

SENATE BILL 220

Introduced by Tveit, et al.

1/25	Introduced
1/25	Referred to Taxation
1/26	Fiscal Note Requested
2/01	Hearing
2/03	Fiscal Note Printed
2/03	Committee Report--Bill Passed as Amended
2/06	Revised Fiscal Note Requested
2/06	Revised Fiscal Note Printed
2/07	2nd Reading Do Pass Motion Failed
2/07	2nd Reading Indefinitely Postponed

1 *Senate* BILL NO. *220*  
 2 INTRODUCED BY *Tim L. Nelson, Stephen Johnson*  
 3 *Gilbert Miller, Clayton Don Nelson, Abraham*  
 4 *Delaney, Anderson, Mark Ferguson*  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A DISCOUNT  
 6 FOR PAYMENT OF AN ENTIRE PROPERTY TAX BILL ON OR BEFORE THE  
 7 DUE DATE FOR THE FIRST-HALF PAYMENT; AND AMENDING SECTION  
 8 15-16-102, MCA."

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

10 **Section 1.** Section 15-16-102, MCA, is amended to read:

11 "15-16-102. Time for payment -- penalty for  
 12 delinquency. All taxes levied and assessed in the state of  
 13 Montana, except assessments made for special improvements in  
 14 cities and towns payable under 15-16-103 and assessments  
 15 made on interim production and new production as provided in  
 16 Title 15, chapter 23, part 6, and payable under 15-16-121,  
 17 shall be payable as follows:

18 (1) One-half of the amount of such the taxes shall be  
 19 payable on or before 5 p.m. on November 30 of each year or  
 20 within 30 days after the tax notice is postmarked, whichever  
 21 is later, and one-half on or before 5 p.m. on May 31 of each  
 22 year.

23 (2) Unless one-half of such the taxes are paid on or  
 24 before 5 p.m. on November 30 of each year or within 30 days  
 25 after the tax notice is postmarked, whichever is later, then

1 such the amount so payable shall become delinquent and shall  
 2 draw interest at the rate of 5/6 of 1% per month from and  
 3 after such the delinquency until paid and 2% shall be added  
 4 to the delinquent taxes as a penalty.

5 (3) All taxes due and not paid on or before 5 p.m. on  
 6 May 31 of each year shall be delinquent and shall draw  
 7 interest at the rate of 5/6 of 1% per month from and after  
 8 such the delinquency until paid and 2% shall be added to the  
 9 delinquent taxes as a penalty.

10 (4) If the date on which taxes are due falls on a  
 11 holiday or Saturday, taxes may be paid without penalty or  
 12 interest on or before 5 p.m. of the next business day in  
 13 accordance with 1-1-307.

14 (5) If the taxes become delinquent, the county  
 15 treasurer may accept a partial payment equal to the  
 16 delinquent taxes, including penalty and interest, for one or  
 17 more full taxable years, provided both halves of the current  
 18 tax year have been paid. Payment of delinquent taxes must be  
 19 applied to the taxes that have been delinquent the longest.

20 (6) If a taxpayer pays the entire tax due, including  
 21 penalties and interest on previously delinquent taxes, if  
 22 any, on or before the date that the first-half tax payment  
 23 is due under subsection (1), the treasurer shall grant the  
 24 taxpayer a 5% discount on all taxes, penalties, and interest  
 25 for prepayment of the second-half tax payment."

LC 0580/01

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

-End-

APPROVED BY COMMITTEE  
ON TAXATION

SENATE BILL NO. 220

INTRODUCED BY TVEIT, L. NELSON, STEPPLER, JOHNSON,

GILBERT, KELLER, HAYNE, T. NELSON, ABRAMS,

WEEDING, ANDERSON, DEVLIN, JERGESON

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A DISCOUNT FOR PAYMENT OF SECOND-HALF TAXES WHEN AN ENTIRE PROPERTY TAX BILL IS PAID ON OR BEFORE THE DUE DATE FOR THE FIRST-HALF PAYMENT; AND AMENDING SECTION 15-16-102, MCA."

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

**Section 1.** Section 15-16-102, MCA, is amended to read:

"15-16-102. Time for payment -- penalty for delinquency. All taxes levied and assessed in the state of Montana, except assessments made for special improvements in cities and towns payable under 15-16-103 and assessments made on interim production and new production as provided in Title 15, chapter 23, part 6, and payable under 15-16-121, shall be payable as follows:

(1) One-half of the amount of such the taxes shall be payable on or before 5 p.m. on November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later, and one-half on or before 5 p.m. on May 31 of each year.

(2) Unless one-half of such the taxes are paid on or

before 5 p.m. on November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later, then such the amount ~~so~~ payable shall become delinquent and shall draw interest at the rate of 5/6 of 1% per month from and after such the delinquency until paid and 2% shall be added to the delinquent taxes as a penalty.

(3) All taxes due and not paid on or before 5 p.m. on May 31 of each year shall be delinquent and shall draw interest at the rate of 5/6 of 1% per month from and after such the delinquency until paid and 2% shall be added to the delinquent taxes as a penalty.

(4) If the date on which taxes are due falls on a holiday or Saturday, taxes may be paid without penalty or interest on or before 5 p.m. of the next business day in accordance with 1-1-307.

(5) If the taxes become delinquent, the county treasurer may accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more full taxable years, provided both halves of the current tax year have been paid. Payment of delinquent taxes must be applied to the taxes that have been delinquent the longest.

(6) If a taxpayer pays the entire tax due, including penalties and interest on previously delinquent taxes, if any, on or before the date that the first-half tax payment is due under subsection (1), the treasurer shall grant the

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1 taxpayer a 5% 3% discount on all REAL AND PERSONAL PROPERTY  
2 taxes, penalties, and interest for prepayment of BUT NOT  
3 ASSESSMENTS, INCLUDED IN the second-half tax payment."

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

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB220, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing a discount for payment of an entire property tax bill on or before the due date for the first-half payment.

ASSUMPTIONS:

1. The taxable value of real property (less protested taxable values) will be \$1,603,649,000 in FY90, and \$1,580,684,000 in FY91. (REAC)
2. It is assumed that all taxpayers will pay on or before November 30 of each year and receive the 5% discount as proposed by this bill. Therefore, revenue impact shown is the maximum impact that could occur.
3. The state and local jurisdictions will invest revenue collections at the short term interest rate of 7.3% for FY90 and 6.95% in FY91. (REAC)
4. Mill levies are 6 mills for the University system, 45 mills for the foundation program, and local levies average 197 mills in FY89. (Department of Revenue Assessor's report)
5. This bill is not expected to impact expenditures.

FISCAL IMPACT:Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$11,370,564	\$ 10,889,469	(\$ 481,095)	\$11,099,106	\$ 10,624,901	(\$ 474,205)
School Equalization	\$85,279,455	\$ 81,671,245	(\$3,608,210)	\$83,246,295	\$ 79,689,756	(\$3,556,539)

The losses shown will be offset by interest income from investing the tax collections which are received early. If a rate of 7.3% annual compounding is assumed for FY90 and 6.95% for FY91, interest income is estimated to be \$1,343,337 in FY90 and \$1,260,616 in FY91.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposed legislation is estimated to reduce county revenue collections by \$5,011,403 in FY90 and \$4,939,638 in FY91. Revenue collections for local schools are estimated to fall \$8,980,435 in FY90 and \$8,851,831 in FY91. The reduction in revenue for towns and miscellaneous districts is estimated to be \$1,804,105 in FY90 and \$1,778,270 in FY91.

The losses shown will be offset by interest income from investing the tax collections which are received early. If a rate of 7.3% annual compounding is assumed for FY90 and 6.95% for FY91, interest income is estimated to be \$5,188,968 in FY90 and \$4,869,471 in FY91 for county and local jurisdictions.

Ray Shackleford 2/1/89  
 RAY SHACKLEFORD, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

Sen. Tveit 2/2/89  
 LARRY J. TVEIT, PRIMARY SPONSOR DATE  
 Fiscal Note for SB220, as introduced

**SB 220**

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB220, on second reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing a discount for payment of second-half taxes when an entire property tax bill is paid on or before the due date for the first-half payment.

ASSUMPTIONS:

1. The taxable value of real property (less protected taxable values) and 70% of personal property which is paid with real property will be \$1,811,073,000 in FY90 and \$1,783,087,000 in FY91. (REAC)
2. It is assumed that all taxpayers will pay on or before November 30 of each year and receive the 3% discount as proposed by this bill. Therefore, revenue impact shown is the maximum impact that could occur.
3. The state and local jurisdictions will invest revenue collections at the short term interest rate of 7.3% for FY90 and 6.95% in FY91. (REAC)
4. Mill levies are 6 mills for the University system, 45 mills for the foundation program, and local levies average 197 mills in FY89. (Department of Revenue Assessor's report)
5. This bill is not expected to impact expenditures.

FISCAL IMPACT:Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$11,400,000	\$11,237,003	(\$ 162,997)	\$11,219,000	\$11,058,522	(\$ 160,478)
School Equalization	\$85,499,000	\$84,276,526	(\$1,222,474)	\$84,142,000	\$82,938,416	(\$1,203,584)
Total	\$96,899,000	\$95,513,529	(\$1,385,471)	\$95,361,000	\$93,996,938	(\$1,364,062)

The losses shown will be offset by interest income from investing the tax collections which are received early. If a rate of 7.3% annual compounding is assumed for FY90 and 6.95% for FY91, interest income is estimated to be \$1,685,656 in FY90 and \$1,580,038 in FY91.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposed legislation is estimated to reduce revenue collections for counties, schools, cities and towns, and miscellaneous districts by \$5,351,721 in FY90 and \$5,269,022 in FY91.

The losses shown could be offset by interest income from investing the tax collections which are received early. If a rate of 7.3% annual compounding is assumed for FY90 and 6.95% for FY91, interest income is estimated to be \$6,511,260 in FY90 and \$6,103,284 in FY91 for county and local jurisdictions.

Ray Shackelford 2/6/89  
 RAY SHACKLEFORD, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

Sam Tveit 2/6/89  
 LARRY J. TVEIT, PRIMARY SPONSOR DATE  
 Fiscal Note for SB220, on second reading

SB 220 - 2nd Reading  
 2nd printing