketing plans, business plans, accounting, and
 21 administration.

22 (2) "Local economic development organization" means a
 23 private, nonprofit organization whose primary purposes are
 24 to develop the economy of its area and to provide assistance
 25 to businesses in that area.

1 NEW SECTION. Section 2. Business incubator tax
 2 exemption -- procedure. (1) A business incubator owned and
 3 operated by a local economic development organization is
 4 eligible for an exemption from certain local property taxes
 5 as provided in this section.

6 (2) In order to qualify for the tax exemption
 7 described in this section, the governing body of the
 8 affected county, consolidated government, or incorporated
 9 city or town shall approve the tax exemption by resolution,
 10 after notice and hearing. Prior to holding the hearing, the
 11 governing body shall determine that the local economic
 12 development organization:

13 (a) is a private, nonprofit corporation as provided in
 14 Title 35, chapter 2;

15 (b) has a history of being engaged in economic
 16 development and business assistance work in the area; and

17 (c) owns and operates or will operate the business
 18 incubator.

19 (3) The tax exemption described in subsection (1)
 20 applies only to the number of mills levied for local high
 21 school district and elementary school district purposes and
 22 to the number of mills levied and assessed by the governing
 23 body approving the exemption over which the governing body
 24 has sole discretion. The exemption may not apply to levies
 25 or assessments required under Title 15, chapter 10,

LC 1416/01

1 20-9-331, or 20-9-333 or otherwise required under state law.

2 NEW SECTION. **Section 3.** Codification instruction.

3 [Sections 1 and 2] are intended to be codified as an
4 integral part of Title 15, chapter 24, and the provisions of
5 Title 15, chapter 24, apply to [sections 1 and 2].

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB566, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act authorizing a local government to exempt a business incubator owned by a local economic development corporation from certain property taxes.

FISCAL IMPACT:

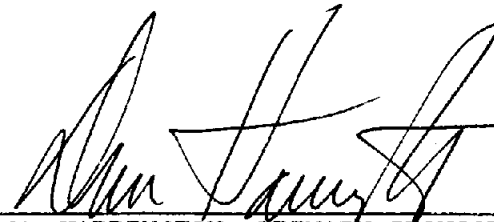
The proposal creates the mechanism for local governing bodies to grant tax exempt status to qualifying business incubators. There would be no fiscal impact to the university levy, and the school foundation program since both are exempt from the local property tax exemption. The amount of fiscal impact to local governments and school districts would depend on the number of qualifying business incubators that are granted tax exempt status.



RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

DATE

2/10/89



DAN W. HARRINGTON, PRIMARY SPONSOR

DATE

2/15

Fiscal Note for HB566, as introduced

HB 566

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 566

INTRODUCED BY HARRINGTON, D. BROWN, PAVLOVICH, CONNELLY,
DAILY, QUILICI, MCCORMICK, J. BROWN, O'CONNELL, WYATT,
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GOVERNMENT TO EXEMPT A BUSINESS INCUBATOR OWNED BY A LOCAL
ECONOMIC DEVELOPMENT CORPORATION FROM CERTAIN PROPERTY
TAXES."

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

NEW SECTION. **Section 1. Definitions.** Unless the
context requires otherwise, the following definitions apply
to [section 2]:

(1) "Business incubator" means a facility ~~that leases~~
IN WHICH space IS LEASED to new small businesses and
provides shared services and business assistance to the new
businesses in order to improve their chances of success. The
services provided may include but are not limited to
receptionist, copying, computer, telephone, secretarial, and
meeting services. The assistance provided may include but is
not limited to advice concerning marketing plans, business
plans, accounting, and administration.

(2) "Local economic development organization" means a
private, nonprofit organization whose primary purposes are

to develop the economy of its area and to provide assistance
to businesses in that area.

NEW SECTION. **Section 2. Business incubator tax
exemption -- procedure.** (1) A business incubator owned and
operated by a local economic development organization is
eligible for an exemption from certain local property taxes
as provided in this section.

(2) In order to qualify for the tax exemption
described in this section, the governing body of the
affected county, consolidated government, or incorporated
city or town shall approve the tax exemption by resolution,
after notice and hearing. Prior to holding the hearing, the
governing body shall determine that the local economic
development organization:

(a) is a private, nonprofit corporation as provided in
Title 35, chapter 2;

(b) has a history of being engaged in economic
development and business assistance work in the area; and

(c) owns and operates or will operate the business
incubator.

(3) The tax exemption described in subsection (1)
applies only to the number of mills levied for local high
school district and elementary school district purposes and
to the number of mills levied and assessed by the governing
body approving the exemption over which the governing body

HB 0566/02

1 has sole discretion. The exemption may not apply to levies
2 or assessments required under Title 15, chapter 10,
3 20-9-331, or 20-9-333 or otherwise required under state law.

4 NEW SECTION. **Section 3.** Codification instruction.
5 [Sections 1 and 2] are intended to be codified as an
6 integral part of Title 15, chapter 24, and the provisions of
7 Title 15, chapter 24, apply to [sections 1 and 2].

-End-

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9 described in this section, the governing body of the
10 affected county, consolidated government, or incorporated
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13 governing body shall determine that the local economic
14 development organization:
15 (a) is a private, nonprofit corporation as provided in
16 Title 35, chapter 2;
17 (b) ~~has a history of being~~ IS engaged in economic
18 development and business assistance work in the area; and
19 (c) owns and operates or will operate the business
20 incubator.
21 (3) The tax exemption described in subsection (1)
22 applies only to the number of mills levied for local high
23 school district and elementary school district purposes and
24 to the number of mills levied and assessed by the governing
25 body approving the exemption over which the governing body

HB 0566/03

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-End-

SENATE STANDING COMMITTEE REPORT

April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 566 (third reading copy -- blue), respectfully report that HB 566 be amended and as so amended be concurred in:

Sponsor: Harrington (Lynch)

1. Page 1, line 16.

Following: "and"

Insert: "that"

2. Page 2, line 10.

Following: "government,"

Strike: "or"

3. Page 2, line 11.

Following: "town"

Insert: ", or school district"

4. Page 2, line 16.

Following: "chapter 2"

Insert: "and is exempt from taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code"

5. Page 2, lines 22 through 24.

Strike: "for" on line 22 through "levied" on line 24

AND AS AMENDED BE CONCURRED IN

Signed: _____

Bob Brown

Bob Brown, Chairman

SENATE
HB 566

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eligible for an exemption from certain local property taxes
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(2) In order to qualify for the tax exemption
described in this section, the governing body of the
affected county, consolidated government, or incorporated
city or town, OR SCHOOL DISTRICT shall approve the tax
exemption by resolution, after notice and hearing. Prior to
holding the hearing, the governing body shall determine that
the local economic development organization:

(a) is a private, nonprofit corporation as provided in
Title 35, chapter 2 AND IS EXEMPT FROM TAXATION UNDER
SECTION 501(C)(3) OR 501(C)(6) OF THE INTERNAL REVENUE CODE;

(b) ~~has a history of being~~ IS engaged in economic
development and business assistance work in the area; and

(c) owns and operates or will operate the business
incubator.

(3) The tax exemption described in subsection (1)
applies only to the number of mills levied ~~for local high~~
~~school district and elementary school district purposes and~~
~~to the number of mills levied~~ and assessed by the governing

1 body approving the exemption over which the governing body
2 has sole discretion. The exemption may not apply to levies
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