

SENATE BILL 97

Introduced by Jenkins

1/11	Introduced
1/11	Referred to Taxation
1/12	Fiscal Note Requested
1/18	Fiscal Note Received
1/19	Hearing
1/23	Fiscal Note Printed
	Died in Committee

1 Senate BILL NO. 97
2 INTRODUCED BY Sen. [Signature]
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM TAXATION
5 CERTAIN CLASS FOURTEEN PROPERTY AND ANY ADDITION TO OR
6 EXPANSION, REMODELING, OR RECONSTRUCTION OF IMPROVEMENTS TO
7 CLASS FOURTEEN OR CLASS FOUR PROPERTY; AMENDING SECTION
8 15-6-207, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND
9 A RETROACTIVE APPLICABILITY DATE."

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

12 **Section 1.** Section 15-6-207, MCA, is amended to read:

13 "15-6-207. Agricultural exemptions. (1) The following
14 agricultural products are exempt from taxation:

15 (a) all unprocessed, perishable fruits and vegetables
16 in farm storage and owned by the producer;

17 (b) all producer-held grain in storage;

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

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

25 (e) swine which have not attained the age of 6 months

1 as of January 1;

2 (f) poultry and the unprocessed products of poultry;
3 and

4 (g) bees and the unprocessed product of bees.

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

13 (3) All class fourteen property constructed after
14 December 31, 1988, and any addition to or expansion,
15 remodeling, or reconstruction of class fourteen property
16 completed after December 31, 1988, is exempt from taxation
17 as follows:

18 (a) 100% exemption for the first 5 tax years following
19 construction, addition, expansion, remodeling, or
20 reconstruction; and

21 (b) 50% exemption for the next 5 tax years."

22 **NEW SECTION. Section 2.** Exemption for certain class
23 four improvements. (1) Any addition to or expansion,
24 remodeling, or reconstruction of improvements to class four
25 property completed after December 31, 1988, is exempt from

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1 taxation as provided in subsection (2) if the property taxes
2 on the improvement that is added to or altered are fully
3 paid for the 5 years immediately preceding the first year in
4 which the exemption is sought.

5 (2) Property described in subsection (1) is exempt
6 from taxation as follows:

7 (a) 100% exemption for the first 5 tax years for which
8 the exemption is granted; and

9 (b) 50% exemption for the next 5 tax years for which
10 the exemption is granted.

11 NEW SECTION. Section 3. Codification instruction.
12 [Section 2] is intended to be codified as an integral part
13 of Title 15, chapter 6, part 2, and the provisions of Title
14 15 apply to [section 2].

15 NEW SECTION. Section 4. Extension of authority. Any
16 existing authority to make rules on the subject of the
17 provisions of [this act] is extended to the provisions of
18 [this act].

19 NEW SECTION. Section 5. Effective date -- retroactive
20 applicability. [This act] is effective on passage and
21 approval and applies retroactively, within the meaning of
22 1-2-109, to taxable years beginning after December 31, 1988.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB097, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act exempting from taxation certain class fourteen property and any addition to or expansion, remodeling, or reconstruction of improvements to class fourteen or class four property; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. The taxable value of the state will be \$1,899,969,000 in FY 90 and \$1,869,831,000 in FY 91 (REAC).
2. The taxable value of the property affected by the bill is \$4,400,000 in FY 90 and \$8,900,000 in FY 91.
3. Mill levies are 6 mills for universities and 45 mills for the school foundation program. The average county levy for the affected property is 229 mills. The average city mill for the affected property is 96 mills.
4. In FY 90 it will require \$35,535 in personal services and \$34,000 in operating expenses to implement the proposal. Costs in following years will be absorbed without additional funding.

FISCAL IMPACT:


	FY '90			FY '91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Revenue Impact:						
University Levy	\$11,400,000	\$11,373,600	(\$26,400)	\$11,219,000	\$11,165,600	(\$53,400)
School Equalization	85,499,000	85,301,000	(198,000)	84,142,000	83,741,500	(400,500)
Total	\$96,899,000	\$96,674,600	(\$224,400)	\$95,361,000	\$94,907,100	(\$453,900)

Expenditure Impact:

General Fund

Personal Services \$	-0-	\$ 35,535	\$ 35,535
Operating Expenses	-0-	34,000	34,000
TOTAL	\$ -0-	\$ 69,535	\$ 69,535

NO IMPACT

 1/18/89
 RAY SHACKLEFORD, DIRECTOR DATE
 Office of Budget and Program Planning

LOREN JENKINS, PRIMARY SPONSOR DATE

Fiscal Note for SB097, as Introduced

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EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

In FY 90 the proposal is estimated to reduce county and local school district revenues by \$1,007,600 and cities and towns are expected to have a reduction of \$422,400.

In FY 91 the proposal is estimated to reduce county and local school district revenues by \$2,038,100 and cities and towns are expected to have a reduction of \$845,400.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

It will take ten years for the full effect of the proposal to occur. Loss in taxable value will increase approximately \$4,500,000 each year for the first five years. For the next five years, loss in taxable value will increase approximately \$2,500,000. After ten years, the affect of the proposal is complete and the loss of taxable value will remain constant. After ten years, in each fiscal year, it is estimated the universities will have a reduction of \$220,000, the school foundation will have a reduction of \$1,600,000, counties and local school districts will have a reduction of \$8,400,000 and cities and towns will have a reduction of \$3,500,000 (all relative to current law).

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The bill does not address class 12 property (mobile homes).

Property tax abatements for remodeling, reconstruction, or expansion of buildings or structures currently exist in statute, 15-24-1501, MCA.