

HOUSE BILL NO. 685  
INTRODUCED BY DAILY

IN THE HOUSE

FEBRUARY 14, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON EDUCATION & CULTURAL RESOURCES.
	FIRST READING.
FEBRUARY 18, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 20, 1989	PRINTING REPORT.
FEBRUARY 21, 1989	SECOND READING, DO PASS.
	ENGROSSING REPORT.
FEBRUARY 22, 1989	THIRD READING, PASSED. AYES, 91; NOES, 7.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 28, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
MARCH 17, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 20, 1989	SECOND READING, CONCURRED IN.
MARCH 22, 1989	THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 22, 1989	RECEIVED FROM SENATE.
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SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. 685  
2 INTRODUCED BY *Deery*  
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A TAX  
5 ABATEMENT PROGRAM FOR HISTORIC PROPERTIES; AND PROVIDING AN  
6 EFFECTIVE DATE."  
7

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

9 NEW SECTION. **Section 1.** Purpose. The purpose of [this  
10 act] is to provide legislation and guidance for the  
11 administration of a property tax abatement program for the  
12 restoration, rehabilitation, expansion, and new construction  
13 of certified properties located within national register  
14 historic districts and properties listed in the National  
15 Register of Historic Places.

16 NEW SECTION. **Section 2.** Definitions. As used in  
17 [sections 1 through 7], the following definitions apply:

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19 in [section 5].

20 (2) "Certification" means approval by the board or  
21 state historic preservation office of a property's  
22 qualification for the property tax abatement under the terms  
23 of [this act].

24 (3) "Contributing" means a building, site, structure,  
25 or object with historic architectural qualities, historic

1 association, or archeological value for which a property is  
2 significant because:

3 (a) it was present during a period of significant  
4 local or state history and possesses historic design or  
5 architectural integrity reflecting its character at that  
6 time or is capable of yielding important information about  
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8 (b) it independently meets the criteria for listing in  
9 the National Register of Historic Places.

10 (4) "Rehabilitation" means the process of returning a  
11 property to a state of utility through repair or alteration  
12 that makes possible an efficient contemporary use while  
13 preserving those features of the property that are  
14 significant to its historical, architectural, and cultural  
15 values.

16 (5) "Restoration" means the process of accurately  
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18 it appeared when it was originally built or constructed by  
19 removing later work or replacing missing earlier work.

20 NEW SECTION. **Section 3.** Historic property tax  
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23 construction that has its taxable value increased by at  
24 least 5%, as determined by the department of revenue or its  
25 agents, and that meets criteria established by the review

1 process described in [section 5 or 6] may receive a tax  
 2 abatement during the construction period, not to exceed 12  
 3 months, and for up to 5 years following completion of the  
 4 construction in accordance with subsections (2) and (3). The  
 5 tax abatement is limited to 100% of the increase in taxable  
 6 value caused by the rehabilitation, restoration, expansion,  
 7 or new construction.

8 (2) In order to confer the tax benefits described in  
 9 subsection (1), the governing body of the county or  
 10 incorporated city or town where the improvement occurs shall  
 11 establish by resolution the process for the use of the tax  
 12 abatement provisions described in subsection (1).

13 (3) Property that receives a tax benefit under [this  
 14 act] is not entitled to any other exemption or special  
 15 valuation provided by Montana law during the period of the  
 16 abatement.

17 (4) (a) The tax abatement applies only to the number  
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19 (i) for high school and elementary school district  
 20 purposes; and

21 (ii) by the local governing body approving the  
 22 abatement.

23 (b) The abatement may not apply to statewide levies.

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5 (2) a newly constructed property within the boundaries  
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 19 for preservation projects or other standards approved by the  
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21 (2) The board shall include:

22 (a) at least three members with professional expertise  
 23 in history, planning, archeology, architectural history,  
 24 historic archeology, or another historic-preservation  
 25 related discipline;

(b) at least one architect; and

(c) up to two members of the general public.

(3) The board shall determine whether a property is eligible under [section 4] and is qualified for the tax abatement. The board shall approve or deny an application for the tax abatement and report its recommendation to the local governing body.

**NEW SECTION. Section 6. Responsibilities of the state historic preservation office.** (1) If the local governing body approving the tax abatement does not appoint a board under the provisions of [section 5], the state historic preservation office shall provide design review assistance and certification for qualifying properties.

(2) The state historic preservation office shall evaluate design review standards submitted to it for approval by the board.

**NEW SECTION. Section 7. Disqualification and penalty.** (1) Following certification and during the period of tax abatement, a property that is altered in a way that adversely affects those elements that qualify it as historically contributing must be disqualified from receiving the tax abatement.

(2) If a historic property that has received a tax abatement under [this act] is disqualified, the owner is liable for back taxes, interest, and a penalty. These

assessments must be extended against the property on the next general real property tax roll, to be collected and distributed in the same manner as the currently assessed real property tax. The back taxes, interest, and penalty must equal the sum of the following:

(a) the difference in the total real property taxes due during the years the tax abatement was in effect and the total real property taxes which would have been due had the special assessment not been in effect for those years;

(b) interest on the amount calculated in subsection (2)(a) at the rate for delinquent property taxes provided for in 15-16-102; plus

(c) a penalty of 15% on the sum of subsections (2)(a) and (2)(b).

(3) Back taxes, interest, or penalty may not be imposed on a property transferred to an ownership that makes the property exempt from property taxation or if the property is destroyed by fire or an act of God.

**NEW SECTION. Section 8. Codification instruction.** [Sections 1 through 7] are intended to be codified as an integral part of Title 15, chapter 24, and the provisions of Title 15, chapter 24, apply to [sections 1 through 7].

**NEW SECTION. Section 9. Effective date.** [This act] is effective July 1, 1989.

-End-

APPROVED BY COMM. ON EDUCATION  
AND CULTURAL RESOURCES

HOUSE BILL NO. 685

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A TAX  
ABATEMENT PROGRAM FOR HISTORIC PROPERTIES; AND PROVIDING AN  
EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. **Section 1. Purpose.** The purpose of [this  
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listed in the National Register of Historic Places. THE  
ABATEMENT DOES NOT APPLY TO THE TAX ON PERSONAL PROPERTY.

NEW SECTION. **Section 2. Definitions.** As used in  
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HB 0685/02

- 1 NEW SECTION. SECTION 10. APPLICABILITY. [THIS ACT]
- 2 APPLIES TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1989.

-End-

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-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB685, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for a tax abatement program for historic properties; and providing an effective date.

ASSUMPTIONS:

1. The abatement proposed by this Act does not effect the statewide 6 mill levy for universities or the 45 mill levy for the Foundation Program.
2. Duties of the State Historic Preservation office outlined in Section 6 of the Act can be carried out under current level funding.

FISCAL IMPACT: None

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

An estimate of the revenue impact on local governments is not available. For most areas the impact on future revenues would probably not be substantial. There could be larger impacts in historical districts that include either commercial property or numerous vacant lots. There are approximately 7500 individual or contributing properties that would meet the specifications of this proposal.

*Ray Shackelford*

DATE 2/22/89

RAY/SHACKLEFORD, BUDGET DIRECTOR  
OFFICE OF BUDGET AND PROGRAM PLANNING

*Fred Daily*

DATE 2-27-89

FRED DAILY, PRIMARY SPONSOR

Fiscal Note for HB685, as introduced

*HB 695*

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8 local governing body.

9 NEW SECTION. Section 6. Responsibilities of the state  
10 historic preservation office. (1) If the local governing  
11 body approving the tax abatement does not appoint a board  
12 under the provisions of [section 5], the state historic  
13 preservation office shall provide design review assistance  
14 and certification for qualifying properties.

15 (2) The state historic preservation office shall  
16 evaluate design review standards submitted to it for  
17 approval by the board.

18 NEW SECTION. Section 7. Disqualification and penalty.  
19 (1) Following certification and during the period of tax  
20 abatement, a property that is altered in a way that  
21 adversely affects those elements that qualify it as  
22 historically contributing must be disqualified from  
23 receiving the tax abatement.

24 (2) If a historic property that has received a tax  
25 abatement under [this act] is disqualified, the owner is

1 liable for back taxes, interest, and a penalty. These  
2 assessments must be extended against the property on the  
3 next general real property tax roll, to be collected and  
4 distributed in the same manner as the currently assessed  
5 real property tax. The back taxes, interest, and penalty  
6 must equal the sum of the following:

7 (a) the difference in the total real property taxes  
8 due during the years the tax abatement was in effect and the  
9 total real property taxes which would have been due had the  
10 special assessment not been in effect for those years;

11 (b) interest on the amount calculated in subsection  
12 (2)(a) at the rate for delinquent property taxes provided  
13 for in 15-16-102; plus

14 (c) a penalty of 15% on the sum of subsections (2)(a)  
15 and (2)(b).

16 (3) Back taxes, interest, or penalty may not be  
17 imposed on a property transferred to an ownership that makes  
18 the property exempt from property taxation or if the  
19 property is destroyed by fire or an act of God.

20 NEW SECTION. Section 8. Codification instruction.  
21 [Sections 1 through 7] are intended to be codified as an  
22 integral part of Title 15, chapter 24, and the provisions of  
23 Title 15, chapter 24, apply to [sections 1 through 7].

24 NEW SECTION. Section 9. Effective date. [This act] is  
25 effective July 1, 1989.

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- 1 NEW SECTION. SECTION 10. APPLICABILITY. [THIS ACT]
- 2 APPLIES TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1989.

-End-