

HOUSE BILL NO. 567

INTRODUCED BY HARRINGTON, D. BROWN, PAVLOVICH, DAILY,  
QUILICI, O'CONNELL, WYATT, BACHINI, MCCORMICK,  
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.
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 5, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 6, 1989	SECOND READING, CONCURRED IN.
APRIL 10, 1989	THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 11, 1989

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS NOT  
CONCURRED IN.

APRIL 13, 1989

ON MOTION, CONFERENCE COMMITTEE  
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 17, 1989

ON MOTION, CONFERENCE COMMITTEE  
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 18, 1989

CONFERENCE COMMITTEE REPORTED.

APRIL 19, 1989

SECOND READING, CONFERENCE COMMITTEE  
REPORT ADOPTED.

IN THE SENATE

APRIL 19, 1989

CONFERENCE COMMITTEE  
REPORT ADOPTED.

IN THE HOUSE

APRIL 20, 1989

THIRD READING, CONFERENCE COMMITTEE  
REPORT ADOPTED.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *HOUSE BILL NO. 567*  
 2 INTRODUCED BY *Harveston, Joe Bon, Landmark*  
 3 *Darryl, Sullivan, O'Connell, Hyatt, Harker*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL  
 5 GOVERNMENT WITH SELF-GOVERNING POWERS TO MODIFY THE  
 6 PERCENTAGES OF THE TAX BENEFIT FOR REMODELING,  
 7 RECONSTRUCTION, OR EXPANSION OF BUILDINGS OR STRUCTURES; AND  
 8 AMENDING SECTION 15-24-1501, MCA."

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

11 **Section 1.** Section 15-24-1501, MCA, is amended to read:

12 "15-24-1501. Remodeling, reconstruction, or expansion  
 13 of buildings or structures -- assessment provisions -- levy  
 14 limitations. (1) Remodeling Subject to the authority  
 15 contained in subsection (4), remodeling, reconstruction, or  
 16 expansion of existing buildings or structures, which  
 17 increases their taxable value by at least 2 1/2% as  
 18 determined by the department of revenue or its agents, may  
 19 receive tax benefits during the construction period and for  
 20 the following 5 years in accordance with subsections (2) and  
 21 (3) through (4) and the following schedule. The percentages  
 22 shall be applied only as provided in subsection subsections  
 23 (3) and (4) and are limited to the increase in taxable value  
 24 caused by remodeling, reconstruction, or expansion:

25 Construction period 0%

1 First year following construction	20%
2 Second year following construction	40%
3 Third year following construction	60%
4 Fourth year following construction	80%
5 Fifth year following construction	100%
6 Following years	100%

7 (2) In order to confer the tax benefits described in  
 8 subsection (1), the governing body of the affected county  
 9 or, if the construction will occur within an incorporated  
 10 city or town, the governing body of such the incorporated  
 11 city or town must approve by resolution for each remodeling,  
 12 reconstruction, or expansion project the use of the schedule  
 13 provided for in subsection (1) or a schedule adopted  
 14 pursuant to subsection (4).

15 (3) The tax benefit described in subsection (1) applies  
 16 only to the number of mills levied and assessed for high  
 17 school district and elementary school district purposes and  
 18 to the number of mills levied and assessed by the local  
 19 governing body approving the benefit. In no case may the  
 20 benefit described in subsection (1) apply to statewide  
 21 levies.

22 (4) A local government with self-governing powers may,  
 23 in the resolution required by subsection (2), modify the  
 24 percentages contained in subsection (1). A local government  
 25 with self-governing powers may not modify the time limits

LC 1574/01

1 contained in subsection (1)."

2 NEW SECTION. Section 2. Extension of authority. Any  
3 existing authority to make rules on the subject of the  
4 provisions of [this act] is extended to the provisions of  
5 [this act].

-End-

In compliance with a written request, there is hereby submitted a Fiscal Note for HB567, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing a local government with self-governing powers to modify the percentages of the tax benefit for remodeling, reconstruction, or expansion of buildings or structures.


ASSUMPTIONS:

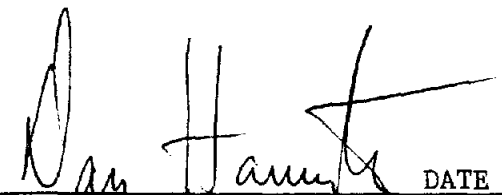
1. The percentage applied for the years following the fifth year following construction cannot be modified (it will be 100%).
2. The total taxable value of property using 15-24-1501, MCA, in tax year 1988 was \$70,004. Of this amount \$68,435 lies within a city or town.
3. Maximum impact will be estimated by assuming that all percentages (except for 'following years') in 15-24-1501(1), MCA, are modified to be 0%. The taxable values listed in assumption 2 are then applied to the modified percentages.
4. Average levies are 84.04 mills for counties, 168.23 mills for local schools and 93.13 for cities and towns.

FISCAL IMPACT:

Revenue Impact:

The maximum impact of the proposal, had it been in effect in tax year 1988, would have been a reduction in revenues of \$5,883 for counties, \$11,776 for local schools, and \$6,373 for cities and towns.

 DATE 2/14/89  
RAY SHACKLEFORD, BUDGET DIRECTOR  
Office of Budget and Program Planning

 DATE 2/17/89  
DAN HARRINGTON, PRIMARY SPONSOR

Fiscal Note for HB567, Introduced

**HB 567**

APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 567

INTRODUCED BY HARRINGTON, D. BROWN, PAVLOVICH, DAILY,  
QUILICI, O'CONNELL, WYATT, BACHINI, MCCORMICK,  
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expansion of existing buildings or structures, which  
increases their taxable value by at least 2 1/2% as  
determined by the department of revenue or its agents, may  
receive tax benefits during the construction period and for  
the following 5 years in accordance with subsections (2) and  
(3) through (4) and the following schedule. The percentages  
shall be applied only as provided in subsection subsections

(3) and (4) and are limited to the increase in taxable value  
caused by remodeling, reconstruction, or expansion:

Construction period	0%
First year following construction	20%
Second year following construction	40%
Third year following construction	60%
Fourth year following construction	80%
Fifth year following construction	100%
Following years	100%

(2) In order to confer the tax benefits described in  
subsection (1), the governing body of the affected county  
or, if the construction will occur within an incorporated  
city or town, the governing body of ~~such the~~ incorporated  
city or town must approve by resolution for each remodeling,  
reconstruction, or expansion project the use of the schedule  
provided for in subsection (1) or a schedule adopted  
pursuant to subsection (4).

(3) The tax benefit described in subsection (1)  
applies only to the number of mills levied and assessed for  
high school district and elementary school district purposes  
and to the number of mills levied and assessed by the local  
governing body approving the benefit. In no case may the  
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(4) A local government with-self-governing-powers may,

1 in the resolution required by subsection (2), modify the  
 2 percentages contained in subsection (1) THAT APPLY TO THE  
 3 FIRST YEAR FOLLOWING CONSTRUCTION THROUGH THE FOURTH YEAR  
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 5 THE PERCENTAGES CONTAINED IN SUBSECTION (1) THAT APPLY TO  
 6 THE FIFTH YEAR FOLLOWING CONSTRUCTION OR YEARS FOLLOWING THE  
 7 FIFTH YEAR. A local government ~~with-self-governing-powers~~  
 8 may not modify the time limits contained in subsection (1).  
 9 THE MODIFICATIONS TO THE PERCENTAGES IN SUBSECTION (1)  
 10 ADOPTED BY A LOCAL GOVERNMENT APPLY UNIFORMLY TO EACH  
 11 REMODELING, RECONSTRUCTION, OR EXPANSION PROJECT APPROVED BY  
 12 THE GOVERNING BODY."

13 NEW SECTION. Section 2. Extension of authority. Any  
 14 existing authority to make rules on the subject of the  
 15 provisions of [this act] is extended to the provisions of  
 16 [this act].

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 14 existing authority to make rules on the subject of the  
 15 provisions of [this act] is extended to the provisions of  
 16 [this act].

-End-

**SENATE STANDING COMMITTEE REPORT**

April 5, 1989

MR. PRESIDENT:


We, your committee on Taxation, having had under consideration HB 567 (third reading copy -- blue), respectfully report that HB 567 be amended and as so amended be concurred in:

Sponsor: Harrington (Eck)

1. Title, line 7.  
Following: "~~POWERS~~"  
Insert: "WITH SELF-GOVERNING POWERS"
2. Page 2, line 25.  
Following: "~~powers~~"  
Insert: "with self-governing powers"
3. Page 3, line 4.  
Following: "GOVERNMENT"  
Insert: "with self-governing powers"
4. Page 3, line 7.  
Following: "~~powers~~"  
Insert: "with self-governing powers"
5. Page 3, line 10.  
Following: "GOVERNMENT"  
Insert: "with self-governing powers"

AND AS AMENDED BE CONCURRED IN

Signed: \_\_\_\_\_



Bob Brown, Chairman

SENATE  
HB 567

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(4) A local government with-self-governing-powers WITH

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 2 subsection (2), modify the percentages contained in  
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 17 provisions of [this act] is extended to the provisions of  
 18 [this act].

-End-

Conference Committee  
on HOUSE BILL 567  
Report No. 1, April 18, 1989

Page 1 of 1

Mr. Speaker/Mr. President:

We, your Conference Committee on House Bill 567 met and considered:

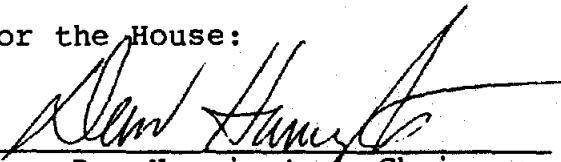
The Senate Committee on Taxation's committee report dated April 5, 1989 and the amendments contained therein.

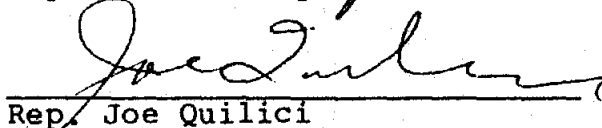
We recommend that House Bill 567 (reference copy -- salmon) be amended as follows:

Strike the Senate Committee on Taxation's amendments dated April 5, 1989 in their entirety.

And that this Conference Committee Report be adopted.

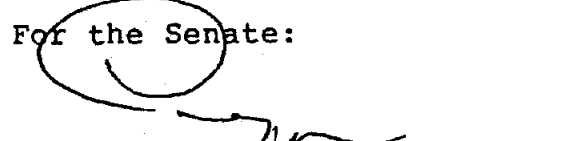
For the House:

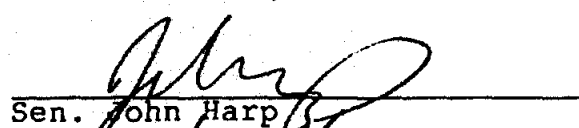
  
Rep. Dan Harrington, Chairman

  
Rep. Joe Quilici

  
Rep. Tom Hannah

For the Senate:

  
Sen. Bruce Crippen, Chairman

  
Sen. John Harp

  
Sen. Mike Halligan

ADOPT

REJECT

HB 567

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