

SENATE BILL 158

Introduced by Keating

1/17	Introduced
1/17	Referred to Taxation
1/18	Fiscal Note Requested
1/25	Fiscal Note Received
1/25	Fiscal Note Printed
	Died in Committee

1 *Senate* BILL NO. 158
 2 INTRODUCED BY *Feating*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
 5 PROPERTY TAXATION BY REPEALING TAXES ON PERSONAL PROPERTY;
 6 PLACING A CAP ON CERTAIN REAL PROPERTY TAXES EQUIVALENT TO 1
 7 PERCENT OF MARKET VALUE; MAKING PROPERTY TAX REVISIONS
 8 CONTINGENT ON PASSAGE AND APPROVAL OF A GENERAL SALES TAX
 9 WITH REVENUE DIRECTED TO EDUCATIONAL PURPOSES; CLARIFYING
 10 BONDED INDEBTEDNESS LIMITS OF AFFECTED TAXING JURISDICTIONS;
 11 REVISING CALCULATIONS OF TAX BASE FOR PURPOSES OF COUNTY
 12 CLASSIFICATIONS, ELECTED OFFICIALS' SALARIES, AND MILL LEVY
 13 LIMITS; AMENDING SECTIONS 7-1-2111, 7-3-1321, 7-6-2211,
 14 7-6-4121, 7-6-4254, 7-7-107, 7-7-108, 7-7-2101, 7-7-2203,
 15 7-7-4201, 7-7-4202, 7-13-4103, 7-14-236, 7-14-2524,
 16 7-14-2525, 7-14-4402, 7-16-2327, 7-16-4104, 7-31-106,
 17 7-31-107, 7-34-2131, 15-1-101, 15-1-701, 15-6-101, 15-6-135,
 18 15-6-137, 15-6-138, 15-6-140, 15-6-141, 15-6-145, 15-6-147,
 19 15-6-201, 15-6-203, 15-7-102, 15-8-104, 15-8-111, 15-8-201,
 20 15-8-301, 15-8-407, 15-8-701, 15-8-706, 15-10-302,
 21 15-10-402, 15-16-117, 15-16-611, 15-17-911, 15-23-101,
 22 15-23-103, 15-23-105, 15-23-106, 15-23-201, 15-23-202,
 23 15-23-501, 15-23-503, 15-23-504, 15-23-508, 15-23-522,
 24 15-23-608, 15-23-611, 15-23-704, 15-23-806, 15-24-601,
 25 15-24-701, 15-24-801, 15-24-1001, 15-24-1101, 15-24-1104,

1 15-24-1203, 20-9-141, 20-9-331, 20-9-333, 20-9-352,
 2 20-9-406, 20-9-407, 20-9-501, 20-10-144, 20-15-403,
 3 25-13-404, 61-3-701, 61-12-206, 67-3-205, 81-7-303, AND
 4 81-8-804, MCA; REPEALING SECTIONS 15-6-136, 15-6-139,
 5 15-6-142, 15-6-146, 15-6-202, 15-6-204, 15-6-207, 15-8-202,
 6 15-8-204, 15-8-205, 15-8-401, 15-8-404, 15-8-405, 15-8-408,
 7 15-16-111 THROUGH 15-16-115, 15-16-401, 15-16-402,
 8 15-16-404, 15-16-503, 15-16-613, 15-16-701 THROUGH
 9 15-16-703, 15-23-401 THROUGH 15-23-403, 15-24-101 THROUGH
 10 15-24-105, 15-24-201 THROUGH 15-24-208, 15-24-301 THROUGH
 11 15-24-304, 15-24-901 THROUGH 15-24-906, 15-24-908 THROUGH
 12 15-24-911, 15-24-926, 15-24-931, 15-24-941 THROUGH
 13 15-24-943, AND 61-3-707, MCA; AND PROVIDING A CONTINGENT
 14 EFFECTIVE PROVISION AND AN APPLICABILITY DATE."
 15

16 WHEREAS, the electors of Montana approved Initiative
 17 No. 105 limiting certain property taxes to 1986 levels; and

18 WHEREAS, it is the intent of the Legislature to enact
 19 provisions compatible with the will of the electors in
 20 limiting property taxes; and

21 WHEREAS, the Legislature intends by this bill to
 22 provide broad property tax relief and a revenue source to
 23 fund such relief, while maintaining the fiscal integrity of
 24 necessary local government services.
 25

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

2 NEW SECTION. Section 1. Property tax limit --
3 percentage of market value. Property taxed under Title 15,
4 chapter 6, is subject to a tax equal to the smallest amount
5 from any one of the following:

6 (1) the tax liability determined by the product of the
7 taxable value multiplied by total mills levied in a tax
8 year;

9 (2) 1% of the market value of the property; or

10 (3) the tax liability as limited by Title 15, chapter
11 10, part 4.

12 NEW SECTION. Section 2. Property tax limit -- special
13 considerations. (1) The limitation on the amount of tax
14 liability based on a percentage of market value does not
15 mean that no increase may be made in the market value of
16 property resulting from:

17 (a) expansion, addition, replacement, or remodeling of
18 improvements;

19 (b) transfer of property from tax-exempt to taxable
20 status; or

21 (c) revaluations caused by cyclical reappraisal.

22 (2) The limitation on the amount of tax liability
23 based on a percentage of market value does not apply to the
24 following levy or special assessment categories, whether
25 they are based on commitments made before or after [the

1 effective date of this act]:

2 (a) rural improvement districts;

3 (b) special improvement districts;

4 (c) levies pledged for the repayment of bonded
5 indebtedness, including tax increment bonds;

6 (d) city street maintenance districts;

7 (e) satisfaction of judgments against a taxing unit;

8 (f) electric company street lighting assessments; and

9 (g) revolving funds to support any of the above.

10 (3) If the tax liability for a property is a
11 percentage of market value and one or more of the items in
12 subsection (2) are applicable, the tax bill must include an
13 additional amount for such items. That amount is determined
14 by the product of the appropriate mills multiplied by
15 taxable value.

16 NEW SECTION. Section 3. Disbursement of property tax
17 paid as percentage of market value. The property tax paid as
18 a percentage of market value pursuant to [section 1] must be
19 disbursed to all affected taxing jurisdictions according to
20 the ratio of the mills levied by each taxing jurisdiction in
21 proportion to the total mills levied against a property.

22 **Section 4.** Section 7-1-2111, MCA, is amended to read:

23 **"7-1-2111. Classification of counties.** (1) For the
24 purpose of regulating the compensation and salaries of all
25 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 valuation of more than \$20 million and less than \$30 million;

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

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

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

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

(2) As used in this section, taxable valuation means the taxable value of taxable property in the county as of

the time of determination plus:

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

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

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

(d) based on a comparison of 1989 and 1990 taxable values, the amount of taxable value reduction in the county attributable to the repeal of personal property taxes and to the cap on real property taxes pursuant to [this act]."

Section 5. Section 7-3-1321, MCA, is amended to read:

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

(2) The municipality may not become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding 28% of the taxable value of the taxable property therein, as ascertained by the

last assessment for state and county taxes prior to incurring such indebtedness, plus 28% of sales tax and use tax revenue to the municipality divided by the mill levy of the municipality in the fiscal year prior to incurring such indebtedness. All warrants, bonds, or obligations in excess of such amount given by or on behalf of the municipality shall be void."

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

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

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

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

"7-6-4121. Authorization to conduct municipal business on a cash basis. (1) In case the total indebtedness of a city or town has reached 17% 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, plus 17% of sales tax and use tax revenue to the city or town divided by the mill levy of the city or town in the fiscal year prior to incurring such indebtedness, the city or town may conduct its affairs and business on a cash basis as provided by subsection (2).

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

(b) In the event that payment is made in advance, the city or town may require a cash deposit as collateral security and indemnity, equal in amount to such payment, and may hold the same as a special deposit with the city treasurer or town clerk, in package form, as a pledge for the fulfillment and performance of the contract or obligation for which the advance is made.

(c) Before the payment of the current expenses

mentioned above, the city or town council shall first set apart sufficient money to pay the interest upon its legal, valid, and outstanding bonded indebtedness and any sinking funds therein provided for and shall be authorized to pay all valid claims against funds raised by tax especially authorized by law for the purpose of paying such claims."

Section 8. Section 7-6-4254, MCA, is amended to read:

"7-6-4254. Limitation on amount of emergency budgets and appropriations. (1) The total of all emergency budgets and appropriations made therein in any one year and to be paid from any city fund may not exceed 38% of the total amount which could be produced for such city fund by a maximum levy authorized by law to be made for such fund, as shown by the last completed assessment roll of the county, plus 38% of sales tax and use tax revenue to the city fund in the previous fiscal year.

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

Section 9. 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% of the taxable value of the property therein subject to taxation, as ascertained by the last assessment for state and county taxes, plus 39% of sales tax and use tax revenue to that local government divided by the mill levy of that local government in the fiscal year prior to incurring such indebtedness.

(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 10. 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% limit 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 11. 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% 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, plus 23% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring 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 12. 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% 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, plus 11.25% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such indebtedness.

(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% 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, plus 27.75% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such indebtedness, 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% of the taxable value of the property in the county subject to taxation plus 12.5% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such indebtedness.

(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 13. 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% of the taxable value of the property therein subject to taxation, to be ascertained by the last assessment for state and county taxes, plus 28% of sales tax and use tax revenue to the city or town divided by the mill levy of the city or town in the fiscal year prior to incurring such indebtedness.

(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 14. 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% limit 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 15. 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% 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, plus 17% of sales tax and use tax revenue to the city or town divided by the mill levy of the city or town in the fiscal year prior to incurring such indebtedness."

Section 16. 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% 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 plus 28% of sales tax and use tax revenue to the district divided by the mill levy of the district in the fiscal year prior to incurring such indebtedness."

Section 17. 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% 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, plus 11.25% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such indebtedness. 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% but will not exceed 22.5% 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, plus sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such indebtedness, 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% 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, plus 22.5% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such

indebtedness."

Section 18. 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% 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, plus 22.5% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such indebtedness, 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 19. Section 7-14-4402, MCA, is amended to read:

"7-14-4402. Limit on indebtedness to provide bus service. The total amount of indebtedness authorized under 7-14-4401(1) to be contracted in any form, including the then-existing indebtedness, may not at any time exceed 28% 32% 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, plus 28% of sales tax and use tax revenue to the city or town divided by the mill levy of the city or town in the fiscal year prior to incurring such indebtedness. No money may be borrowed or bonds issued for the purposes specified in 7-14-4401(1) until the proposition has been submitted to the vote of the taxpayers of the city or town and the majority vote cast in its favor."

Section 20. Section 7-16-2327, MCA, is amended to read:

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

purposes of 7-16-2321(1) and (2).

(2) (a) The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, must not at any time exceed 13% of the total of the taxable value of the taxable property in 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, ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness, plus 13% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such indebtedness.

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

Section 21. Section 7-16-4104, MCA, is amended to read:

"7-16-4104. Authorization for municipal indebtedness for various cultural, social, and recreational purposes. (1)

A city or town council or commission may contract an indebtedness on behalf of the city or town, upon the credit thereof, by borrowing money or issuing bonds:

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

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

(c) for furnishing and equipping the same.

(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% 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, plus 16.5% of sales tax and use tax revenue to the city or town divided by the mill levy of the city or town in the fiscal year prior to incurring 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 22. 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% 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, plus 22.5% of sales tax and use tax revenue to the county divided by the mill levy of the county in the fiscal year prior to incurring such indebtedness."

Section 23. Section 7-31-107, MCA, is amended to read:

"7-31-107. Authorization for municipality to issue

1 bonds -- election required. (1) If said petition is
2 presented to the council of any incorporated city or town,
3 the council, for the purpose of raising money to meet the
4 payments under the terms and conditions of said contract and
5 other necessary and proper expenses in and about the same
6 and for the approval or disapproval thereof:

7 (a) shall ascertain, within 30 days after submission
8 of the petition, the aggregate indebtedness of such city or
9 town; and

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

14 (2) The amount of the bonds authorized by this section
15 may not exceed 16.5% of the taxable value of the taxable
16 property therein, plus 16.5% of sales tax and use tax
17 revenue to the city or town divided by the mill levy of the
18 city or town in the fiscal year prior to incurring such
19 indebtedness, inclusive of the existing indebtedness
20 thereof, to be ascertained in the manner provided in this
21 part."

22 **Section 24.** Section 7-34-2131, MCA, is amended to
23 read:

24 "7-34-2131. Hospital district bonds authorized. (1) A
25 hospital district may borrow money by the issuance of its

1 bonds to provide funds for payment of part or all of the
2 cost of acquisition, furnishing, equipment, improvement,
3 extension, and betterment of hospital facilities and to
4 provide an adequate working capital for a new hospital.

5 (2) The amount of bonds issued for such purpose and
6 outstanding at any time may not exceed 22.5% of the taxable
7 value of the property therein, as ascertained by the last
8 assessment for state and county taxes previous to the
9 issuance of such bonds, plus 22.5% of sales tax and use tax
10 revenue to the hospital district divided by the mill levy of
11 the hospital district in the fiscal year prior to incurring
12 such indebtedness.

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

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

20 **Section 25.** Section 15-1-101, MCA, is amended to read:

21 "15-1-101. Definitions. (1) Except as otherwise
22 specifically provided, when terms mentioned in this section
23 are used in connection with taxation, they are defined in
24 the following manner:

25 (a) The term "agricultural" refers to the raising of

1 livestock, poultry, bees, and other species of domestic
2 animals and wildlife in domestication or a captive
3 environment, and the raising of field crops, fruit, and
4 other animal and vegetable matter for food or fiber.

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

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

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

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

18 (A) agricultural lands;

19 (B) timberlands;

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

23 (D) mobile homes used exclusively as a residence
24 ~~except--when--held-by-a-distributor-or-dealer-of-trailers-or~~
25 ~~mobile-homes-as-his-stock-in-trade; and~~

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

2 ~~{P}--all-property-described-in-15-6-136;-and~~

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

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

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

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

21 (h) The term "leasehold improvements" means
22 improvements to mobile homes and mobile homes located on
23 land owned by another person. This property is assessed
24 under the appropriate classification and the taxes are due
25 and payable in two payments as provided in 15-24-202

1 15-16-102. Delinquent taxes on such leasehold improvements
2 are a lien only on such leasehold improvements.

3 (i) The term "livestock" means cattle, sheep, swine,
4 goats, horses, mules, and asses.

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

12 (k) The term "personal property" includes everything
13 that is the subject of ownership but that is not included
14 within the meaning of the terms "real estate" and
15 "improvements".

16 (l) The term "poultry" includes all chickens, turkeys,
17 geese, ducks, and other birds raised in domestication to
18 produce food or feathers.

19 (m) The term "property" includes moneys, credits,
20 bonds, stocks, franchises, and all other matters and things,
21 real, personal, and mixed, capable of private ownership.
22 This definition must not be construed to authorize the
23 taxation of the stocks of any company or corporation when
24 the property of such company or corporation represented by
25 the stocks is within the state and has been taxed.

1 (n) The term "real estate" includes:

2 (i) the possession of, claim to, ownership of, or
3 right to the possession of land;

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

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

19 (p) The term "taxable value" means the percentage of
20 market or assessed value as provided for in 15-6-131 through
21 15-6-135, 15-6-137, 15-6-138, and 15-6-140 through 15-6-149.

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

25 (2) The phrase "municipal corporation" or

"municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

Section 26. Section 15-1-701, MCA, is amended to read:

"15-1-701. Warrant for distraint. (1) A warrant for distraint is an order, under the official seal of the department of revenue, directed to a sheriff of any county of Montana or to any agent authorized by law to collect a tax. The order commands the recipient to levy upon and sell the real ~~and-personal~~ property of a delinquent taxpayer.

(2) Upon filing the warrant as provided in 15-1-704, there is a lien against all real ~~and-personal~~ property of the delinquent taxpayer located in the county where the warrant is filed. The resulting lien is treated in the same manner as a properly docketed judgment lien, and the department may collect delinquent taxes and enforce the tax lien in the same manner as a judgment is enforced.

(3) A warrant may be issued for the amount of unpaid tax plus penalty, if any, and accumulated interest. The lien is for the amount indicated on the warrant plus accrued

interest from the date of the warrant."

Section 27. Section 15-6-101, MCA, is amended to read:

"15-6-101. Property subject to taxation -- classification. (1) All real property and improvements in this state ~~is~~ are subject to taxation, except as provided otherwise.

(2) For the purpose of taxation, the taxable property in the state shall be classified in accordance with this part."

Section 28. Section 15-6-135, MCA, is amended to read:

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

(a) all real property and improvements used and owned by cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana, except property owned by cooperative organizations described in subsection (1)(b) of 15-6-137;

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

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

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

(e) all land and improvements ~~and---all---personal~~

property owned by a research and development firm, provided that the property is actively devoted to research and development;

(f) machinery---and--equipment improvements used in electrolytic reduction facilities.

(2) (a) "Air and water pollution equipment control improvements" means facilities, ~~machinery, or equipment~~ used to reduce or control water or atmospheric pollution or contamination by removing, reducing, altering, disposing, or storing pollutants, contaminants, wastes, or heat. The department of health and environmental sciences shall determine if such utilization is being made.

(b) The department of health and environmental sciences' determination as to air and water pollution equipment control improvements may be appealed to the board of health and environmental sciences and may not be appealed to either a county tax appeal board or the state tax appeal board. However, the appraised value of the equipment improvements as determined by the department of revenue may be appealed to the county tax appeal board and the state tax appeal board.

(3) "New industrial property" means any new industrial plant, including land, ~~buildings, machinery, and--fixtures,~~ and improvements used by new industries during the first 3 years of their operation. The property may not have been

assessed within the state of Montana prior to July 1, 1961.

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

(b) New industry includes only those industries that:

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

(ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials; or

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

(5) New industrial property does not include:

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

(b) a plant that will create adverse impact on

existing state, county, or municipal services; or

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

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

Section 29. Section 15-6-137, MCA, is amended to read:

"15-6-137. Class seven property -- description -- taxable percentage. (1) Class seven property includes:

(a) all real property and improvements used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less;

(b) all real property and improvements 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; and

(c) 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--this property;--and

~~(d)--tools; implements; and machinery--used--to--repair and-maintain-machinery-not-used-for-manufacturing-and-mining purposes.~~

(2) To qualify for this classification, the average circuit miles for each station on the telephone communication system described in subsection (1)(b) must be more than 1 mile.

(3) Class seven property is taxed at 8% of its market value."

Section 30. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

~~(a)--all--agricultural-implements-and-equipment;~~
~~(b)--all--mining-machinery; fixtures; equipment;--tools; and-supplies-except:~~

~~(i)--those-included-in-class-five; and~~
~~(ii)--coal-and-ore-haulers;~~
~~(c)--all--manufacturing-machinery; fixtures; equipment; tools; and-supplies-except-those-included-in-class-five;~~

~~(d)--all--trailers;--including--those--prorated--under 15-24-102;--except--those--subject--to--taxation--under 61-3-504(2);~~

~~(e)--all--goods--and--equipment--intended--for--rent--or lease;--except--goods-and-equipment-specifically-included-and taxed-in-another-class;~~

1 ~~{f}--trucks-having-a-rated-capacity-of-more-than--1-1/2~~
2 ~~tons,-including-those-prorated-under-15-24-102;-and~~

3 ~~{g}--all---other---machinery---except---that---specifically~~
4 ~~included---in---another---class improvements, including~~
5 ~~manufacturing improvements, except those included in another~~
6 ~~class.~~

7 (2) Class eight property is taxed at 11% of its market
8 value."

9 **Section 31.** Section 15-6-140, MCA, is amended to read:

10 "15-6-140. Class ten property -- description --
11 taxable percentage. (1) Class ten property includes:

12 ~~{a} improvements used for radio and television~~
13 ~~broadcasting and transmitting equipment;~~

14 ~~{b} and for cable television systems;~~

15 ~~{c}--coal-and-ore-haulers;~~

16 ~~{d}--theater-projectors-and-sound-equipment;-and~~

17 ~~{e}--all-other-property-not-included-in-any-other-class~~
18 ~~in--this--part-except-that-property-subject-to-a-fee-in-lieu~~
19 ~~of-a-property-tax.~~

20 (2) Class ten property is taxed at 16% of its market
21 value."

22 **Section 32.** Section 15-6-141, MCA, is amended to read:

23 "15-6-141. Class eleven property -- description --
24 taxable percentage. (1) Class eleven property includes real
25 property and improvements as follows:

1 (a) centrally assessed electric power companies'
2 allocations, including, if congress passes legislation that
3 allows the state to tax property owned by an agency created
4 by congress to transmit or distribute electrical energy,
5 allocations of properties constructed, owned, or operated by
6 a public agency created by the congress to transmit or
7 distribute electric energy produced at privately owned
8 generating facilities (not including rural electric
9 cooperatives);

10 (b) allocations for centrally assessed natural gas
11 companies having a major distribution system in this state;
12 and

13 (c) centrally assessed companies' allocations except:

14 (i) electric power and natural gas companies'
15 property;

16 (ii) property owned by cooperative rural electric and
17 cooperative rural telephone associations and classified in
18 class five;

19 (iii) property owned by organizations providing
20 telephone communications to rural areas and classified in
21 class seven;

22 (iv) railroad transportation property included in class
23 fifteen; and

24 (v) airline transportation property included in class
25 seventeen.

(2) Class eleven property is taxed at 12% of market value."

Section 33. Section 15-6-145, MCA, is amended to read:

"15-6-145. Class fifteen property -- description -- taxable percentage. (1) Class fifteen property includes all railroad transportation real property and improvements as described in the Railroad Revitalization and Regulatory Reform Act of 1976 as it read on January 1, 1986.

(2) For the taxable year beginning January 1, 1986, and for each taxable year thereafter, class fifteen property is taxed at the percentage rate "R", to be determined by the department as provided in subsection (3), or 12%, whichever is less.

(3) $R = A/B$ where:

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

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

(4) (a) For the taxable year beginning January 1, 1986, and for every taxable year thereafter, the department shall conduct a sales assessment ratio study of all

commercial and industrial real property and improvements. The study must be based on:

(i) assessments of such property as of January 1 of the year for which the study is being conducted; and

(ii) a statistically valid sample of sales using data from realty transfer certificates filed during the same taxable year or from the immediately preceding taxable year, but only if a sufficient number of certificates is unavailable from the current taxable year to provide a statistically valid sample.

(b) The department shall determine the value-weighted mean sales assessment ratio "M" for all such property and reduce the taxable value of property described in subsection (4) only, by multiplying the total statewide taxable value of property described in subsection (4) by "M" prior to calculating "A" in subsection (3).

(c) The adjustment referred to in subsection (4)(b) will be made beginning January 1, 1986, and in each subsequent tax year to equalize the railroad taxable values.

(5) For the purpose of complying with the Railroad Revitalization and Regulatory Reform Act of 1976, as it read on January 1, 1986, the rate "R" referred to in this section is the equalized average tax rate generally applicable to commercial and industrial property, except class fifteen property, as commercial property is defined in

15-1-101(1)(d)."

Section 34. Section 15-6-147, MCA, is amended to read:

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

(2) For the taxable years 1986 through 1990 class seventeen property is taxed at 12%, and for each taxable year thereafter, class seventeen property is taxed at the lesser of 12% or the percentage rate for class fifteen property without adjustment.

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

Section 35. Section 15-6-201, MCA, is amended to read:

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

(a) all personal property;

~~a~~(b) the property of:

(i) the United States, the state, counties, cities,

towns, school districts, except, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, the property constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);

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

(iii) municipal corporations; and

(iv) public libraries;

~~b~~(c) buildings, with land they occupy and ~~furnishings-therein~~ improvements thereon, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings;

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

1 ~~(d)~~(e) property that meets the following conditions:

2 (i) is owned and held by any association or
3 corporation organized under Title 35, chapter 2, 3, 20, or
4 21;

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

9 (iii) is not maintained and operated for private or
10 corporate profit;

11 ~~(e)~~(f) institutions of purely public charity;

12 ~~(f)~~(g) evidence of debt secured by mortgages of record
13 upon real or personal property in the state of Montana;

14 ~~(g)~~(h) public art galleries and public observatories
15 not used or held for private or corporate profit;

16 ~~(h)--all-household-goods-and-furniture--including--but~~
17 ~~not-limited-to-clocks--musical-instruments--sewing-machines--~~
18 ~~and--wearing--apparel--of-members-of-the-family--used-by-the~~
19 ~~owner-for-personal-and-domestic-purposes-or--for--furnishing~~
20 ~~or-equipping-the-family-residence;~~

21 ~~(i)--a--truck-canopy-cover-or-topper-weighing-less-than~~
22 ~~300-pounds--and--having--no--accommodations--attached--Such~~
23 ~~property--is-also-exempt-from-taxation-under-61-3-504(2)--and~~
24 ~~61-3-537-~~

25 ~~(j)--a-bicycle--as-defined-in--61-1-123--used--by--the~~

1 ~~owner-for-personal-transportation-purposes;~~

2 ~~(k)--motor-homes--travel-trailers--and-campers;~~

3 ~~(l)--all-watercraft;~~

4 ~~(m)~~(i) land, fixtures, buildings, and improvements
5 owned by a cooperative association or nonprofit corporation
6 organized to furnish potable water to its members or
7 customers for uses other than the irrigation of agricultural
8 land;

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

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

19 ~~(p)~~(l) all farm buildings with a market value of less
20 than \$500 ~~and-all-agricultural-implements-and-machinery-with~~
21 ~~a-market-value-of-less-than-\$100;~~ and

22 ~~(q)~~(m) property owned by a nonprofit corporation
23 organized to provide facilities primarily for training and
24 practice for or competition in international sports and
25 athletic events and not held or used for private or

corporate gain or profit. For purposes of this subsection ~~(1)(g)~~ (1)(m), "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.

(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 36. Section 15-6-203, MCA, is amended to read:

"15-6-203. Veterans' clubhouse exemption --

incompetent veterans' trusts. (1) When a clubhouse or building erected by or belonging to any society or organization of honorably discharged United States military personnel is used exclusively for educational, fraternal, benevolent, or purely public charitable purposes rather than for gain or profit, ~~together-with-the-library-and--furniture necessarily--used--in--any--such--building,~~ such property is exempt from taxation.

(2) All taxable property, ~~real--or--personal,~~ in the possession of legal guardians of incompetent veterans of U.S. military service or minor dependents of such veterans, where such property is funds or derived from funds received from the United States as pension, compensation, insurance, adjusted compensation, or gratuity, shall be exempt from all taxation as property of the United States while held by the guardian, but not after title passes to the veteran or minor in his or her own right on account of removal of legal disability."

Section 37. Section 15-7-102, MCA, is amended to read:

"15-7-102. Notice of classification and appraisal to owners -- appeals. (1) It shall be the duty of the department of revenue to cause to be mailed to each owner and purchaser under contract for deed a notice of the classification of the land owned or being purchased by him and the appraisal of the improvements thereon only if one or

more of the following changes pertaining to the land or improvements have been made since the last notice:

(a) change in ownership;

(b) change in classification;

(c) change in valuation; or

(d) addition or subtraction of ~~personal--property~~ improvements affixed to the land.

(2) The notice of classification and appraisal provided by the department under subsection (1) must be on a standardized form adopted by the department containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of his property and of changes over the prior tax year.

(3) If the owner of any land and improvements is dissatisfied with the appraisal or classification of his land or improvements, he may submit his objection in writing to the department's agent. The department shall give reasonable notice to such taxpayer of the time and place of hearing and hear any testimony or other evidence which the taxpayer may desire to produce at such time and afford the opportunity to other interested persons to produce evidence at such hearing. Thereafter, the department shall determine the true and correct appraisal and classification of such land or improvements and forthwith notify the taxpayer of

its determination. In the notification, the department must state its reasons for revising the classification or appraisal. When so determined, the land shall be classified and improvements appraised in the manner ordered by the department.

(4) Whether a hearing as provided in subsection (3) is held or not, the department or its agent may not adjust an appraisal or classification upon taxpayer's objection unless:

(a) the taxpayer has submitted his objection in writing; and

(b) the department or its agent has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. Each county appraiser shall make such records available for inspection during regular office hours.

(6) If any property owner shall feel aggrieved at the classification and/or the appraisal so made by the department, he shall have the right to appeal to the county tax appeal board and then to the state tax appeal board, whose findings shall be final subject to the right of review in the proper court or courts. While the property owner may

1 appeal the base year valuation and classification
2 determination, the property owner may not appeal the yearly
3 percentage adjustments that are specified in 15-7-111 and
4 that may be made as a result of the sales assessment ratio
5 study. The property owner may not appeal the stratum or area
6 designations as specified in 15-7-111."

7 **Section 38.** Section 15-8-104, MCA, is amended to read:

8 "15-8-104. Department audit of taxable value -- costs
9 of audit paid by department. (1) When in the judgment of the
10 director of revenue it is necessary, audits may be made for
11 the purpose of determining the taxable value of net proceeds
12 of mines and oil and gas wells and all other types of
13 property subject to ad valorem taxation.

14 ~~{2}--The--department--of--revenue--shall--conduct--audits--of~~
15 ~~the--assessment--of--all--commercial--personal--property--to--assure~~
16 ~~that--the--value--of--the--property--in--those--classes--reflects~~
17 ~~market--value;---Because--the--assessed--value--of--commercial~~
18 ~~personal--property--is--defined--as--market--value--under~~
19 ~~15-8-111{2};--the--audits--conducted--by--the--department--shall--be~~
20 ~~primarily--directed--toward--ensuring--that--all--taxable--personal~~
21 ~~property--is--reported--to--the--department;~~

22 {3}{2} The cost of any audit performed under
23 subsection (1) or {2} shall be paid by the department."

24 **Section 39.** Section 15-8-111, MCA, is amended to read:

25 "15-8-111. Assessment -- market value standard --

1 exceptions. (1) All taxable property must be assessed at
2 100% of its market value except as otherwise provided.

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

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

12 (c) Except as provided in subsection (3), the market
13 value of all motor trucks; agricultural tools, implements,
14 and machinery; and vehicles of all kinds, including but not
15 limited to boats and all watercraft, is the average
16 wholesale value shown in national appraisal guides and
17 manuals or the value of the vehicle before reconditioning
18 and profit margin. The department of revenue shall prepare
19 valuation schedules showing the average wholesale value when
20 no national appraisal guide exists.

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

25 ~~{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 40. 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 that become an improvement to real property. No mistake in the name of the

1 owner or supposed owner of real property, however, renders
2 the assessment invalid.

3 ~~{2}--The procedure provided by this section may not~~
4 ~~apply to:~~

5 ~~{a}--motor vehicles that are required by 15-8-202 to be~~
6 ~~assessed on January 1 or upon their anniversary registration~~
7 ~~date;~~

8 ~~{b}--motor homes, travel trailers, and campers;~~

9 ~~{c}--watercraft;~~

10 ~~{d}--livestock;~~

11 ~~{e}--property defined in 61-1-104 as "special mobile~~
12 ~~equipment" that is subject to assessment for personal~~
13 ~~property taxes on the date that application is made for a~~
14 ~~special mobile equipment plate; and~~

15 ~~{f}--mobile homes held by a distributor or dealer of~~
16 ~~mobile homes as a part of his stock in trade;~~

17 ~~{3}{2} Credits must be assessed as provided in~~
18 ~~15-1-101(1)(f)."~~

19 **Section 41.** Section 15-8-301, MCA, is amended to read:

20 "15-8-301. Statement -- what to contain. (1) The
21 department of revenue or its agent must require from each
22 person a statement under oath setting forth specifically all
23 the real ~~and personal~~ property and improvements owned by
24 such person or in his possession or under his control at
25 midnight on January 1. Such statement must be in writing,

1 showing separately:

2 (a) all property belonging to, claimed by, or in the
3 possession or under the control or management of such
4 person;

5 (b) all property belonging to, claimed by, or in the
6 possession or under the control or management of any firm of
7 which such person is a member;

8 (c) all property belonging to, claimed by, or in the
9 possession or under the control or management of any
10 corporation of which such person is president, secretary,
11 cashier, or managing agent;

12 (d) the county in which such property is situated or
13 in which it is liable to taxation and (if liable to taxation
14 in the county in which the statement is made) also the city,
15 town, school district, road district, or other revenue
16 districts in which it is situated;

17 (e) an exact description of all lands in parcels or
18 subdivisions not exceeding 640 acres each and the sections
19 and fractional sections of all tracts of land containing
20 more than 640 acres which have been sectionized by the
21 United States government; improvements ~~and personal~~
22 ~~property; all taxable state, county, city, or other~~
23 ~~municipal or public bonds and the taxable bonds of any~~
24 ~~person, firm, or corporation and deposits of money, gold~~
25 ~~dust, or other valuables and the names of the persons with~~

1 ~~whom such deposits are made and the places in which they may~~
 2 ~~be found; all mortgages, deeds of trust, contracts, and~~
 3 ~~other obligations by which a debt is secured and the~~
 4 ~~property in the county affected thereby;~~

5 ~~(f) -- all solvent credits, secured or unsecured, due or~~
 6 ~~owing to such person or any firm of which he is a member or~~
 7 ~~due or owing to any corporation of which he is president,~~
 8 ~~secretary, cashier, or managing agent;~~

9 ~~(g)(f)~~ all depots, shops, stations, buildings, and
 10 other structures erected on the space covered by the
 11 right-of-way and all other property owned by any person
 12 owning or operating any railroad within the county.

13 (2) Whenever one member of a firm or one of the proper
 14 officers of a corporation has made a statement showing the
 15 property of the firm or corporation, another member of the
 16 firm or another officer need not include such property in
 17 the statement made by him but this statement must show the
 18 name of the person or officer who made the statement in
 19 which such property is included.

20 (3) The fact that such statement is not required or
 21 that a person has not made such statement, under oath or
 22 otherwise, does not relieve his property from taxation."

23 **Section 42.** Section 15-8-407, MCA, is amended to read:

24 "15-8-407. Railroads and other franchises. (1) The
 25 franchise, roadway, roadbed, rails, ~~rolling stock,~~ and all

1 other operating taxable property of all railroads operated
 2 in more than one county or more than one state must be
 3 assessed by the department of revenue as hereinafter
 4 provided.

5 (2) Other franchises, if granted by the authorities of
 6 a county or city, must be assessed in the county or city
 7 within which they were granted; if granted by any other
 8 authority, they must be assessed in the county in which the
 9 corporations, firms, or persons owning or holding them have
 10 their principal place of business."

11 **Section 43.** Section 15-8-701, MCA, is amended to read:

12 "15-8-701. Assessment book -- definition -- listing
 13 property in. (1) Unless the context clearly indicates
 14 otherwise, the term "assessment book" means the record kept
 15 in each county by the agent of the department of revenue and
 16 which contains the information described in subsection (3).
 17 The term includes, in a county wherein the assessment book
 18 is kept on a computer system, the information on the system
 19 analogous to the information described in subsection (3).

20 (2) The form of the assessment book must be as
 21 directed by the department.

22 (3) The department must prepare an assessment book
 23 with appropriate headings, alphabetically arranged, in which
 24 must be listed all property within the state and in which
 25 must be specified, in separate columns under the appropriate

1 head:

2 (a) the name of the person to whom the property is
3 assessed;

4 (b) land, by township, range, section or fractional
5 section, and when such land is not a United States land
6 division or subdivision, by metes and bounds or other
7 description sufficient to identify it, giving an estimate of
8 the number of acres, not exceeding in each and every tract
9 640 acres, locality, and the improvements thereon;

10 (c) city and town lots, naming the city or town and
11 the number of the lot and block, according to the system of
12 numbering in such city or town, and the value of same with
13 improvements thereon;

14 (d) all taxable ~~personal~~---property improvements,
15 showing the number, kind, ~~amount~~, and quality; but a failure
16 to enumerate in detail such ~~personal~~ property does not
17 invalidate the assessment;

18 (e) the assessed value of real estate other than city
19 or town lots;

20 (f) the assessed value of city and town lots with
21 improvements thereon, except that a lot and improvements
22 thereon shall be separately listed when required under
23 15-8-111;

24 (g) the assessed value of improvements on real estate
25 assessed to persons other than the owners of the real

1 estate. Taxable improvements owned by a person, located upon
2 land exempt from taxation, shall, as to the manner of
3 assessment, be assessed as other real estate upon the
4 assessment roll. No value, however, may be assessed against
5 the exempt land, nor under any circumstances may the land be
6 charged with or become responsible for the assessment made
7 against any taxable improvements located thereon.

8 ~~{h}--the---assessed---value--of--all--taxable--personal~~
9 ~~property;~~

10 ~~{i}{h}~~ the school, road, and other revenue districts
11 in which each piece of property assessed is situated;

12 ~~{j}{i}~~ the total assessed value of all property."

13 **Section 44.** Section 15-8-706, MCA, is amended to read:

14 "15-8-706. Statement by agent to the department. (1)
15 On the second Monday in July in each year, the agent of the
16 department of revenue in each county must transmit to the
17 department a statement showing:

18 ~~{a}--the-several-kinds-of-personal-property;~~

19 ~~{b}--the-average-and-total-value-of-each-kind;~~

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

23 ~~{d}~~ when practicable, the separate value of each class
24 of land, specifying the classes and the number of acres in
25 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."

NEW SECTION. Section 45. Tax levy for the university system. There is levied upon the taxable value of all real property in the state of Montana subject to taxation, 6 mills or so much thereof as is necessary to raise the amount appropriated by the legislature from the state special revenue fund for the support, maintenance, and improvement of the Montana university system and other public educational institutions subject to the board of regents' supervision, and the funds raised therefrom must be deposited in the state special revenue fund.

Section 46. Section 15-10-302, MCA, is amended to read:

"15-10-302. County clerk -- duplicate statement. The county clerk and recorder shall, on or before the second Monday in August of each year, prepare from the assessment book of such year, as corrected by the department of revenue or its agent, duplicate statements showing in separate columns:

- (1) the total value of all property;
- (2) the value of real estate, including mining claims,

stated separately;

(3) the value of the improvements thereon;

~~(4) the value of taxable personal property;~~

~~(5)~~(4) the number of acres of land and the number of mining claims, stated separately."

Section 47. 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, ~~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 48. Section 15-16-117, MCA, is amended to read:

"15-16-117. ~~Personal~~-----property-----treasurer's Treasurer's duty to collect certain taxes. (1) The county treasurer shall demand payment of poor taxes, authorized by 53-2-321, and road taxes, authorized by 7-14-2206 or 7-14-2501 through 7-14-2504, of every person liable therefor whose name does not appear on the assessment lists. On the neglect or refusal of any such person to pay the same, the treasurer shall collect the taxes by seizure and sale of any taxable property owned by the person.

(2) These taxes must be added upon the assessment lists to other property taxes of persons paying taxes upon real ~~and-personal~~ property and paid to the county treasurer at the time of payment of other taxes.

(3) The procedure for the sale of such property by the county treasurer for such taxes must be regulated by ~~15-16-113 and~~ 15-17-911."

Section 49. 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 50. Section 15-17-911, MCA, is amended to read:

"15-17-911. Sale of personal property for delinquent taxes -- fee -- disposition of proceeds -- unsold property.

(1) The tax on personal property may be collected and payment enforced by the seizure and sale of any personal property in the possession of the person assessed. Seizure and sale are authorized at any time after the date the taxes become delinquent or by the institution of a civil action for its collection in any court of competent jurisdiction. A resort to one method does not bar the right to resort to any other method. Any of the methods provided may be used until the full amount of the tax is collected.

(2) The provisions of ~~15-16-113~~ and this section apply to a seizure and sale under subsection (1).

(3) A sale under subsection (1) must be at public auction. The minimum bid for any property offered for sale must be of a sufficient amount to pay the delinquent taxes, including penalties, interest, and costs.

(4) For seizing and selling personal property, the treasurer shall charge \$25, plus the mileage allowance provided by law to the sheriff, plus reasonable expenses for seizing, handling, keeping, or caring for any property so

seized. The charge and other costs may be charged only when property is actually seized and offered for sale or sold.

(5) On payment of the price bid for any property sold as provided in this section, delivery of the property, with a bill of sale, vests the title of the property in the purchaser.

(6) (a) All money collected from the sale of property in liquidation of the delinquency, including delinquent taxes, penalties, and interest but not costs, must be credited by the treasurer to the appropriate funds.

(b) Any money collected in excess of the delinquent tax, penalties, interest, costs, and charges must be returned to the person owning the property prior to the sale, if known. If the person does not claim the excess immediately following the sale, the treasurer shall deposit the money in the county treasury for a period of 1 year from the date of sale. If the person has not claimed the excess within 1 year from the date of sale, the county treasurer shall deposit the amount in the county general fund and the person has no claim to it thereafter.

(7) Any property seized for the purpose of liquidating a delinquency by a tax sale that remains unsold following a sale may be left at the place of sale at the risk of the owner."

Section 51. Section 15-23-101, MCA, is amended to

1 read:

2 "15-23-101. Properties centrally assessed. The
3 department of revenue shall centrally assess each year:

4 (1) the franchise, roadway, roadbeds, rails, rolling
5 stock, and all other operating taxable property of railroads
6 operating in more than one county in the state or more than
7 one state;

8 (2) property owned by a corporation or other person
9 operating a single and continuous property operated in more
10 than one county or more than one state, including telegraph,
11 telephone, microwave, electric power or transmission lines;
12 natural gas or oil pipelines; canals, ditches, flumes, or
13 like properties and including, if congress passes
14 legislation that allows the state to tax property owned by
15 an agency created by congress to transmit or distribute
16 electrical energy, property constructed, owned, or operated
17 by a public agency created by the congress to transmit or
18 distribute electric energy produced at privately owned
19 generating facilities (not including rural electric
20 cooperatives);

21 (3) all taxable property of scheduled airlines;

22 (4) the net proceeds of mines and of oil and gas
23 wells;

24 (5) the gross proceeds of coal mines; and

25 (6) property described in subsections (1) and (2)

1 which is subject to the provisions of Title 15, chapter 24,
2 part 12."

3 **Section 52.** Section 15-23-103, MCA, is amended to
4 read:

5 "15-23-103. Due date of reports and returns --
6 extensions. (1) Except as provided in subsection (2) and
7 15-23-602, each report or return described in 15-23-301,
8 ~~15-23-402~~, 15-23-502, or 15-23-701 shall be delivered to the
9 department on or before March 31 each year.

10 (2) Each report or return for a natural gas or oil
11 pipeline described in 15-23-301 must be delivered to the
12 department on or before April 15 each year.

13 (3) Each report described in 15-23-201 shall be
14 delivered to the department before April 15 each year.

15 (4) The department may for good cause extend the time
16 for filing a return or report for not more than 30 days."

17 **Section 53.** Section 15-23-105, MCA, is amended to
18 read:

19 "15-23-105. Apportionment among counties. The
20 department shall apportion the value of property assessed
21 under 15-23-101, or 15-23-202 ~~or~~ 15-23-403 among the
22 counties in which such property is located. Apportionment
23 shall be on a mileage basis or on the basis of the original
24 installed cost of the centrally assessed property located in
25 the respective counties. If the property is of such a

character that its value cannot reasonably be apportioned on the basis of mileage or on the basis of the original installed cost of the centrally assessed property located in the respective counties, the department may adopt such other method or basis of apportionment as may be just or proper."

Section 54. Section 15-23-106, MCA, is amended to read:

"15-23-106. Transmission to the counties. (1) On or before July 1, the department shall transmit to its agent in each county a statement listing:

(a) the assessed value of railroad property, as determined under 15-23-202, apportioned to the county, including the length or other description of such property;

(b) the assessed value of utility property, as determined under 15-23-303, apportioned to the county, including the length or other description of such property;

(c) the assessed value of property of airline companies, ~~as determined under 15-23-403~~, apportioned to the county; 90% of the value of the property of airline companies apportioned to any county by reason of a state airport being located in the county shall be stated separately from the remaining assessed value of the property of airline companies apportioned to the county;

(d) the assessed value of the net proceeds and royalties from mines and oil and gas wells in the county, as

determined under 15-23-503, 15-23-505, 15-23-603, and 15-23-605; and

(e) the assessed value of the gross proceeds from coal mines, as described in 15-23-701.

(2) The agent of the department shall enter the assessed values so transmitted in the assessment book in a manner prescribed by the department."

Section 55. Section 15-23-201, MCA, is amended to read:

"15-23-201. Assessment of railroads. The president, secretary, or managing agent or such other officer as the department of revenue may designate of any corporation and each person or association of persons owning or operating any railroad in more than one county in this state or more than one state must on or before April 15 each year furnish the department a statement signed and sworn to by one of such officers or by the person or one of the persons forming such association, showing in detail for the year ending December 31 immediately preceding:

(1) the whole number of miles of railroad in the state and, where the line is partly out of the state, the whole number of miles without the state and the whole number within the state, owned or operated by such corporation, person, or association;

(2) the value of the roadway, roadbed, and rails of

1 the whole railroad and the value of the same within the
 2 state;
 3 (3) the width of the right-of-way;
 4 {4}--the--number--of--each--kind--of--all--rolling--stock--used
 5 by--such--corporation--person--or--association--in--operating--the
 6 entire--railroad--including--the--part--without--the--state;
 7 {5}--the--number--kind--and--value--of--rolling--stock--owned
 8 and--operated--in--the--state;
 9 {6}--the--number--kind--and--value--of--rolling--stock--used
 10 in--the--state--but--not--owned--by--the--party--making--the--returns;
 11 {7}--the--number--kind--and--value--of--rolling--stock--owned
 12 but--used--out--of--the--state--either--upon--divisions--of--road
 13 operated--by--the--party--making--the--returns--or--by--and--upon
 14 other--railroads;
 15 {8}{4} the whole number of sidetracks in each county,
 16 including the number of miles of track in each railroad yard
 17 in the state;
 18 {9}--the--number--of--each--kind--of--rolling--stock--used--in
 19 operating--the--entire--railroad--including--the--part--without
 20 the--state--which--must--include--a--detailed--statement--of--the
 21 number--and--value--thereof--of--all--engines--passenger--mail--
 22 express--baggage--freight--and--other--cars--or--property--owned
 23 or--leased--by--such--corporation--person--or--association;
 24 {10}--the--number--of--sleeping--and--dining--cars--not--owned
 25 by--such--corporation--person--or--association--but--used--in

1 operating--the--railroads--of--such--corporation--person--or
 2 association--in--the--state--or--on--the--line--of--the--road--without
 3 the--state--during--each--month--of--the--year--for--which--the--return
 4 is--made--also--the--number--of--miles--each--month--the--cars--have
 5 been--run--or--operated--within--and--without--the--state;
 6 {11}{5} a description of the road, giving the points
 7 of entrance into and the points of exit from each county,
 8 with a statement of the number of miles in each county. When
 9 a description of the road has once been given, no other
 10 annual description thereof is necessary unless the road has
 11 been changed. Whenever the road or any portion of the road
 12 is advertised to be sold or is sold for taxes, either state
 13 or county, no other description is necessary than that given
 14 by, and the same is conclusive upon, the person,
 15 corporation, or association giving the description. No
 16 assessment is invalid on account of a misdescription of the
 17 railroad or the right-of-way for the same. If such statement
 18 is not furnished as above provided, the assessment made by
 19 the department upon the property of the corporation, person,
 20 or association failing to furnish the statement is
 21 conclusive and final.
 22 {12}{6} the gross earnings of the entire road;
 23 {13}{7} the gross earnings of the road within the
 24 state and, if the railroad is let to other operators, how
 25 much was derived by the lessor as rental;

~~{14}~~(8) the cost of operating the entire road, exclusive of sinking fund, expenses of land department, and money paid to the United States;

~~{15}~~(9) net income for such year and amount of dividend declared;

~~{16}~~(10) capital stock authorized;

~~{17}~~(11) capital stock paid in;

~~{18}~~(12) funded debt;

~~{19}~~(13) number of shares authorized;

~~{20}~~(14) number of shares of stock issued;

~~{21}~~(15) any other facts the department may require."

Section 56. Section 15-23-202, MCA, is amended to read:

"15-23-202. **Assessment -- how made.** (1) The department must assess the franchise, roadway, roadbed, rails, ~~rolling stock,~~ and all other operating taxable properties of all railroads operated in more than one county or more than one state. ~~All rolling stock must be assessed in the name of the person owning, leasing, or using the same. Assessment must be made to the person owning or leasing or using the same and must be made upon the entire railroad within the state.~~ The depots, stations, shops, and buildings erected upon the space covered by the right-of-way and all other taxable property owned or leased by such person, except as above provided, shall be assessed by the department.

(2) In determining the taxable value of railroad property, the department shall determine the percentage rate "R" provided for in 15-6-145 in order to achieve compliance with the requirements of the federal Railroad Revitalization and Regulatory Reform Act of 1976, as amended."

Section 57. Section 15-23-501, MCA, is amended to read:

"15-23-501. **Taxation of mines.** All mines and mining claims, both placer and rock in place, containing or bearing gold, silver, copper, lead, coal, or other valuable mineral deposits, after purchase thereof from the United States, shall be taxed as all other land is taxed. All ~~machinery used in mining and all~~ real property and surface improvements upon or appurtenant to mines and mining claims which have a value separate and independent of such mines or mining claims and the annual net proceeds of all mines and mining claims shall be taxed ~~as other personal property.~~"

Section 58. Section 15-23-503, MCA, is amended to read:

"15-23-503. **Net proceeds -- how computed.** (1) The department of revenue shall calculate from the returns the gross product yielded from such mine and its gross value for the year covered by the statement and shall calculate and compute the net proceeds of the mine yielded to the person engaged in mining. Net proceeds shall be determined by

1 subtracting from the value of the gross product thereof the
2 following:

3 (a) all royalty paid or apportioned in cash or in kind
4 by the person so engaged in mining;

5 (b) all moneys expended for necessary labor,
6 machinery, and supplies needed and used in the mining
7 operations and developments;

8 (c) all moneys expended for improvements, repairs, and
9 betterments necessary in and about the working of the mine,
10 except as hereinafter provided;

11 (d) all moneys expended for costs of repairs and
12 replacements of the milling and reduction works used in
13 connection with the mine;

14 (e) depreciation in the sum of 6% of the assessed
15 valuation of such milling and reduction works for the
16 calendar year for which such return is made;

17 (f) all moneys actually expended for transporting the
18 ores and mineral products or deposits from the mines to the
19 mill or reduction works or to the place of sale and for
20 extracting the metals and minerals therefrom and for
21 marketing the product and the conversion of the same into
22 money;

23 (g) all moneys expended for insurance and welfare and
24 retirement costs reported in the statement required in
25 15-23-502;

1 (h) all moneys expended for necessary labor,
2 equipment, and supplies for testing minerals extracted to
3 satisfy federal or state health and safety laws or
4 regulations, for plant security in Montana, for assaying and
5 sampling the extracted minerals, for the cost of reclamation
6 at the site of the mine, and for engineering and geological
7 services conducted in Montana for existing mining operations
8 but not including any such services beyond the stage of
9 reduction and beneficiation of the minerals.

10 (2) In computing the deductions allowable for repairs,
11 improvements, and betterments to the mine, the department
12 shall allow 10% of such cost each year for a period of 10
13 years.

14 (3) No moneys invested in mines or improvements may be
15 allowed as a deduction unless all ~~machinery, equipment, and~~
16 ~~buildings~~ improvements represented by such moneys are
17 returned to the county in which such mine is located for
18 assessment purposes at the level of assessment of all other
19 property in such county.

20 (4) No moneys invested in the mines and improvements
21 during any year except the year for which such statement is
22 made and except as provided in this section may be included
23 in such expenditures, and such expenditures may not include
24 the salaries or any portion thereof of any person or officer
25 not actually engaged in the working of the mine or

superintending the management thereof."

Section 59. Section 15-23-504, MCA, is amended to read:

"15-23-504. Lien of tax and penalty. The tax and penalty so assessed on net proceeds are a lien upon all of the right, title, and interest of such operator in or to such mine or mining claim and upon all of the right, title, and interest in or to the machinery, buildings, tools, and equipment improvements used in operating the mine or mining claim. The tax and penalty on such net proceeds may be collected and the payment enforced by the seizure and sale of the personal property upon which the tax and penalty are a lien in the same manner as other personal property is seized and sold for delinquent taxes or by the sale of the mine and improvements, as provided for the sale of real property for delinquent taxes, or by the institution of a civil action for its collection in any court of competent jurisdiction. Resort to any one of the methods of enforcing collection shall not bar the right to resort to either or both of the other methods, but any two or all of the methods may be used until the full amount of such tax and penalty is collected."

Section 60. Section 15-23-508, MCA, is amended to read:

"15-23-508. Lien of tax -- enforcement of payment. (1)

The taxes on such net proceeds must be levied as the levy of other taxes is provided for, and every such tax is a lien upon the mine or mining claim from which the ore or mineral products or deposits are mined or extracted and is a prior lien upon all personal property and improvements used in the process of extracting such ore or mineral products or deposits, provided such personal or real property is or improvements are owned by or under lease by the person who extracted said ore, mineral products, or deposits.

(2) The tax on such net proceeds may be collected and the payment thereof enforced by the seizure and sale of the personal property upon which the tax is a lien in the same manner as other personal property is seized and sold for delinquent taxes or by the sale of the mine or mining claim and improvements, as provided for the sale of real property for delinquent taxes, or by the institution of a civil action for its collection in any court of competent jurisdiction. A resort to any one of the methods of enforcing collection, as herein provided for, shall not bar the right to resort to either or both of the other methods, but any two or all of the methods herein provided for may be used until the full amount of such tax is collected method."

Section 61. Section 15-23-522, MCA, is amended to read:

"15-23-522. Surface ground and improvements not

exempt. Nothing in this part must be construed so as to exempt from taxation the surface ground, improvements, buildings, erections, or structures, ~~or machinery~~ placed upon any mine or mining claim or used in connection therewith or supplies used either in mills, reduction works, or mines."

Section 62. Section 15-23-608, MCA, is amended to read:

"15-23-608. Lien of tax and penalty -- enforcement of payment. (1) The taxes and/or penalties on such net proceeds must be levied as the levy of other taxes is provided for. Every such tax and/or penalty is a lien upon the mine from which the natural gas, petroleum, or crude or mineral oil is mined or extracted and is a prior lien upon all ~~personal~~ property ~~and~~ improvements used in the process of extracting such natural gas, petroleum, or crude or mineral oil; provided, however, that such ~~personal or real~~ property is owned by or under lease by the person who extracted said natural gas, petroleum, or other crude or mineral oil.

(2) The tax and/or penalty on such net proceeds may be collected and the payment thereof enforced by the seizure and sale of ~~the personal property upon which the tax and/or penalty is a lien in the same manner as other personal property is seized and sold for delinquent taxes or by the sale~~ of the mine and improvements as provided for the sale

of real property for delinquent taxes or by the institution of a civil action for its collection in any court of competent jurisdiction, provided, however, that a A resort to any one of the methods of enforcing collection, as herein provided for, shall not bar the right to resort to ~~either or both of the other methods but that any two or all of the methods herein provided for may be used until the full amount of such tax and/or penalty is collected~~ method."

Section 63. Section 15-23-611, MCA, is amended to read:

"15-23-611. Surface ground and improvements not exempt. Nothing in this part must be construed so as to exempt from taxation the surface ground, improvements, buildings, erections, or structures, ~~or machinery~~ placed upon any mine ~~or supplies used in connection therewith~~."

Section 64. Section 15-23-704, MCA, is amended to read:

"15-23-704. Lien of tax -- enforcement of payment. The tax on gross proceeds from coal shall be levied as taxes on other forms of property, and this tax and the severance tax on coal production are each a lien upon the coal mine and a prior lien upon all ~~personal~~ taxable property and improvements used to produce the coal. These taxes may be collected by the seizure and sale of the ~~personal~~ property on which the tax is a lien ~~as provided under 15-16-113 and~~

15-17-911."

Section 65. Section 15-23-806, MCA, is amended to read:

"15-23-806. Lien of tax. The tax or penalty on gross proceeds is a lien upon the mine from which the metal is extracted and is a prior lien upon all owned or leased ~~personal~~ taxable property and improvements used in extracting the ore or metal. The tax shall be collected in the manner provided in chapters 16, 17, and 18 of this title."

Section 66. Section 15-24-601, MCA, is amended to read:

"15-24-601. Assessment and taxation of insurance companies. Every insurance company organized under the laws of the state shall be assessed and taxed upon its real estate and ~~personal-property~~ improvements at the same rate and in the same manner as other property is assessed and taxed in this state."

Section 67. Section 15-24-701, MCA, is amended to read:

"15-24-701. Production credit associations -- assessment and payment. Every production credit association organized under the provisions of section 1131d of Title 12, United States Codes Annotated, shall be assessed for and pay taxes upon all real ~~and-personal~~ property and improvements

owned by such association."

Section 68. Section 15-24-801, MCA, is amended to read:

"15-24-801. Savings and loan associations -- taxation. Every savings and loan association subject to regulation under Title 32, chapter 2, shall be assessed for and pay taxes upon all real ~~and-personal~~ property and improvements owned by the association. The secretary of an association shall furnish to the department of revenue or its agent in the county in which the principal office of the association is located, within 5 days after demand, a condensed statement verified by his oath of the resources and liabilities of the association as disclosed by its books at noon on January 1 in each year. If the secretary fails to make the statement hereby required, the department or its agent shall immediately obtain the information from any other available source, and for this purpose it shall have access to the books of the association. The department or its agent shall thereupon make an assessment of the real estate and ~~personal--property~~ improvements owned by the association, which assessment shall be as fair and equitable as it may be able to make from the best information available, or the assessor may, for the purpose of the assessment, adopt the figures disclosed by any prior report made by the association to any state or federal officer

1 under a state or federal law. A person required by this
2 section to make the statement provided for in this section
3 who fails to furnish it is guilty of a misdemeanor."

4 **Section 69.** Section 15-24-1001, MCA, is amended to
5 read:

6 "15-24-1001. Custom combiner's tax -- collection --
7 distribution -- not transferable. (1) In lieu of ~~the--taxes~~
8 ~~required--by--15-24-301-and-in-lieu-of~~ motor vehicle license
9 fees, gross vehicle weight fees, and overwidth and
10 overheight permits provided for in Title 61, a nonresident
11 engaged in the business of custom combining who brings
12 equipment into the state shall pay a fee of \$40 per unit. A
13 unit shall include:

14 (a) one truck suitable for hauling grain;
15 (b) one header trailer or one combine trailer; and
16 (c) pickup trucks and all other equipment, except
17 combines, used by a nonresident and brought into the state
18 as part of his business of custom combining.

19 (2) In lieu of gross vehicle weight fees and overwidth
20 and overheight permits, Montana residents engaged in the
21 business of custom combining may pay the annual farm gross
22 vehicle weight fees and a fee of \$20 per unit. A unit
23 includes:

24 (a) one truck suitable for hauling grain;
25 (b) one header trailer or one combine trailer; and

1 (c) pickup trucks used by the resident in his business
2 of custom combining.

3 (3) The fee required by this section must be collected
4 by the department of highways. Upon payment of the fee, the
5 department of highways must provide an identifying device to
6 be displayed on each truck, header trailer, or combine
7 trailer and other equipment used by the nonresident or
8 resident in his business of custom combining in the state,
9 which device is valid for the calendar year in which the fee
10 is collected.

11 (4) All fees collected under this section must be
12 distributed not later than January 31 immediately following
13 the period of license as follows: 62 1/2% to the county
14 general fund in the county in which the permittee declares
15 the greatest amount of time will be spent to operate,
16 37 1/2% to the state special revenue fund for the department
17 of highways.

18 (5) The identifying devices and fee paid for each unit
19 are not transferable from one vehicle to another or
20 transferable on the sale or change of ownership.

21 (6) Any owner or operator of any equipment included in
22 the unit definition in subsection (1) or (2) of this section
23 who violates any provision of this section is guilty of a
24 misdemeanor and punishable by a fine of not more than \$300
25 or by a sentence of not more than 60 days in the county

1 jail, or both."

2 **Section 70.** Section 15-24-1101, MCA, is amended to
3 read:

4 "15-24-1101. Federal property held under contract by
5 private person subject to taxation. Real ~~and/or-personal~~
6 property and improvements of the United States or any
7 department or agency thereof held under contract of sale,
8 lease, or other interest or estate therein by any person for
9 his exclusive use shall be subject to assessment for ad
10 valorem property taxation as provided in this part; provided
11 that this part shall not apply to real property and
12 improvements held and in immediate use and occupation by
13 this state or any county, municipal corporation, or
14 political subdivision therein."

15 **Section 71.** Section 15-24-1104, MCA, is amended to
16 read:

17 "15-24-1104. Collection of taxes on interests in
18 United States lands. In addition to all other remedies
19 available for the collection of taxes, all taxes levied in
20 any year against property held as under the provisions of
21 this part shall be a debt due and owing from the person so
22 holding such property as of the date of delinquency for
23 taxes on property for such tax year. If any such tax be not
24 paid within 1 year from such date, the county within which
25 such property is located may institute for itself, the state

1 of Montana, and all other municipal corporations sharing in
2 such taxes an action for the collection of said taxes,
3 together with interest, costs, and other lawful charges
4 thereon. At the time of commencement of such action, the
5 county shall have the benefit of all laws of this state
6 pertaining to provisional remedies against the taxable
7 ~~properties, either-real-or-personal,~~ of said the person."

8 **Section 72.** Section 15-24-1203, MCA, is amended to
9 read:

10 "15-24-1203. Privilege tax on gainful use of
11 tax-exempt property -- exceptions. After March 17, 1969,
12 there is imposed and shall be collected a tax upon the
13 possession or other beneficial use enjoyed by any private
14 individual, association, or corporation of any property,
15 real or--personal, property and improvements which for any
16 reason ~~is~~ are exempt from taxation. No tax may be imposed
17 upon the possession or other beneficial use of buildings
18 owned by public entities and located upon public airports.
19 However, privately owned buildings located on such airport
20 property are subject to tax. No tax shall be imposed upon
21 the possession or other beneficial use of public lands
22 occupied under the terms of mineral, timber, or grazing
23 leases or permits issued by the United States or the state
24 of Montana or upon any easement unless the lease, permit, or
25 easement entitles the lessee or permittee to exclusive

1 possession of the premises to which the lease, permit, or
 2 easement relates. The tax shall be imposed upon the
 3 possession or other beneficial use of an electric
 4 transmission line and associated facilities, except that
 5 lines and facilities of a design capacity of less than 500
 6 kilovolts shall not be subject to the tax. The tax may not
 7 be imposed upon the possession or other beneficial use of
 8 railroad right-of-way or track acquired by the state
 9 pursuant to Title 60, chapter 11, part 1, as long as the
 10 state retains ownership and the right-of-way and track is
 11 used exclusively for rail transportation."

12 **Section 73.** Section 20-9-141, MCA, is amended to read:

13 "20-9-141. Computation of general fund net levy
 14 requirement by county superintendent. (1) The county
 15 superintendent shall compute the levy requirement for each
 16 district's general fund on the basis of the following
 17 procedure:

18 (a) Determine the total of the funding required for
 19 the district's final general fund budget less the amount
 20 established by the schedules in 20-9-316 through 20-9-321 by
 21 totaling:

22 (i) the district's nonisolated school foundation
 23 program requirement to be met by a district levy as provided
 24 in 20-9-303;

25 (ii) the district's permissive levy amount as provided

1 in 20-9-352; and

2 (iii) any general fund budget amount adopted by the
 3 trustees of the district under the provisions of 20-9-353,
 4 including any additional levies authorized by the electors
 5 of the district.

6 (b) Determine the total of the moneys available for
 7 the reduction of the property tax on the district for the
 8 general fund by totaling:

9 (i) anticipated federal moneys received under the
 10 provisions of Title I of Public Law 81-874 or other
 11 anticipated federal moneys received in lieu of such federal
 12 act;

13 (ii) anticipated tuition payments for out-of-district
 14 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,
 15 and 20-5-313;

16 (iii) general fund cash reappropriated, as established
 17 under the provisions of 20-9-104;

18 (iv) anticipated or reappropriated state impact aid
 19 received under the provisions of 20-9-304;

20 (v) anticipated revenue from vehicle property taxes
 21 imposed under 61-3-504(2) and 61-3-537;

22 (vi) anticipated net proceeds taxes for interim
 23 production and new production, as defined in 15-23-601;

24 (vii) anticipated interest to be earned or
 25 reappropriated interest earned by the investment of general

1 fund cash in accordance with the provisions of 20-9-213(4);
2 and

3 (viii) anticipated sales tax and use tax revenue; and
4 ~~(viii)~~(ix) any other revenue anticipated by the
5 trustees to be received during the ensuing school fiscal
6 year which may be used to finance the general fund.

7 (c) Subtract the total of the moneys available to
8 reduce the property tax required to finance the general fund
9 that has been determined in subsection (1)(b) from the total
10 requirement determined in subsection (1)(a).

11 (2) The net general fund levy requirement determined
12 in subsection (1)(c) shall be reported to the county
13 commissioners on the second Monday of August by the county
14 superintendent as the general fund levy requirement for the
15 district, and a levy shall be made by the county
16 commissioners in accordance with 20-9-142."

17 **Section 74.** Section 20-9-331, MCA, is amended to read:

18 "20-9-331. Basic county tax and other revenues for
19 county equalization of the elementary district foundation
20 program. (1) It shall be the duty of the county
21 commissioners of each county to levy an annual basic tax of
22 28 mills on the dollars of the taxable value of all taxable
23 property within the county, except for vehicles subject to
24 taxation under 61-3-504(2), for the purposes of local and
25 state foundation program support. The revenue to be

1 collected from this levy shall be apportioned to the support
2 of the foundation programs of the elementary school
3 districts in the county and to the state special revenue
4 fund, state equalization aid account, in the following
5 manner:

6 (a) In order to determine the amount of revenue raised
7 by this levy which is retained by the county, the sum of the
8 estimated revenues identified in subsection (2) below shall
9 be subtracted from the sum of the county elementary
10 transportation obligation and the total of the foundation
11 programs of all elementary districts of the county.

12 (b) If the basic levy prescribed by this section
13 produces more revenue than is required to finance the
14 difference determined above, the county treasurer shall
15 remit the surplus funds to the state treasurer for deposit
16 to the state special revenue fund, state equalization aid
17 account, immediately upon occurrence of a surplus balance
18 and each subsequent month thereafter, with any final
19 remittance due no later than June 20 of the fiscal year for
20 which the levy has been set.

21 (2) The proceeds realized from the county's portion of
22 the levy prescribed by this section and the revenues from
23 the following sources shall be used for the equalization of
24 the elementary district foundation programs of the county as
25 prescribed in 20-9-334, and a separate accounting shall be

1 kept of such proceeds and revenues by the county treasurer
2 in accordance with 20-9-212(1):

3 (a) the portion of the federal Taylor Grazing Act
4 funds distributed to a county and designated for the common
5 school fund under the provisions of 17-3-222;

6 (b) the portion of the federal flood control act funds
7 distributed to a county and designated for expenditure for
8 the benefit of the county common schools under the
9 provisions of 17-3-232;

10 (c) all money paid into the county treasury as a
11 result of fines for violations of law, except money paid to
12 a justice's court, and the use of which is not otherwise
13 specified by law;

14 (d) any money remaining at the end of the immediately
15 preceding school fiscal year in the county treasurer's
16 account for the various sources of revenue established or
17 referred to in this section;

18 (e) any federal or state money distributed to the
19 county as payment in lieu of the property taxation
20 established by the county levy required by this section;

21 (f) net proceeds taxes for interim production and new
22 production, as defined in 15-23-601; and

23 (g) anticipated revenue from vehicle property taxes
24 imposed under 61-3-504(2) and 61-3-537; and

25 (h) sales tax and use tax revenue."

1 **Section 75.** Section 20-9-333, MCA, is amended to read:

2 "20-9-333. Basic special levy and other revenues for
3 county equalization of high school district foundation
4 program. (1) It shall be the duty of the county
5 commissioners of each county to levy an annual basic special
6 tax for high schools of 17 mills on the dollar of the
7 taxable value of all taxable property within the county,
8 except for vehicles subject to taxation under 61-3-504(2),
9 for the purposes of local and state foundation program
10 support. The revenue to be collected from this levy shall
11 be apportioned to the support of the foundation programs of
12 high school districts in the county and to the state special
13 revenue fund, state equalization aid account, in the
14 following manner:

15 (a) In order to determine the amount of revenue raised
16 by this levy which is retained by the county, the estimated
17 revenues identified in subsections (2)(a) and (2)(b) below
18 shall be subtracted from the sum of the county's high school
19 tuition obligation and the total of the foundation programs
20 of all high school districts of the county.

21 (b) If the basic levy prescribed by this section
22 produces more revenue than is required to finance the
23 difference determined above, the county treasurer shall
24 remit the surplus to the state treasurer for deposit to the
25 state special revenue fund, state equalization aid account,

1 immediately upon occurrence of a surplus balance and each
2 subsequent month thereafter, with any final remittance due
3 no later than June 20 of the fiscal year for which the levy
4 has been set.

5 (2) The proceeds realized from the county's portion of
6 the levy prescribed in this section and the revenues from
7 the following sources shall be used for the equalization of
8 the high school district foundation programs of the county
9 as prescribed in 20-9-334, and a separate accounting shall
10 be kept of these proceeds by the county treasurer in
11 accordance with 20-9-212(1):

12 (a) any money remaining at the end of the immediately
13 preceding school fiscal year in the county treasurer's
14 accounts for the various sources of revenue established in
15 this section;

16 (b) any federal or state moneys distributed to the
17 county as a payment in lieu of the property taxation
18 established by the county levy required by this section;

19 (c) net proceeds taxes for interim production and new
20 production, as defined in 15-23-601; and

21 (d) anticipated revenue from vehicle property taxes
22 imposed under 61-3-504(2) and 61-3-537; and

23 (e) sales tax and use tax revenue."

24 **Section 76.** Section 20-9-352, MCA, is amended to read:

25 "20-9-352. Permissive amount and permissive levy. (1)

1 Whenever the trustees of any district shall deem it
2 necessary to adopt a general fund budget in excess of the
3 foundation program amount but not in excess of the maximum
4 general fund budget amount for such district as established
5 by the schedules in 20-9-316 through 20-9-321, the trustees
6 shall adopt a resolution stating the reasons and purposes
7 for exceeding the foundation program amount. Such excess
8 above the foundation program amount shall be known as the
9 "permissive amount", and it shall be financed by a levy, as
10 prescribed in 20-9-141, on the taxable value of all taxable
11 property within the district, except for vehicles subject to
12 taxation under 61-3-504(2), supplemented with any biennial
13 appropriation by the legislature for this purpose. The
14 proceeds of such an appropriation shall be deposited to the
15 state special revenue fund, permissive account.

16 (2) The district levies to be set for the purpose of
17 funding the permissive amount are determined as follows:

18 (a) For each elementary school district, the county
19 commissioners shall annually set a levy not exceeding 6
20 mills on all the taxable property in the district, except
21 for vehicles subject to taxation under 61-3-504(2), for the
22 purpose of funding the permissive amount of the district.
23 The permissive levy in mills shall be obtained by
24 multiplying the ratio of the permissive amount to the
25 maximum permissive amount by 6 or by using the number of

1 mills which would fund the permissive amount, whichever is
 2 less. If the ~~amount--of~~ revenue raised by this levy, plus
 3 anticipated revenue from vehicle property taxes imposed
 4 under 61-3-504(2) and 61-3-537, ~~is and the revenue from a~~
 5 sales tax and use tax are not sufficient to fund the
 6 permissive amount in full, the amount of the deficiency
 7 shall be paid to the district from the state special revenue
 8 fund according to the provisions of subsections (3) and (4)
 9 of this section.

10 (b) For each high school district, the county
 11 commissioners shall annually set a levy not exceeding 4
 12 mills on all taxable property in the district, except for
 13 vehicles subject to taxation under 61-3-504(2), for the
 14 purpose of funding the permissive amount of the district.
 15 The permissive levy in mills shall be obtained by
 16 multiplying the ratio of the permissive levy to the maximum
 17 permissive amount by 4 or by using the number of mills which
 18 would fund the permissive amount, whichever is less. If the
 19 ~~amount--of~~ revenue raised by this levy, plus anticipated
 20 revenue from vehicle property taxes imposed under
 21 61-3-504(2) and 61-3-537, ~~and plus net proceeds taxes for~~
 22 interim production and new production, as defined in
 23 15-23-601, ~~is and the revenue from a sales tax and use tax~~
 24 are not sufficient to fund the permissive amount in full,
 25 the amount of the deficiency shall be paid to the district

1 from the state special revenue fund according to the
 2 provisions of subsections (3) and (4) of this section.

3 (3) The superintendent of public instruction shall, if
 4 the appropriation by the legislature for the permissive
 5 account for the biennium is insufficient, request the budget
 6 director to submit a request for a supplemental
 7 appropriation in the second year of the biennium. The
 8 supplemental appropriation shall provide enough revenue to
 9 fund the permissive deficiency of the elementary and high
 10 school districts of the state. The proceeds of this
 11 appropriation shall be deposited to the state special
 12 revenue fund, permissive account, and shall be distributed
 13 to the elementary and high school districts in accordance
 14 with their entitlements as determined by the superintendent
 15 of public instruction according to the provisions of
 16 subsections (1) and (2) of this section.

17 (4) Distribution under this section from the state
 18 special revenue fund shall be made in two payments. The
 19 first payment shall be made at the same time as the first
 20 distribution of state equalization aid is made after January
 21 1 of the fiscal year. The second payment shall be made at
 22 the same time as the last payment of state equalization aid
 23 is made for the fiscal year. If the appropriation is not
 24 sufficient to finance the deficiencies of the districts as
 25 determined according to subsection (2), each district will

1 receive the same percentage of its deficiency. Surplus
2 revenue in the second year of the biennium may be used to
3 reduce the appropriation required for the next succeeding
4 biennium or may be transferred to the state equalization aid
5 state special revenue fund if revenues in that fund are
6 insufficient to meet foundation program requirements."

7 **Section 77.** Section 20-9-406, MCA, is amended to read:

8 **"20-9-406. Limitations on amount of bond issue. (1)**

9 The maximum amount for which each school district may become
10 indebted by the issuance of bonds, including all
11 indebtedness represented by outstanding bonds of previous
12 issues and registered warrants, is 45% of the taxable value
13 of the property subject to taxation as ascertained by the
14 last completed assessment for state, county, and school
15 taxes previous to the incurring of such indebtedness plus
16 45% of sales tax and use tax revenue to the school district
17 divided by the mill levy of the school district in the
18 fiscal year prior to incurring such indebtedness. The 45%
19 maximum limitation, however, may not pertain to indebtedness
20 imposed by special improvement district obligations or
21 assessments against the school district. All bonds issued in
22 excess of such amount shall be null and void, except as
23 provided in this section.

24 (2) When the total indebtedness of a school district
25 has reached the 45% limitation prescribed in this section,

1 the school district may pay all reasonable and necessary
2 expenses of the school district on a cash basis in
3 accordance with the financial administration provisions of
4 this chapter.

5 (3) Whenever bonds are issued for the purpose of
6 refunding bonds, any moneys to the credit of the debt
7 service fund for the payment of the bonds to be refunded are
8 applied towards the payment of such bonds and the refunding
9 bond issue is decreased accordingly."

10 **Section 78.** Section 20-9-407, MCA, is amended to read:

11 **"20-9-407. Industrial facility agreement for bond**
12 **issue in excess of maximum. (1)** In a school district within
13 which a new major industrial facility which seeks to qualify
14 for taxation as class five property under 15-6-135 is being
15 constructed or is about to be constructed, the school
16 district may require, as a precondition of the new major
17 industrial facility qualifying as class five property, that
18 the owners of the proposed industrial facility enter into an
19 agreement with the school district concerning the issuing of
20 bonds in excess of the 45% limitation prescribed in
21 20-9-406. Under such an agreement, the school district may,
22 with the approval of the voters, issue bonds which exceed
23 the limitation prescribed in this--section 20-9-406 by a
24 maximum of 45% of the estimated taxable value of the
25 property of the new major industrial facility subject to

1 taxation when completed plus 45% of sales tax and use tax
 2 revenue to the school district divided by the mill levy of
 3 the school district in the fiscal year prior to incurring
 4 such indebtedness. The estimated taxable value of the
 5 property of the new major industrial facility subject to
 6 taxation shall be computed by the department of revenue when
 7 requested to do so by a resolution of the board of trustees
 8 of the school district. A copy of the department's statement
 9 of estimated taxable value shall be printed on each ballot
 10 used to vote on a bond issue proposed under this section.

11 (2) Pursuant to the agreement between the new major
 12 industrial facility and the school district and as a
 13 precondition to qualifying as class five property, the new
 14 major industrial facility and its owners shall pay, in
 15 addition to the taxes imposed by the school district on
 16 property owners generally, so much of the principal and
 17 interest on the bonds provided for under this section as
 18 represents payment on an indebtedness in excess of the
 19 limitation prescribed in 20-9-406. After the completion of
 20 the new major industrial facility and when the indebtedness
 21 of the school district no longer exceeds the limitation
 22 prescribed in this section, the new major industrial
 23 facility shall be entitled, after all the current
 24 indebtedness of the school district has been paid, to a tax
 25 credit over a period of no more than 20 years. The credit

1 shall as a total amount be equal to the amount which the
 2 facility paid the principal and interest of the school
 3 district's bonds in excess of its general liability as a
 4 taxpayer within the district.

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

12 **Section 79.** Section 20-9-501, MCA, is amended to read:

13 "20-9-501. Retirement fund. (1) The trustees of any
 14 district employing personnel who are members of the
 15 teachers' retirement system or the public employees'
 16 retirement system or who are covered by unemployment
 17 insurance or who are covered by any federal social security
 18 system requiring employer contributions shall establish a
 19 retirement fund for the purposes of budgeting and paying the
 20 employer's contributions to such systems. The district's
 21 contribution for each employee who is a member of the
 22 teachers' retirement system shall be calculated in
 23 accordance with Title 19, chapter 4, part 6. The district's
 24 contribution for each employee who is a member of the public
 25 employees' retirement system shall be calculated in

accordance with 19-3-801. The district may levy a special tax to pay its contribution to the public employees' retirement system under the conditions prescribed in 19-3-204. The district's contributions for each employee covered by any federal social security system shall be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance shall be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of any district required to make a contribution to any such system shall include in the retirement fund of the preliminary budget the estimated amount of the employer's contribution and such additional moneys, within legal limitations, as they may wish to provide for the retirement fund cash reserve. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to such systems in accordance with the financial administration provisions of this title.

(3) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement by:

(a) determining the sum of the moneys available to reduce the retirement fund levy requirement by adding:

(i) any anticipated moneys that may be realized in the

retirement fund during the ensuing school fiscal year, including anticipated revenue from vehicle property taxes imposed under 61-3-504(2) and 61-3-537;

(ii) net proceeds taxes for interim production and new production, as defined in 15-23-601; and

(iii) sales tax and use tax revenue; and

~~(iii)~~(iv) any cash available for reappropriation as determined by subtracting the amount of the end-of-the-year cash balance earmarked as the retirement fund cash reserve for the ensuing school fiscal year by the trustees from the end-of-the-year cash balance in the retirement fund. The retirement fund cash reserve shall not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and shall be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

(b) subtracting the total of the moneys available for reduction of the levy requirement as determined in subsection (3)(a) from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special

education cooperative agreement levy requirements;

(b) reduce the total retirement fund levy requirements of elementary school districts and high school districts by the amount available in state retirement equalization aid as calculated and distributed under the provisions of 20-9-532; and

(c) report each such levy requirement to the county commissioners on the second Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(5) The county commissioners shall fix and set such county levy in accordance with 20-9-142.

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district shall be prorated to each county in which a part of such district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each such county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements shall be prorated to each county in which such

district is located in the same proportion as the budget for the special education cooperative agreement of the district bears to the total budget of the cooperative. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151 and fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152. (Subsection (4)(b) effective July 1, 1988--sec. 8, Ch. 635, L. 1987.)"

Section 80. Section 20-10-144, MCA, is amended to read:

"20-10-144. Computation of revenues and net tax levy requirements for the transportation fund budget. Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 shall be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure,

1 multiply the applicable rate per bus mile by the total
 2 number of miles to be traveled during the ensuing school
 3 fiscal year on each bus route approved by the county
 4 transportation committee and maintained by such district);
 5 plus

6 (b) the total of all individual transportation per
 7 diem reimbursement rates for such district as determined
 8 from the contracts submitted by the district multiplied by
 9 the number of pupil-instruction days scheduled for the
 10 ensuing school attendance year; plus

11 (c) any estimated costs for supervised home study or
 12 supervised correspondence study for the ensuing school
 13 fiscal year; plus

14 (d) the amount budgeted on the preliminary budget for
 15 the contingency amount permitted in 20-10-143, except if
 16 such amount exceeds 10% of the total of subsections (1)(a),
 17 (1)(b), and (1)(c) or \$100, whichever is larger, the
 18 contingency amount on the preliminary budget shall be
 19 reduced to such limitation amount and used in this
 20 determination of the schedule amount.

21 (2) The schedule amount determined in subsection (1)
 22 or the total preliminary transportation fund budget,
 23 whichever is smaller, shall be divided by 3 and the
 24 resulting one-third amount shall be used to determine the
 25 available state and county revenue to be budgeted on the

1 following basis:

2 (a) the resulting one-third amount shall be the
 3 budgeted state transportation reimbursement, except that the
 4 state transportation reimbursement for the transportation of
 5 special education pupils under the provisions of 20-7-442
 6 shall be two-thirds of the schedule amount attributed to the
 7 transportation of special education pupils;

8 (b) the resulting one-third amount, except as provided
 9 for joint elementary districts in subsection (2)(e), shall
 10 be the budgeted county transportation reimbursement for
 11 elementary districts and shall be financed by the basic
 12 county tax under the provisions of 20-9-334;

13 (c) the resulting one-third amount multiplied by 2
 14 shall be the budgeted county transportation reimbursement
 15 amount for high school districts financed under the
 16 provisions of subsection (5) of this section, except as
 17 provided for joint high school districts in subsection
 18 (2)(e), and except that the county transportation
 19 reimbursement for the transportation of special education
 20 pupils under the provisions of 20-7-442 shall be one-third
 21 of the schedule amount attributed to the transportation of
 22 special education pupils;

23 (d) when the district has a sufficient amount of cash
 24 for reappropriation and other sources of district revenue,
 25 as determined in subsection (3), to reduce the total

district obligation for financing to zero, any remaining amount of such district revenue and cash reappropriated shall be used to reduce the county financing obligation in subsections (2)(b) or (2)(c) and, if such county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a); and

(e) the county revenue requirement for a joint district, after the application of any district moneys under subsection (2)(d) above, shall be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each such county.

(3) The total of the moneys available for the reduction of property tax on the district for the transportation fund shall be determined by totaling:

(a) anticipated federal moneys received under the provisions of Title I of Public Law 81-874 or other anticipated federal moneys received in lieu of such federal act; plus

(b) anticipated payments from other districts for providing school bus transportation services for such district; plus

(c) anticipated payments from a parent or guardian for providing school bus transportation services for his child; plus

(d) anticipated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4); plus

(e) anticipated revenue from vehicle property taxes imposed under 61-3-504(2) and 61-3-537; plus

(f) net proceeds taxes for interim production and new production, as defined in 15-23-601; plus

(g) sales tax and use tax revenue; plus

~~(g)~~(h) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year which may be used to finance the transportation fund; plus

~~(h)~~(i) any cash available for reappropriation as determined by subtracting the amount of the end-of-the-year cash balance earmarked as the transportation fund cash reserve for the ensuing school fiscal year by the trustees from the end-of-the-year cash balance in the transportation fund. Such cash reserve shall not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and shall be for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund shall be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation

budget amount and, for an elementary district, adding such difference to the district obligation to finance one-third of the schedule amount as determined in subsection (2); and

(b) subtracting the amount of moneys available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a) above.

(5) The county levy requirement for the financing of the county transportation reimbursement to high school districts shall be computed by adding all such requirements for all the high school districts of the county, including the county's obligation for reimbursements in joint high school districts.

(6) The transportation fund levy requirements determined in subsection (4) for each district and in subsection (5) for the county shall be reported to the county commissioners on the second Monday of August by the county superintendent as the transportation fund levy requirements for the district and for the county, and such levies shall be made by the county commissioners in accordance with 20-9-142."

Section 81. Section 20-15-403, MCA, is amended to read:

"20-15-403. Applications of other school district provisions. (1) When the term "school district" appears in

the following sections outside of Title 20, the term includes community college districts and the provisions of those sections applicable to school districts apply to community college districts: 2-9-101, 2-9-111, 2-9-316, 2-16-114, 2-16-602, 2-16-614, 2-18-703, 7-3-1101, 7-6-2604, 7-6-2801, 7-7-123, 7-8-2214, 7-8-2216, 7-11-103, 7-12-4106, 7-13-110, 7-13-210, 7-15-4206, 10-1-703, 15-1-101, ~~15-6-204~~, 15-16-101, 15-16-601, 15-55-106, 15-70-301, 15-70-322, 17-5-101, 17-5-202, 17-6-103, 17-6-204, 17-6-213, 17-7-201, 18-1-201, 18-2-101, 18-2-103, 18-2-113, 18-2-114, 18-2-404, 18-2-432, 18-5-205, 19-1-102, 19-1-811, 22-1-309, 25-1-402, 27-18-406, 33-20-1104, 39-3-104, 39-4-107, 39-31-103, 39-31-304, 39-71-116, 39-71-117, 39-71-2106, 39-71-2206, 40-6-237, 41-3-1132, 49-3-101, 49-3-102, 53-20-304, 77-3-321, 82-10-201, 82-10-202, 82-10-203, 85-7-2158, and 90-6-208 and Rules 4D(2)(g) and 15(c), M.R.Civ.P., as amended.

(2) When the term "school district" appears in a section outside of Title 20 but the section is not listed in subsection (1), the school district provision does not apply to a community college district."

Section 82. Section 25-13-404, MCA, is amended to read:

"25-13-404. Return of the execution. (1) Except as provided in subsections (2) and (3), execution may be made

returnable to the clerk of the court in which the judgment was rendered, at any time not less than 10 or more than 60 days after receipt of the recovery by the sheriff or levying officer following imposition of levy, as provided in 25-13-402.

(2) The A writ of execution issued by the a county treasurer under ~~15-16-401~~ for a lien on real property and improvements under Title 15, chapter 16, may be made returnable, at any time not less than 10 or more than 90 days after its receipt by the sheriff or levying officer, to the county treasurer of the county in which the writ was issued.

(3) In compliance with the provisions of subsection (1) and in lieu of returning the writ of execution to the clerk of the court, the sheriff may enclose his return of the writ in an envelope to the officer, agent, or attorney who sent it and deposit it in the post office, prepaying the postage."

Section 83. Section 61-3-701, MCA, is amended to read:

"61-3-701. Foreign vehicles used in gainful occupation to be registered -- reciprocity. (1) Before any foreign licensed motor vehicle may be operated on the highways of this state for hire, compensation, or profit or before the owner and/or user thereof uses the vehicle if such owner and/or user is engaged in gainful occupation or business

enterprise in the state, including highway work, the owner of the vehicle shall make application to a county treasurer for registration upon an application form furnished by the department. Upon satisfactory evidence of ownership submitted to the county treasurer and the payment of property taxes, if appropriate, as required by 15-8-201, ~~15-8-202,--15-24-301,~~ 61-3-504, or 61-3-537, the treasurer shall accept the application for registration and shall collect the regular license fee required for the vehicle.

(2) The treasurer shall thereupon issue to the applicant a copy of the certificate entitled "Owner's Certificate of Registration and Payment Receipt" and forward a duplicate copy of the certificate to the department. The treasurer shall at the same time issue to the applicant the proper license plates or other identification markers, which shall at all times be displayed upon the vehicle when operated or driven upon roads and highways of this state during the period of the life of the license.

(3) The registration receipt shall not constitute evidence of ownership but shall be used only for registration purposes. No Montana certificate of ownership shall be issued for this type of registration.

(4) This section is not applicable to any vehicle covered by a valid and existing reciprocal agreement or declaration entered into under the provisions of the laws of

Montana."

Section 84. Section 61-12-206, MCA, is amended to read:

"61-12-206. Offenses for which arrest authorized. (1) Employees appointed under 61-12-201 may make arrests for violations of the following statutory provisions only:

(a) part 1, chapter 10, of this title;

(b) part 3, chapter 4, of this title;

~~(c) sections 15-24-201 through 15-24-205;~~

~~(d)~~(c) sections 15-70-302 through 15-70-307;

~~(e)~~(d) sections 15-70-311 through 15-70-314;

~~(f)~~(e) section 61-3-502(1);

~~(g)~~(f) sections 61-10-201 through 61-10-215;

~~(h)~~(g) sections 61-10-222 through 61-10-224;

~~(i)~~(h) sections 61-10-231 through 61-10-233.

(2) These employees may not arrest for violations other than specified in this section."

Section 85. Section 67-3-205, MCA, is amended to read:

"67-3-205. Aircraft registration account -- source of funds -- allocation. (1) There is an account in the state special revenue fund to which must be credited all money received from fees paid in lieu of tax on aircraft as required in this part ~~and--15-24-304~~ and all penalties collected for registration violations as provided in 67-3-202.

(2) Money in the account is allocated as follows:

(a) 90% to the counties in the proportion that each county's collections bear to the total collections statewide; and

(b) 10% to the department for the purpose of administering and enforcing aircraft registration.

(3) The allocations required in subsection (2)(a) must be made twice annually by the department. The first allocation must be made between March 15 and March 30 and the second allocation must be made between July 1 and July 15.

(4) The allocation required in subsection (2)(b) must be made on July 1 of each year.

(5) On receipt of the money allocated as provided in subsection (2)(a), the county treasurer shall distribute the money in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as ~~personal~~ property taxes are distributed.

(6) The allocations required in subsection (2) are considered statutory appropriations as described in 17-7-502."

Section 86. 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

1 county shall have the power to require all owners or persons
 2 in possession of any sheep coming 1 year old or over in the
 3 county on the regular assessment date January 1 of each year
 4 to pay a license fee in an amount to be determined by the
 5 board on a per head basis for sheep so owned or possessed by
 6 him in the county. All owners or persons in possession of
 7 any sheep coming 1 year old or over coming into the county
 8 after the regular assessment date and subject to taxation
 9 under the provisions of 15-24-301 January 1 shall also be
 10 subject to payment of the license fee herein prescribed.

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

25 (3) When collected, said fees shall be placed by the

1 treasurer in the predatory animal control fund and the
 2 moneys in said fund shall be expended on order of the board
 3 of county commissioners of the county for predatory animal
 4 control only."

5 **Section 87.** Section 81-8-804, MCA, is amended to read:

6 "81-8-804. Assessments -- refunds. (1) Except as
 7 provided in subsection (5), there is levied in addition to
 8 the tax on livestock prescribed in Title 15, chapter 24,
 9 part 9, a per head tax of 25 cents on each head of cattle
 10 that is more than 9 months of age and is owned or possessed
 11 within a county for the support and maintenance of research
 12 into beef production as provided in this part. The tax shall
 13 be paid to the county treasurer of that county on or before
 14 March 1 of each year.

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

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

21 (4) A person who has paid the tax required by this
 22 section may obtain a refund of the tax upon submission of a
 23 written request to the department. The application must be
 24 made within 30 days after the payment of the tax and on
 25 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."

NEW SECTION. Section 88. Repealer. Sections 15-6-136, 15-6-139, 15-6-142, 15-6-146, 15-6-202, 15-6-204, 15-6-207, 15-8-202, 15-8-204, 15-8-205, 15-8-401, 15-8-404, 15-8-405, 15-8-408, 15-16-111 through 15-16-115, 15-16-401, 15-16-402, 15-16-404, 15-16-503, 15-16-613, 15-16-701 through 15-16-703, 15-23-401 through 15-23-403, 15-24-101 through 15-24-105, 15-24-201 through 15-24-208, 15-24-301 through 15-24-304, 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 61-3-707, MCA, are repealed.

NEW SECTION. Section 89. Codification instruction. [Sections 1 through 3 and section 45] are intended to be codified as an integral part of Title 15, chapter 10, and the provisions of Title 15, chapter 10, apply to [sections 1 through 3 and section 45].

NEW SECTION. Section 90. Contingent effective provision -- applicability. (1) [This act] is effective on passage and approval of a general sales tax bill that directs the revenue from the tax to educational purposes.

(2) [This act] applies to taxable years beginning after December 31, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15


In compliance with a written request, there is hereby submitted a Fiscal Note for SB158, as introduced


DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise property taxation by repealing taxes on personal property; placing a cap on certain real property taxes equivalent to 1 percent of market value; making property tax revisions contingent on passage and approval of a general sales tax with revenue directed to educational purposes; clarifying bonded indebtedness limits of affected taxing jurisdictions; revising calculations of tax base for purposes of county classifications, elected officials' salaries, and mill levy limits; and providing a contingent effective provision and an applicability date.

ASSUMPTIONS:

1. It is assumed for the purposes of this fiscal note that a general sales tax is passed with its revenue directed to education. It is assumed the general sales tax will be passed and approved by the voters in November, 1989, will be implemented Jan. 1, 1991, and will generate \$139.8 million (to offset the loss in revenue to education) annually. Sales tax revenue would not replace the loss in property tax revenue of non-school taxing jurisdictions.
2. The bill is effective beginning tax year 1990.
3. The taxable value of the state will be \$1,899,969,000 in FY 90 and \$1,869,831,000 in FY 91 (REAC).
4. All vehicles are exempt from taxation. (The analysis does not reflect revenue from the 0.5% local option tax.)
5. The applicability date will exempt unsecured personal property (30 percent of all personal property) from taxation in FY 90.
6. The repeal of personal property taxes would reduce property tax revenues by approximately \$40.2 million (30% of \$134.1 million) in FY 90 and \$134.1 million in FY 91 (estimates based on 1988 tax year).
7. The 1 percent cap on the effective property tax rate is estimated to reduce property tax revenues by \$81 million in FY 91, when the cap is applied to class four, five, eleven, fourteen, fifteen and seventeen properties (If the cap is limited to class four, five and fourteen, revenues would be reduced approximately \$47 million).
8. Sales tax money will be available to replace lost property tax revenue beginning FY 92.
9. The administrative cost saving from the repeal of personal property taxes will partially fund the administration of the sales tax. The annual administrative cost of the sales tax will be \$3,500,000 in subsequent years.


RAY SHACKLEFORD, BUDGET DIRECTOR 1/25/89
Office of Budget and Program Planning DATE


TOM KEATING, PRIMARY SPONSOR 1/25/89
Fiscal Note for SB158, as Introduced DATE

SB 158

FISCAL IMPACT:

Revenue Impact:

This fiscal note assumes sales tax revenues would be sufficient to replace the property tax revenues to the university and school foundation levies beginning FY92.

There would be a loss in FY90 and FY91 due to the applicability date of the proposal. In FY90, revenues for universities would decline by \$0.9 million and foundation program revenues would fall by \$6.9 million. In FY91, revenues for universities would decline by \$5.0 million and foundation program revenues would fall by \$37.5 million.

Expenditure Impact:

	<u>FY90</u>	<u>FY91</u>
Sales Tax Administration	\$1,700,000	\$3,500,000
Personal Property Savings	<u>1,056,484</u>	<u>2,080,594</u>
Net Expenditure Impact	\$ 643,516	\$1,419,406

EFFECT ON LOCAL GOVERNMENT REVENUES:

For local school districts, revenues would be reduced \$18.7 million in FY90 and \$98.8 million in FY91.

For FY92 and after, this fiscal note assumes sales tax revenues would be sufficient to replace the property tax revenues to public schools. The fiscal note assumes that an allocation formula for the sales tax revenues can be devised to match the flow of sales tax revenue to the taxing jurisdiction with the loss in revenue from the repeal of personal property taxes and the 1% effective tax rate cap. The proposal may create losses to some taxing jurisdictions depending on the allocation of the sales tax revenues.

In FY90, there would be a reduction in revenue to counties of approximately \$10.4 million and a reduction of \$3.4 million to cities and towns. In FY91 and subsequent fiscal years, there would be a reduction in revenue to counties of approximately \$57.7 million and a reduction of \$18.7 million to cities and towns.

Since the bill is contingent on passage of a general sales tax bill that directs the revenue from the tax to educational purposes, sales tax revenues would not replace the loss in property tax revenues of non-school jurisdictions.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

Some court cases have considered net and gross proceeds to be personal property. Elimination of personal property taxes without specifically addressing net and gross proceeds may create legal ramifications.

The proposal does not address current statutes regarding vehicle taxation (title 61, chapter 3, part 5, MCA).

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The repeal of lien statutes would cause problems in attaching both real and personal property for payment of any tax.

The tax rate for some buildings for radio and television companies would increase from 3.86% to 16% because of the amendment to 15-6-140.

The definition of 'improvement' in current statute is vague. The definition of personal property is based on the definitions for real estate and improvements. These vague definitions will create some administrative problems.

Interaction of the proposal and the 4R act would result in a decreased tax liability for railroads.

The effective date is left open indefinitely until a sales tax is passed.

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