

SENATE BILL 466

Introduced by Williams, B.

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| 3/14 | Introduced |
| 3/14 | Referred to Taxation |
| 3/15 | Fiscal Note Requested |
| 3/20 | Fiscal Note Received |
| 3/21 | Hearing |
| 3/22 | Fiscal Note Printed |
| | Died in Committee |

1 *Amended* BILL NO. *466*
 2 INTRODUCED BY *W. L. L.*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING THE PERSONAL
 5 PROPERTY TAX ON CERTAIN TYPES AND CLASSES OF PERSONAL
 6 PROPERTY; PROVIDING FOR A PERSONAL PROPERTY REPLACEMENT TAX
 7 ON COMMERCIAL AND OTHER REAL PROPERTY AND IMPROVEMENTS,
 8 GROSS PROCEEDS, AND NET PROCEEDS TO REPLACE PERSONAL
 9 PROPERTY TAXES; AMENDING SECTIONS 15-1-101, 15-6-135,
 10 15-6-137, 15-6-141, 15-6-143 THROUGH 15-6-145, 15-6-147
 11 THROUGH 15-6-150, 15-6-153 THROUGH 15-6-155, 15-6-201,
 12 15-6-207, 15-8-111, 15-8-201, 15-8-202, 15-8-301, 15-8-404,
 13 15-8-405, 15-10-402, 15-10-412, 15-16-601, 15-16-611,
 14 15-23-202, 15-23-403, 15-24-204, 15-24-205, 15-24-1001,
 15 15-24-1102, 15-24-1103, 61-3-313, 61-3-503, 61-3-504,
 16 61-3-508, 61-3-509, 61-3-701, 61-3-707, 61-12-206, 67-3-205,
 17 AND 81-8-805, MCA; REPEALING SECTIONS 15-6-136, 15-6-138
 18 THROUGH 15-6-140, 15-6-142, 15-6-146, 15-6-202, 15-8-204,
 19 15-8-205, 15-8-401, 15-8-403, 15-8-504, 15-16-503,
 20 15-16-613, 15-24-101 THROUGH 15-24-105, 15-24-202,
 21 15-24-203, TITLE 15, CHAPTER 24, PARTS 3 AND 6 THROUGH 8,
 22 15-24-901 THROUGH 15-24-911, 15-24-926 THROUGH 15-24-943,
 23 81-7-303, AND 81-8-804, MCA; AND PROVIDING AN IMMEDIATE
 24 EFFECTIVE DATE AND AN APPLICABILITY DATE."
 25

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

2 **Section 1.** Section 15-1-101, MCA, is amended to read:
 3 "15-1-101. Definitions. (1) Except as otherwise
 4 specifically provided, when terms mentioned in this section
 5 are used in connection with taxation, they are defined in
 6 the following manner:

7 (a) The term "agricultural" refers--to means the
 8 raising of livestock, poultry, bees, and other species of
 9 domestic animals and wildlife in domestication or a captive
 10 environment, and the raising of field crops, fruit, and
 11 other animal and vegetable matter for food or fiber.

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

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

18 (d) (i) The term "commercial", when used to describe
 19 property, means any property used or owned by a business, a
 20 trade, or a nonprofit corporation as defined in 35-2-102 or
 21 used for the production of income, except that property
 22 described in subsection (1)(d)(ii).

23 (ii) The following types of property are not
 24 commercial:

25 (A) agricultural lands;

(B) timberlands;

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

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

(E) all property described in 15-6-135.

~~(F) all property described in 15-6-136; and~~

~~(G) all property described in 15-6-146.~~

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

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

(g)(f) The term "improvements" includes means:

(i) all buildings, structures, fences, and improvements fixtures situated upon, erected upon, or affixed to land;

(ii) all fixtures, machinery, or equipment in a building or structure that is affixed in such a way that it cannot be removed without altering the building, the structure, or the intended function of the fixtures,

machinery, or equipment; and

(iii) all fixtures, machinery, or equipment in a building or structure that is not readily movable because of size or other restriction and is used as part of an industrial, manufacturing, milling, mining, communications, or other commercial process. When the department of revenue or its agent determines that the permanency of location of a mobile home or house trailer has been established, the mobile home or house trailer is presumed to be an improvement to real property. A mobile home or house trailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(h)(g) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202 15-16-102. Delinquent taxes on such leasehold improvements are a lien only on such leasehold improvements.

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

(j)(h) The term "mobile home" means forms of housing known as "trailers", "house trailers", or "trailer coaches" exceeding 8 feet in width or 32 feet in length, designed

to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or ~~45~~ 32 feet in length used as a principal residence.

~~{k}~~(i) The term "personal property" ~~includes~~ means everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

~~{i}--The-term-"poultry"--includes-all-chickens,-turkeys,-geese,-ducks,-and--other--birds-raised-in-domestication-to produce-food-or-feathers-~~

~~{m}~~(j) The term "property" ~~includes--moneys~~ means money, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition ~~must~~ may not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

~~{n}~~(k) The term "real estate" ~~includes~~ means:

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

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8; all timber belonging to individuals or

corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

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

~~{p}~~(m) The term "taxable value" means the percentage of market or assessed value as provided for in ~~15-6-131 through-15-6-149~~ Title 15, chapter 6, part 1.

~~{q}~~(n) The term "weighted mean assessment ratio" means the total of the assessed values divided by the total of the selling prices of all area sales in the stratum.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" ~~shall-be-deemed--to--include~~ means 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~~ means the state tax appeal board."

Section 2. 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 property 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, as defined in this section, that is an improvement;

(c) new industrial property, as defined in this section, that is an improvement;

(d) any personal or real property 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 used in electrolytic reduction facilities.

(2) (a) "Air and water pollution equipment" 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 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 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, 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 1987 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 3. Section 15-6-137, MCA, is amended to read:

"15-6-137. Class seven six property -- description --

taxable percentage. (1) Class seven six 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; and 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.

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

3 **Section 4.** Section 15-6-141, MCA, is amended to read:

4 "15-6-141. Class eleven seven property -- description
5 -- taxable percentage. (1) Class eleven seven property
6 includes:

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

16 (b) allocations for centrally assessed natural gas
17 companies having a major distribution system in this state;
18 and

19 (c) centrally assessed companies' allocations except:

20 (i) electric power and natural gas companies'
21 property;

22 (ii) property owned by cooperative rural electric and
23 cooperative rural telephone associations and classified in
24 class five;

25 (iii) property owned by organizations providing

1 telephone communications to rural areas and classified in
2 class seven six;

3 (iv) railroad transportation property included in class
4 fifteen ten; and

5 (v) airline transportation property included in class
6 seventeen eleven.

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

9 **Section 5.** Section 15-6-143, MCA, is amended to read:

10 "15-6-143. (Temporary) Class thirteen eight property
11 -- description -- taxable percentage. (1) Class thirteen
12 eight property includes all timberland.

13 (2) Timberland is contiguous land exceeding 15 acres
14 in one ownership that is capable of producing timber that
15 can be harvested in commercial quantity.

16 (3) Class thirteen eight property is taxed at the
17 percentage rate "P" of the combined appraised value of the
18 standing timber and grazing productivity of the property.

19 (4) For taxable years beginning January 1, 1986, and
20 thereafter, the taxable percentage rate "P" applicable to
21 class thirteen eight property is 30%/B, where B is the
22 certified statewide percentage increase to be determined by
23 the department of revenue as provided in subsection (5). The
24 taxable percentage rate "P" shall be rounded downward to the
25 nearest 0.01% and shall be calculated by the department

before July 1, 1986.

(5) (a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class thirteen eight property using the formula $B = X/Y$, where:

(i) X is the appraised value, as of January 1, 1986, of all property in the state, excluding use changes occurring during the preceding year, classified under class thirteen eight as class thirteen eight is described in this section; and

(ii) Y is the appraised value, as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class thirteen eight as class thirteen eight is described in this section.

(b) B shall be rounded downward to the nearest 0.0001%.

(6) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a valuation has been made as provided in 15-7-111. (Terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

Section 6. Section 15-6-144, MCA, is amended to read:

"15-6-144. Class fourteen nine property -- description -- taxable percentage. (1) Class fourteen nine property includes all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land

under 15-7-202(2). Class fourteen nine property includes 1 acre of real property beneath the agricultural improvements. The 1 acre shall be valued at market value.

(2) Class fourteen nine property is taxed at 80% of the taxable percentage applicable to class four property."

Section 7. Section 15-6-145, MCA, is amended to read:

"15-6-145. Class fifteen ten property -- description -- taxable percentage. (1) Class fifteen ten property includes all railroad transportation property 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 ten 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 ten 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 ten 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~~ ten property, as commercial property is defined in 15-1-101(1)(d)."

Section 8. Section 15-6-147, MCA, is amended to read:

"15-6-147. Class ~~seventeen~~ eleven property -- description -- taxable percentage. (1) Class ~~seventeen~~ eleven property includes all airline transportation property 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~~ eleven property is taxed at 12%, and for each taxable year thereafter, class ~~seventeen~~ eleven property is taxed at the lesser of 12% or the percentage rate for class ~~fifteen~~ ten 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 9. Section 15-6-148, MCA, is amended to read:

"15-6-148. Class ~~eighteen~~ twelve property -- description -- taxable percentage. (1) Class ~~eighteen~~ twelve

property includes all nonproductive patented mining claims outside the limits of an incorporated city or town held by an owner for the ultimate purpose of developing the mineral interests on the property. Class eighteen twelve does not include any property that is used for residential, recreational as described in 70-16-301, or commercial as defined in 15-1-101, purposes, or if the surface is being used for other than mining purposes or has a separate and independent value for such other purposes.

(2) Improvements to class eighteen twelve property that would not disqualify the parcel from designation as class eighteen twelve property are taxed as otherwise provided in this title, including that portion of the land upon which such improvements are located and which is reasonably required for the use of such improvements.

(3) Class eighteen twelve property must be valued as if such land were devoted to agricultural grazing use and is taxed at 30% of its value."

Section 10. Section 15-6-149, MCA, is amended to read:

"15-6-149. Class nineteen thirteen property -- description -- taxable percentage. (1) Class nineteen thirteen property includes parcels of nonproductive real property containing less than 20 acres that are precluded from being developed for residential, commercial, or industrial purposes because of subdivision or zoning laws,

regulations, or ordinances or that are precluded from being so developed for other reasons.

(2) Improvements to class nineteen thirteen property are taxed as class four property.

(3) Class nineteen thirteen property is taxed at 2% of its market value."

Section 11. Section 15-6-150, MCA, is amended to read:

"15-6-150. Class twenty fourteen property -- description -- method of valuation -- taxable percentage.

(1) Class twenty fourteen property includes all real and ~~personal~~ property and improvements that:

(a) ~~is~~ are integrally related in a single working unit;

(b) ~~is~~ are devoted exclusively to the processing of agricultural or timber products; and

(c) (i) ~~has~~ have not been in production for 12 consecutive months or has been acquired in an arm's-length transaction by an unrelated person, including an acquisition in a foreclosure sale or bankruptcy proceeding; or

(ii) ~~has~~ have been acquired in a foreclosure or bankruptcy proceeding by a person, as defined in 15-1-102, having no relationship to or interest in the property prior to the transaction.

(2) In determining the market value of class twenty fourteen property, the department shall reduce the assessed

1 value by 25% a year for each year the plant continues to be
2 out of production until the market value is reduced to
3 salvage value.

4 (3) Upon commencement of production or an acquisition
5 described in subsection (1)(c)(ii), property classified as
6 class twenty fourteen must remain at the preceding year's
7 valuation for the succeeding 12 months. Following the end of
8 the 12-month period, the property may be considered new or
9 expanding industry as provided in Title 15, chapter 24, part
10 14.

11 (4) Property in class twenty fourteen is taxable at
12 3.86% of its market value."

13 NEW SECTION. Section 12. Personal property
14 replacement tax -- commercial and other real property and
15 improvements -- gross proceeds and net proceeds. (1) There
16 must be levied, collected, and paid a personal property
17 replacement tax on the market value of the following
18 property:

19 (a) all commercial real property and improvements, as
20 defined in 15-1-101;

21 (b) timberland, except property that is assessed under
22 Title 15, chapter 23;

23 (c) the annual net proceeds of all mines, including
24 "interim production" as defined in 15-23-601;

25 (d) the annual gross proceeds of metal mines;

1 (e) the annual gross proceeds of both underground and
2 strip-mine coal mines; and

3 (f) agricultural land, as described in 15-7-202.

4 (2) The rate of the tax is:

5 (a) 1.8% of the market value of the property in
6 subsection (1)(a) or (1)(b) times the mill levy for the
7 taxing jurisdiction in which the property is located;

8 (b) 10% of the value of the property in subsection
9 (1)(c), (1)(d), or (1)(e) times the mill levy for the taxing
10 jurisdiction in which the property is produced;

11 (c) 16% of the productive capacity of the property in
12 subsection (1)(f) times the mill levy for the taxing
13 jurisdiction in which the property is located.

14 **Section 13.** Section 15-6-153, MCA, is amended to read:

15 "15-6-153. Application for classification as class
16 eighteen twelve property. A person applying for
17 classification of property as class eighteen twelve property
18 shall make an affidavit to the department of revenue, on a
19 form provided by the department without cost, stating:

20 (1) the fact that the mining claim is not presently
21 being used for mining purposes but is being held for that
22 use;

23 (2) that the mineral interests of the mining claim
24 have not been depleted; and

25 (3) such other information as the department may

1 require to determine an applicant's eligibility and to
2 determine if the surface is being used for other than mining
3 purposes or has a separate and independent value for such
4 other purposes."

5 **Section 14.** Section 15-6-154, MCA, is amended to read:

6 "15-6-154. Application for classification as class
7 nineteen thirteen property. A person applying for
8 classification of property as class nineteen thirteen
9 property shall make an affidavit to the department of
10 revenue, on a form provided by the department without cost,
11 stating:

12 (1) that the property is precluded from being
13 developed for residential, commercial, or industrial
14 purposes because of subdivision or zoning laws, regulations,
15 or ordinances or for other reasons;

16 (2) what law, regulation, or ordinance or other reason
17 precludes such use;

18 (3) what determinations, if any, by a governmental
19 entity have been made to substantiate the application for
20 classification as class nineteen thirteen property; and

21 (4) such other information as is relevant to the
22 application or as may be required by the department."

23 **Section 15.** Section 15-6-155, MCA, is amended to read:

24 "15-6-155. Application for classification as class
25 twenty fourteen property -- local government approval

1 required. (1) A person applying for classification of
2 property as class twenty fourteen property shall make an
3 application to the department of revenue on a form provided
4 by the department without cost.

5 (2) The department may not grant an application for
6 classification of property as class twenty fourteen property
7 unless the governing body of the affected county or
8 incorporated city or town approves the application by
9 resolution, following due notice as defined in 76-15-103 and
10 a public hearing, for its respective jurisdiction.

11 (3) The resolution provided for in subsection (2) must
12 specify the property that the taxing jurisdiction approves
13 for classification as class twenty fourteen property.

14 (4) The property valuation reduction granted to class
15 twenty fourteen property under 15-6-150 applies only to the
16 number of mills levied and assessed for local high school
17 district and elementary school district purposes and to the
18 number of mills levied and assessed by an approving
19 governing body over which it has sole discretion. In no case
20 may the property valuation reduction for class twenty
21 fourteen property apply to levies or assessments required
22 under Title 15, chapter 10; 20-9-331; 20-9-333; or otherwise
23 required under state law."

24 **Section 16.** Section 15-6-201, MCA, is amended to read:

25 "15-6-201. Exempt categories. (1) The following

1 categories of property are exempt from taxation:

2 (a) the property of:

3 (i) the United States, the state, counties, cities,
4 towns, school districts, except, if congress passes
5 legislation that allows the state to tax property owned by
6 an agency created by congress to transmit or distribute
7 electrical energy, the property constructed, owned, or
8 operated by a public agency created by the congress to
9 transmit or distribute electric energy produced at privately
10 owned generating facilities (not including rural electric
11 cooperatives);

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

14 (iii) municipal corporations; and

15 (iv) public libraries;

16 (b) buildings, with land they occupy and furnishings
17 therein, owned by a church and used for actual religious
18 worship or for residences of the clergy, together with
19 adjacent land reasonably necessary for convenient use of
20 such buildings;

21 (c) property used exclusively for agricultural and
22 horticultural societies, for educational purposes, and for
23 nonprofit health care facilities, as defined in 50-5-101,
24 licensed by the department of health and environmental
25 sciences and organized under Title 35, chapter 2 or 3. A

1 health care facility that is not licensed by the department
2 of health and environmental sciences and organized under
3 Title 35, chapter 2 or 3, is not exempt.

4 (d) property that meets the following conditions:

5 (i) is owned and held by any association or
6 corporation organized under Title 35, chapter 2, 3, 20, or
7 21;

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

12 (iii) is not maintained and operated for private or
13 corporate profit;

14 (e) institutions of purely public charity;

15 (f) evidence of debt secured by mortgages of record
16 upon real or personal property in the state of Montana;

17 (g) public art galleries and public observatories not
18 used or held for private or corporate profit;

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

24 (i) a truck canopy cover or topper weighing less than
25 300 pounds and having no accommodations attached. Such

1 property is also exempt from taxation under 61-3-504~~†2~~(1)
2 and 61-3-537.

3 (j) a bicycle, as defined in 61-1-123, used by the
4 owner for personal transportation purposes;

5 (k) motor homes, travel trailers, and campers;

6 (l) all watercraft;

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

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

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

22 (p) all farm buildings with a market value of less
23 than \$500 and all agricultural implements and machinery with
24 a market value of less than \$100; and

25 (q) property owned by a nonprofit corporation

1 organized to provide facilities primarily for training and
2 practice for or competition in international sports and
3 athletic events and not held or used for private or
4 corporate gain or profit. For purposes of this subsection
5 (1)(q), "nonprofit corporation" means an organization exempt
6 from taxation under section 501(c) of the Internal Revenue
7 Code and incorporated and admitted under the Montana
8 Nonprofit Corporation Act.

9 (r) personal property, as defined in 15-1-101, except
10 motor vehicles taxed under Title 61, chapter 3, parts 5 and
11 7, and personal property that is centrally assessed under
12 Title 15, chapter 23.

13 (2) (a) The term "institutions of purely public
14 charity" includes organizations owning and operating
15 facilities for the care of the retired or aged or
16 chronically ill, which are not operated for gain or profit.

17 (b) The terms "public art galleries" and "public
18 observatories" include only those art galleries and
19 observatories, whether of public or private ownership, that
20 are open to the public without charge at all reasonable
21 hours and are used for the purpose of education only.

22 (3) The following portions of the appraised value of a
23 capital investment made after January 1, 1979, in a
24 recognized nonfossil form of energy generation, as defined
25 in 15-32-102, are exempt from taxation for a period of 10

1 years following installation of the property:

2 (a) \$20,000 in the case of a single-family residential
3 dwelling;

4 (b) \$100,000 in the case of a multifamily residential
5 dwelling or a nonresidential structure. (Subsection (1)(c)
6 applicable to taxable years beginning after December 31,
7 1987--sec. 4, Ch. 455, L. 1987.)"

8 **Section 17.** Section 15-6-207, MCA, is amended to read:

9 "15-6-207. Agricultural exemptions. (1) The following
10 agricultural products are exempt from taxation:

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

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

14 (c) all nonperishable, unprocessed agricultural
15 products,--except--livestock,--held--in--possession--of--the
16 original--producer--for--less--than--7--months--following--harvest;

17 {d}--except--as--provided--in--subsection--{1}{e},--livestock
18 which--have--not--attained--the--age--of--24--months--as--of--the--last
19 day--of--any--month--if--assessed--on--the--average--inventory--basis
20 or--on--March--1--if--assessed--as--provided--in--15-24-911{1}{e};

21 {e}{d} swine which--have--not--attained--the--age--of--6
22 months--as--of--January--1;

23 {f}{e} poultry and the unprocessed products of
24 poultry; and

25 {g}{f} bees and the unprocessed product of bees.

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

10 **Section 18.** Section 15-8-111, MCA, is amended to read:

11 "15-8-111. Assessment -- market value standard --
12 exceptions. (1) All taxable property must be assessed at
13 100% of its market value except as otherwise provided.

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

18 (b) If the department uses construction cost as one
19 approximation of market value, the department shall fully
20 consider reduction in value caused by depreciation, whether
21 through physical depreciation, functional obsolescence, or
22 economic obsolescence.

23 {c}--Except--as--provided--in--subsection--{3},--the--market
24 value--of--all--motor--trucks,--agricultural--tools,--implements,
25 and--machinery,--and--vehicles--of--all--kinds,--including--but--not

limited--to--boats--and--all--watercraft,--is--the--average
wholesale--value--shown--in--national--appraisal--guides--and
manuals--or--the--value--of--the--vehicle--before--reconditioning
and--profit--margin. The department of revenue shall prepare
valuation schedules showing the average wholesale value when
no national appraisal guide exists.

{3}--The department of revenue or its agents may not
adopt a lower or different standard of value from market
value in making the official assessment and appraisal of the
value of property, except:

{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}{3} For purposes of taxation, assessed value is the
same as appraised value.

{5}{4} The taxable value for all property is the
percentage of market or assessed value established for each
class of property.

{6}{5} 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
eight, are assessed at 100% of the combined appraised value
of the standing timber and grazing productivity of the land
when valued as timberland.

{7}{6} 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} {5}{d} terminates January 1, 1991--sec.
10, Ch. 681, L. 1985.)"

Section 19. 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. No mistake in the name of the owner or supposed owner of real property, however, renders the assessment invalid.

(2) The procedure provided by this section may not apply to:

(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

(b) motor homes, travel trailers, and campers;

(c) watercraft;

(d) livestock;

(e) property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate; and

(f) mobile homes held by a distributor or dealer of mobile homes as a part of his stock in trade;

(3) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 20. Section 15-8-202, MCA, is amended to read:

"15-8-202. Motor vehicle assessment. (1) The department or its agent must, in each year, ascertain and assess all motor vehicles, other than motor homes, travel trailers, and campers or mobile homes, and motor trucks that have a gross vehicle weight exceeding 18,000 pounds, in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles as provided by law, subject to 61-3-313 through 61-3-316 and 61-3-501. The assessment for all motor vehicles must be made in accordance with 61-3-503. The motor vehicles shall be assessed in each year to the persons by whom owned or claimed or in whose possession or control they were at midnight of January 1 or the anniversary registration date thereof, whichever is applicable.

(2) No tax may be assessed against motor vehicles subject to taxation that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation brought into the state subsequent to January 1 as motor vehicle dealers' inventories shall be assessed to their respective purchasers

as of the dates the vehicles are registered by the purchasers.

(3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles, except as otherwise provided by 61-3-502.

~~{4}--Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, shall be assessed at market value as of January 1."~~

Section 21. Section 15-8-301, MCA, is amended to read:

"15-8-301. Statement -- what to contain. (1) The

department of revenue or its agent must require from each person a statement under oath setting forth specifically all the real and personal property owned by such person or in his possession or under his control at midnight on January

1. Such statement must be in writing, showing separately:

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

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

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

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

(e) an exact description of all lands in parcels or subdivisions not exceeding 640 acres each and the sections and fractional sections of all tracts of land containing more than 640 acres which have been sectionized by the United States government; improvements and personal property; all taxable state, county, city, or other municipal or public bonds and the taxable bonds of any person, firm, or corporation and deposits of money, gold dust, or other valuables and the names of the persons with whom such deposits are made and the places in which they may be found; and all mortgages, deeds of trust, contracts, and other obligations by which a debt is secured and the property in the county affected thereby;

~~{f}--all solvent credits, secured or unsecured, due or owing to such person or any firm of which he is a member or due or owing to any corporation of which he is president, secretary, cashier, or managing agent;~~

~~{g}~~(f) all depots, shops, stations, buildings, and other structures erected on the space covered by the right-of-way and all other property owned by any person

1 owning or operating any railroad within the county.

2 (2) Whenever one member of a firm or one of the proper
3 officers of a corporation has made a statement showing the
4 property of the firm or corporation, another member of the
5 firm or another officer need not include such property in
6 the statement made by him but this statement must show the
7 name of the person or officer who made the statement in
8 which such property is included.

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

12 **Section 22.** Section 15-8-404, MCA, is amended to read:

13 "15-8-404. Property of particular-types-of--firms gas
14 and water companies. ~~{1}-The-personal-property-belonging-to~~
15 ~~the-business-of-a-merchant-or--of--a--manufacturer--must--be~~
16 ~~listed-in-the-town-or-district-where-his-business-is-carried~~
17 ~~on-~~

18 ~~{2}-The--personal-property-of-express-transportation-~~
19 ~~and-stage-companies-must--be--listed--and--assessed--in--the~~
20 ~~county--town--or--district--where-such-property-is-usually~~
21 ~~kept-~~

22 {3} The personal property and franchises of gas and
23 water companies must be listed and assessed in the county,
24 town, or district where the principal works are located.
25 Gas and water mains and pipes laid in roads, streets, or

1 alleys are personal-property improvements."

2 **Section 23.** Section 15-8-405, MCA, is amended to read:

3 "15-8-405. Street railroads, bridges, and ferries.
4 Street railroads and bridges and ferries and their
5 franchises owned by persons or corporations must be listed
6 and assessed in the county, town, or district where such
7 property or any portion thereof is located, and the track of
8 the railroad and the bridge are personal---property
9 improvements."

10 **Section 24.** Section 15-10-402, MCA, is amended to
11 read:

12 "15-10-402. Property tax limited to 1986 levels. (1)
13 Except as provided in [section 25] and subsections (2) and
14 (3) of this section, the amount of taxes levied on property
15 described in 15-6-133, 15-6-134, ~~15-6-136,~~ 15-6-139,
16 ~~15-6-142,~~ and 15-6-144 may not, for any taxing jurisdiction,
17 exceed the amount levied for taxable year 1986.

18 (2) The limitation contained in subsection (1) does
19 not apply to levies for rural improvement districts, Title
20 7, chapter 12, part 21; special improvement districts, Title
21 7, chapter 12, part 41; or bonded indebtedness.

22 (3) New construction or improvements to or deletions
23 from property described in subsection (1) are subject to
24 taxation at 1986 levels.

25 (4) As used in this section, the "amount of taxes

1 levied" and the "amount levied" mean the actual dollar
 2 amount of taxes imposed on an individual piece of property,
 3 notwithstanding an increase or decrease in value due to
 4 inflation, reappraisal, adjustments in the percentage
 5 multiplier used to convert appraised value to taxable value,
 6 changes in the number of mills levied, or increase or
 7 decrease in the value of a mill."

8 **NEW SECTION. Section 25. Exception to 1986 property**
 9 **tax limits.** A taxing jurisdiction may increase a taxpayer's
 10 individual liability because of a reduction of taxable value
 11 in the taxing jurisdiction as a result of the exemption to
 12 personal property provided in 15-6-201. Total taxes
 13 collected by the taxing jurisdiction, however, may not
 14 exceed total property taxes collected, except as provided in
 15 15-10-402(2) and (3) and 15-10-412(3).

16 **Section 26.** Section 15-10-412, MCA, is amended to
 17 read:

18 "15-10-412. (Temporary) Property tax limited to 1986
 19 levels -- clarification -- extension to all property
 20 classes. Section 15-10-402 is interpreted and clarified as
 21 follows:

22 (1) The limitation to 1986 levels is extended to apply
 23 to all classes of property described in Title 15, chapter 6,
 24 part 1.

25 (2) The limitation on the amount of taxes levied is

1 interpreted to mean that the actual tax liability for an
 2 individual property is capped at the dollar amount due in
 3 each taxing unit for the 1986 tax year. In tax years
 4 thereafter, the property must be taxed in each taxing unit
 5 at the 1986 cap or the product of the taxable value and
 6 mills levied, whichever is less for each taxing unit.

7 (3) The limitation on the amount of taxes levied does
 8 not mean that no further increase may be made in the total
 9 taxable valuation of a taxing unit as a result of:

10 (a) annexation of real property and improvements into
 11 a taxing unit;

12 (b) construction, expansion, or remodeling of
 13 improvements;

14 (c) transfer of property into a taxing unit;

15 (d) subdivision of real property;

16 (e) reclassification of property;

17 (f) increases in the amount of production or the value
 18 of production for property described in 15-6-131 or
 19 15-6-132;

20 (g) transfer of property from tax-exempt to taxable
 21 status; or

22 (h) revaluations caused by:

23 (i) cyclical reappraisal; or

24 (ii) expansion, addition, replacement, or remodeling of
 25 improvements.

1 (4) The limitation on the amount of taxes levied does
2 not mean that no further increase may be made in the taxable
3 valuation or in the actual tax liability on individual
4 property in each class as a result of:

5 (a) construction, expansion, replacement, or
6 remodeling of improvements that adds value to the property;

7 (b) transfer of property into a taxing unit;

8 (c) reclassification of property;

9 (d) increases in the amount of production or the value
10 of production for property described in 15-6-131 or
11 15-6-132;

12 (e) annexation of the individual property into a new
13 taxing unit; or

14 (f) conversion of the individual property from
15 tax-exempt to taxable status; or

16 (g) establishment of a personal property replacement
17 tax as provided in [section 12].

18 (5) Property in classes four,--~~twelve~~, and fourteen
19 nine is valued according to the procedures used in 1986,
20 including the designation of 1982 as the base year, until
21 the reappraisal cycle beginning January 1, 1986, is
22 completed and new valuations are placed on the tax rolls and
23 a new base year designated, if the property is:

24 (a) new construction;

25 (b) expanded, deleted, replaced, or remodeled

1 improvements;

2 (c) annexed property; or

3 (d) property converted from tax-exempt to taxable
4 status.

5 (6) Property described in subsections (5)(a) through
6 (5)(d) that is not class four,--~~class--twelve~~, or class
7 fourteen nine property is valued according to the procedures
8 used in 1986 but is also subject to the dollar cap in each
9 taxing unit based on 1986 mills levied.

10 (7) The limitation on the amount of taxes, as
11 clarified in this section, is intended to leave the property
12 appraisal and valuation methodology of the department of
13 revenue intact. Determinations of county classifications,
14 salaries of local government officers, and all other matters
15 in which total taxable valuation is an integral component
16 are not affected by 15-10-401 and 15-10-402 except for the
17 use of taxable valuation in fixing tax levies. In fixing tax
18 levies, the taxing units of local government may anticipate
19 the deficiency in revenues resulting from the tax
20 limitations in 15-10-401 and 15-10-402, while understanding
21 that regardless of the amount of mills levied, a taxpayer's
22 liability, except as provided in [section 25], may not
23 exceed the dollar amount due in each taxing unit for the
24 1986 tax year unless the taxing unit's taxable valuation
25 decreases by 5% or more from the previous tax year. If a

1 taxing unit's taxable valuation decreases by 5% or more from
2 the previous tax year, it may levy additional mills to
3 compensate for the decreased taxable valuation, but in no
4 case may the mills levied exceed a number calculated to
5 equal the revenue from property taxes for the 1986 tax year
6 in that taxing unit.

7 (8) The limitation on the amount of taxes levied does
8 not apply to the following levy or special assessment
9 categories, whether or not they are based on commitments
10 made before or after approval of 15-10-401 and 15-10-402:

- 11 (a) rural improvement districts;
- 12 (b) special improvement districts;
- 13 (c) levies pledged for the repayment of bonded
14 indebtedness, including tax increment bonds;
- 15 (d) city street maintenance districts;
- 16 (e) tax increment financing districts;
- 17 (f) satisfaction of judgments against a taxing unit;
- 18 (g) electric company street lighting assessments; and
- 19 (h) revolving funds to support any categories
20 specified in this subsection (8).

21 (9) The limitation on the amount of taxes levied does
22 not apply in a taxing unit if the voters in the taxing unit
23 approve an increase in tax liability following a resolution
24 of the governing body of the taxing unit containing:

- 25 (a) a finding that there are insufficient funds to

1 adequately operate the taxing unit as a result of 15-10-401
2 and 15-10-402;

3 (b) an explanation of the nature of the financial
4 emergency;

5 (c) an estimate of the amount of funding shortfall
6 expected by the taxing unit;

7 (d) a statement that applicable fund balances are or
8 by the end of the fiscal year will be depleted;

9 (e) a finding that there are no alternative sources of
10 revenue;

11 (f) a summary of the alternatives that the governing
12 body of the taxing unit has considered; and

13 (g) a statement of the need for the increased revenue
14 and how it will be used.

15 (10) The limitation on the amount of taxes levied does
16 not apply to levies required to address the funding of
17 relief of suffering of inhabitants caused by famine,
18 conflagration, or other public calamity. (Terminates
19 December 31, 1989--sec. 6, Ch. 654, L. 1987.)"

20 **Section 27.** Section 15-16-601, MCA, is amended to
21 read:

22 "15-16-601. Taxes or penalties illegally collected or
23 duplicate taxes to be refunded. (1) (a) Any taxes, interest,
24 penalties, or costs paid more than once or erroneously or
25 illegally collected or any amount of tax paid for which a

1 taxpayer is entitled to a refund under 15-16-612 or
 2 ~~15-16-613~~ or any part or portion of taxes paid which were
 3 mistakenly computed on government bonus or subsidy received
 4 by the taxpayer may, by order of the board of county
 5 commissioners, be refunded by the county treasurer. Whenever
 6 any payment has been made to the state treasurer as provided
 7 in 15-1-504 and it afterwards appears to the satisfaction of
 8 the board of county commissioners that a portion of the
 9 money so paid should be refunded as herein provided, the
 10 board of county commissioners may refund the portion of the
 11 taxes, interest, penalties, and costs so paid to the state
 12 treasurer, and upon the rendering of the report required by
 13 15-1-505 the county clerk and recorder shall certify to the
 14 state auditor, in such form as the state auditor may
 15 prescribe, all amounts so refunded. In the next settlement
 16 of the county treasurer with the state, the state auditor
 17 shall give the county treasurer credit for the state's
 18 portion of the amounts so refunded.

19 (b) When any part of the taxes, interest, penalties,
 20 or costs hereinbefore referred to were levied in behalf of
 21 any school district or municipal or other public corporation
 22 and collected by the county treasurer, the same may be
 23 refunded upon the order of the board of county
 24 commissioners.

25 (c) No order for the refund of any taxes, interest,

1 penalties, or costs under this section shall be made except
 2 upon a claim therefor, verified by the person who has paid
 3 the taxes, interest, penalties, or costs or his guardian or,
 4 in case of his death, by his executor or administrator,
 5 which claim must be filed within 10 years after the date
 6 when the second half of such taxes would have become
 7 delinquent if the same had not been paid.

8 (d) All refunds ordered to be paid by the board of
 9 county commissioners must be paid by the county treasurer
 10 out of the general fund of the county, and the county
 11 treasurer shall then make such transfers from other county
 12 funds and from state, school district, and other public
 13 corporation funds in his possession as may be necessary to
 14 reimburse the county general fund for payments made
 15 therefrom.

16 (2) Upon the entering of judgment under 15-2-306, the
 17 county commissioners of the affected county shall order a
 18 refund of such portion of the taxes as the state tax appeal
 19 board has judged should be refunded."

20 **Section 28.** Section 15-16-611, MCA, is amended to
 21 read:

22 "15-16-611. Reduction of property tax for property
 23 destroyed by natural disaster. (1) The department of revenue
 24 shall, upon showing by a taxpayer that some or all of the
 25 improvements on his real property ~~or a trailer or mobile~~

1 home-as-described-in-15-6-142 have been destroyed to such an
2 extent that such improvements have been rendered unsuitable
3 for their previous use by natural disaster, adjust the
4 taxable value on the property, accounting for the
5 destruction.

6 (2) The county treasurer shall adjust the tax due and
7 payable for the current year on the property under 15-16-102
8 as provided in subsection (3) of this section.

9 (3) To determine the amount of tax due for destroyed
10 property, the county treasurer shall:

11 (a) multiply the amount of tax levied and assessed on
12 the original taxable value of the property for the year by
13 the ratio that the number of days in the year that the
14 property existed before destruction bears to 365; and

15 (b) multiply the amount of tax levied and assessed on
16 the adjusted taxable value of the property for the remainder
17 of the year by the ratio that the number of days remaining
18 in the year after the destruction of the property bears to
19 365.

20 (4) This section does not apply to delinquent taxes
21 owed on the destroyed property for a year prior to the year
22 in which the property was destroyed.

23 (5) For the purposes of this section, "natural
24 disaster" includes but is not limited to fire, flood,
25 earthquake, or wind."

1 **Section 29.** Section 15-23-202, MCA, is amended to
2 read:

3 "15-23-202. Assessment -- how made. (1) The department
4 must assess the franchise, roadway, roadbed, rails, rolling
5 stock, and all other operating properties of all railroads
6 operated in more than one county or more than one state.
7 All rolling stock must be assessed in the name of the person
8 owning, leasing, or using the same. Assessment must be made
9 to the person owning or leasing or using the same and must
10 be made upon the entire railroad within the state. The
11 depots, stations, shops, and buildings erected upon the
12 space covered by the right-of-way and all other property
13 owned or leased by such person, except as above provided,
14 shall be assessed by the department.

15 (2) In determining the taxable value of railroad
16 property, the department shall:

17 (a) multiply the assessed value pursuant to subsection
18 (1) by the ratio of the value of all operating real estate
19 and improvements owned or leased by the railroad in Montana
20 to the total value of all operating property owned or leased
21 by the railroad in Montana; and

22 (b) determine the percentage rate "R" provided for in
23 15-6-145 in order to achieve compliance with the
24 requirements of the federal Railroad Revitalization and
25 Regulatory Reform Act of 1976, as amended.

1 (3) If a railroad allows any portion of its railway to
 2 be used for any purpose other than the operation of a
 3 railroad, the portion of its railway while so used must be
 4 assessed in a manner provided for the assessment of other
 5 real estate."

6 **Section 30.** Section 15-23-403, MCA, is amended to
 7 read:

8 "15-23-403. Determination of value -- exception for
 9 new aircraft and supporting equipment -- notice. (1) The
 10 department of revenue shall determine the full and true
 11 valuation of all property of all airlines operating in this
 12 state or used by every scheduled airline company in air
 13 commerce. Except as provided in subsection (2), this
 14 valuation may be ascertained by:

15 (a) determining the full and true valuation of all
 16 property owned and operated by every scheduled airline
 17 company; and

18 (b) allocating to the state of Montana from this total
 19 valuation a valuation which represents this state's proper
 20 share of the valuation of the property, through the
 21 application of ratios which are indicated in subsections
 22 (8), (9), (10), and (11) of 15-23-402 against the total
 23 valuation; and

24 (c) multiplying the allocated value by the ratio of
 25 the value of all real estate and improvements owned and

1 operated by the airline company in Montana to the total
 2 value of all property owned and operated by the airline
 3 company in Montana.

4 (2) For a scheduled airline company operating within
 5 this state whose allocation of valuation within this state,
 6 as determined under subsection (1)(b), is 50% or more, the
 7 department shall determine the valuation of a new aircraft
 8 acquired and new equipment acquired to support that aircraft
 9 at 28% of full and true valuation for the first year after
 10 acquisition. For each succeeding year, the department shall
 11 increase the valuation by 8% over the previous year's
 12 valuation until the valuation equals full and true
 13 valuation.

14 (3) After making the assessment as provided in
 15 subsection (1) or (2), the department shall give written
 16 notice thereof to the person or persons to whom the
 17 assessment is made."

18 **Section 31.** Section 15-24-204, MCA, is amended to
 19 read:

20 "15-24-204. Failure to display or produce declaration,
 21 sticker,--or--receipt of destination -- penalty. {1} Whoever
 22 makes a false or fraudulent declaration of destination or,
 23 when required, fails to execute a declaration of destination
 24 or fails to display or produce a declaration of destination
 25 or-tax-paid-receipt,--if-a-tax-paid-receipt-is--required, is

guilty of a misdemeanor and upon conviction is punishable by imprisonment in a county jail for not more than 6 months or by a fine of not more than \$500, or both.

~~(2) Whoever fails to display a property tax paid sticker or to produce a property tax paid receipt from 15 days after the due date for personal property taxes of the year to the due date for personal property taxes of the next year, when the display of a tax paid receipt is required, commits a misdemeanor punishable by a fine of not less than \$10 or more than \$50 or confinement in the county jail for not more than 30 days or both such fine and imprisonment.~~

Section 32. Section 15-24-205, MCA, is amended to read:

"15-24-205. Sections limited to taxable trailers. The provisions of this part shall apply only to those mobile homes and housetrailer, as defined in this part, subject to assessment and taxation under chapter 8, part 27--and 15-24-301."

Section 33. Section 15-24-1001, MCA, is amended to read:

"15-24-1001. Custom combiner's tax -- collection -- distribution -- not transferable. (1) In lieu of the taxes required by ~~15-24-301~~ 61-3-504 and in lieu of motor vehicle license fees, gross vehicle weight fees, and overweight and overweight permits provided for in Title 61, a nonresident

engaged in the business of custom combining who brings equipment into the state shall pay a fee of \$40 per unit. A unit shall include:

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

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

- (a) one truck suitable for hauling grain;
- (b) one header trailer or one combine trailer; and
- (c) pickup trucks used by the resident in his business of custom combining.

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

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

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

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

Section 34. Section 15-24-1102, MCA, is amended to read:

"15-24-1102. Federal property held under contract of sale. When the property is held under a contract of sale or other agreement whereby upon payment the legal title is or may be acquired by the person, the real property shall be assessed and taxed as defined in ~~15-6-131 through 15-6-149~~ Title 15, chapter 6, part 1, and 15-8-111 without deduction on account of the whole or any part of the purchase price or

other sum due on the property remaining unpaid. The lien for the tax may not attach to, impair, or be enforced against any interest of the United States in the real property."

Section 35. Section 15-24-1103, MCA, is amended to read:

"15-24-1103. Federal property held under lease. When the property is held under lease, other interest, or estate therein less than the fee, except under contract of sale, the property shall be assessed and taxed as for the value, as defined in ~~15-6-131 through 15-6-149~~ Title 15, chapter 6, part 1, of such leasehold, interest, or estate in the property and the lien for the tax shall attach to and be enforced against only the leasehold, interest, or estate in the property. When the United States authorizes the taxation of the property for the full assessed value of the fee thereof, the property shall be assessed for full assessed value as defined in 15-8-111."

Section 36. Section 61-3-313, MCA, is amended to read:

"61-3-313. Vehicles subject to staggered registration. For purposes of 61-3-313 through 61-3-316 "vehicle" means any motor vehicle as defined in 61-1-102 subject to annual registration in this state except:

(1) vehicles owned or leased and operated by the government of the United States, of the state of Montana, or its political subdivisions;

(2) mobile homes and motor homes;

(3) vehicles that are registered in accordance with or subject to 61-3-411, 61-3-421, or 61-3-451;

(4) trucks exceeding a licensed gross vehicle weight of ~~10,000~~ 18,000 pounds;

(5) trailers, semitrailers, tractors, buses, motorcycles, quadricycles, and motor-driven cycles;

(6) special mobile equipment as defined in 61-1-104."

Section 37. Section 61-3-503, MCA, is amended to read:

"61-3-503. **Assessment.** (1) Except as provided in subsection (2), the following apply to the taxation of motor vehicles:

(a) Except as provided in subsections (1)(c) through (1)(e), a person who files an application for registration or reregistration of a motor vehicle shall before filing such application with the county treasurer submit the application to the county assessor. The county assessor shall enter on the application in a space to be provided for that purpose the market value and taxable value of the vehicle as of January 1 of the year for which the application for registration is made.

(b) Except as provided in subsection (1)(c), motor vehicles are assessed for taxes on January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property and irrespective of

whether the levy and tax may be a lien upon real property within the state. In no event may any motor vehicle be subject to assessment, levy, and taxation more than once in each year.

(c) Vehicles subject to the provisions of 61-3-313 through 61-3-316 shall be assessed as of the first day of the registration period, using the average trade-in or wholesale value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the National Automobile Dealers Association (N.A.D.A.) Official Used Car Guide, the National Edition of N.A.D.A. Appraisal Guides Official Older Used Car Guide, or, for vehicles not listed in the preceding guides, the low value listed in The Value Guide to Cars of Particular Interest, not including additions or deductions for options and mileage; and a lien for taxes and fees due thereon shall occur on the anniversary date of the registration and shall continue until such fees and taxes have been paid. If the value shown in any of the appraisal guides listed in this section is less than \$1,000, the department shall value the vehicle at \$1,000.

(d) Motorcycles and quadricycles shall be assessed, using the greater of the following:

(i) \$250; or

(ii) the average trade-in or wholesale value as of

1 January 1 of the year of assessment of the vehicle as
2 contained in the most recent volume of the applicable
3 National Edition of the N.A.D.A. Motorcycle/Moped/ATV
4 Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal
5 Guide, not including additions or deductions for options and
6 mileage.

7 (e) If a vehicle assessed under subsection (1)(c) or
8 (1)(d) is not originally listed in the applicable N.A.D.A.
9 guide, the department of revenue or its agent shall
10 depreciate the original f.o.b. factory list price, f.o.b.
11 port-of-entry list price, or the manufacturer's suggested
12 list price, using the following methods:

13 (i) if the new car sales tax has been previously paid
14 and the vehicle is less than 1 year in age, the depreciation
15 percentage shall be 20%; or

16 (ii) if the vehicle is 1 year or older in age and it is
17 not listed in any of the appraisal guides listed in this
18 section, the department of revenue shall determine the
19 depreciation percentage to approximate the average wholesale
20 or trade-in values in the current N.A.D.A. guides referred
21 to in this subsection. For purposes of this subsection (1),
22 the age of the vehicle is determined by subtracting the
23 manufacturer's model year of the vehicle from the calendar
24 year of assessment.

25 (f) The value of trucks between 10,000 pounds gross

1 vehicle weight and 18,000 pounds gross vehicle weight is 80%
2 of the average retail value contained in the most recent
3 volume of The Truck Blue Book as of January 1 of the year of
4 assessment of the vehicle.

5 (f)(g) When a minimum value of \$500 is reached, the
6 value shall remain at that minimum so long as the vehicle is
7 registered.

8 (g)(h) If a previously registered vehicle is no longer
9 listed in the applicable N.A.D.A. guide, the department or
10 its agent shall depreciate the value of the vehicle at the
11 rate of 10% a year until a minimum amount of \$500 is
12 attained, and the value shall remain at that amount so long
13 as the vehicle is registered.

14 (2) The provisions of subsections (1)(a) through
15 (i)(g) (1)(h) do not apply to motor homes, travel trailers,
16 campers, or mobile homes as defined in 15-1-101(1)."

17 **Section 38.** Section 61-3-504, MCA, is amended to read:

18 "61-3-504. Computation of tax. (1) ~~The amount of taxes~~
19 ~~on a motor vehicle, other than an automobile, truck having a~~
20 ~~rated capacity of three quarters of a ton or less,~~
21 ~~motorcycle, quadricycle, motor home, travel trailer, camper,~~
22 ~~or mobile home, is computed and determined by the county~~
23 ~~treasurer on the basis of the levy of the year preceding the~~
24 ~~current year of application for registration or~~
25 ~~reregistration.~~

(2) The amount of tax on an automobile or truck having a ~~rated-capacity-of-three-quarters-of-a-ton~~ gross vehicle weight of 18,000 pounds or less, except for vehicles owned by disabled veterans qualifying for special license plates under 61-3-451, and on a motorcycle or quadricycle is 2% of the value determined under 61-3-503.

(3)(2) For all taxable motor vehicles, the amount of tax is entered on the application form in a space provided therefor."

Section 39. Section 61-3-508, MCA, is amended to read:

"61-3-508. Junk vehicle disposal fee. A special junk vehicle disposal fee shall be assessed on each new application for a motor vehicle title and on each transfer of a motor vehicle title in the amount of \$1.50 on passenger cars and trucks under ~~8,000~~ 18,001 pounds GVW. An additional special junk vehicle disposal fee shall be assessed in the amount of 50 cents on each passenger car and truck under ~~8,000~~ 18,001 pounds GVW registered for licensing. The fees shall be collected by the county treasurer. However, the following are exempt from payment of the fees:

(1) vehicles leased or owned by the state or by a county or municipality;

(2) vehicles used for transportation by nonresident, migratory workers temporarily employed in agricultural work in this state;

(3) vehicles displaying dealer's license plates, as provided in 61-4-103, while owned by a dealer; and

(4) housetrailer or equipment which is not self-propelled or which requires towing upon a highway of this state."

Section 40. Section 61-3-509, MCA, is amended to read:

"61-3-509. Disposition of taxes. (1) Except as provided in subsection (2), the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax ~~on--motor--homes, travel--trailers,--and--campers~~ collected under ~~61-3-504,~~ 61-3-521, and 61-3-537 to a motor vehicle suspense fund, and at some time between March 1 and March 10 of each year and every 60 days thereafter, the county treasurer shall distribute the money in the motor vehicle suspense fund 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.

(2) The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax collected on an automobile or truck having a ~~rated---capacity---of~~ three-quarters-of-a-ton gross vehicle weight of 18,000 pounds or less. The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at

the time the county treasurer distributes the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the general fund to be used for purposes of state funding of the district court expenses as provided in 3-5-901. Any amount forwarded to the state treasurer under this subsection that is not used for district court expenses must be refunded to the counties in the proportion that the amount collected from each county bears to the total amount collected."

Section 41. 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 or the highway use fee, if appropriate, as required by ~~15-8-201~~, 15-8-202, ~~15-24-301~~, 61-3-504, or 61-3-537, or [section 44], 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 42. Section 61-3-707, MCA, is amended to read:

"61-3-707. Foreign vehicles used for transportation in connection with employment. (1) Before a motor vehicle taxed pursuant to ~~15-24-301~~(4) [section 44] may be operated in Montana for a calendar quarter, the person responsible for payment of taxes must apply for and obtain a window decal.

(2) Decals must be color-coded to distinguish the four

1 quarterly registration periods of the year.

2 (3) An applicant may purchase a decal for more than
3 one registration quarter at a time by paying the appropriate
4 amount.

5 (4) There is a \$2 fee for each decal, and money
6 collected from this fee shall be deposited to the county
7 general fund. The \$2 fee is in addition to the tax.

8 (5) A current window decal must be displayed on the
9 lower right-hand corner of the windshield."

10 NEW SECTION. Section 43. Heavy vehicle, road tractor,
11 and trailer -- highway use fee. (1) Except as provided in
12 subsection (2), heavy vehicles, road tractors, and trailers
13 are subject to an annual fee in lieu of personal property
14 tax.

15 (2) A dealer of heavy vehicles, road tractors, or
16 trailers is not required to pay the fee in lieu of personal
17 property tax for heavy vehicles, road tractors, or trailers
18 held in inventory for sale or used in the dealer's business
19 of selling or demonstrating the vehicles. Vehicles exempt
20 under this subsection may not be used for any purpose not
21 necessary to sell the vehicles.

22 NEW SECTION. Section 44. Schedule of heavy vehicle,
23 road tractor, and trailer highway use fees. (1) The
24 following schedule, based on vehicle age and weight, is used
25 to determine the fee imposed by this part:

| 1 | Age | Weight | | |
|----|---|---------------|---------------|---------------|
| 2 | | 18,001 to | More than | 34,000 pounds |
| 3 | | 26,000 pounds | 26,000 pounds | or more |
| 4 | | | and less than | |
| 5 | | | 34,000 pounds | |
| 6 | Less than or | \$125 | \$200 | \$300 |
| 7 | equal to 5 years | | | |
| 8 | More than 5 | 50 | 100 | 150 |
| 9 | years and less than 10 years | | | |
| 10 | 10 years and | 25 | 50 | 75 |
| 11 | less than 20 years | | | |
| 12 | 20 years | 10 | 10 | 10 |
| 13 | and over | | | |
| 14 | (2) (a) The fee for a heavy vehicle, road tractor, or | | | |
| 15 | trailer is determined by: | | | |
| 16 | (i) multiplying the appropriate dollar amount from the | | | |
| 17 | table in subsection (1) by the ratio of the PCE, as defined | | | |
| 18 | in subsection (2)(b), for the second quarter of the year | | | |
| 19 | prior to the year of registration to the PCE for the second | | | |
| 20 | quarter of 1988; and | | | |
| 21 | (ii) rounding the product obtained to the nearest whole | | | |
| 22 | dollar amount. | | | |
| 23 | (b) "PCE" means the implicit price deflator for | | | |
| 24 | personal consumption expenditures as published quarterly in | | | |
| 25 | the Survey of Current Business by the bureau of economic | | | |

analysis of the United States department of commerce.

NEW SECTION. Section 45. Disposition of fees. The fee in lieu of personal property tax, provided for in [section 43], and vehicle license fees must be distributed to the general fund of each county as follows:

(1) For heavy vehicles, road tractors, and trailers that are not subject to registration under the provisions of 61-3-711 through 61-3-733, the county treasurer shall credit all fees to the motor vehicle suspense fund created by 61-3-509, to be distributed at the same time and in the same manner as money in that fund is distributed, except that none of the fees from heavy trucks are to be used to fund the district court fee.

(2) For heavy vehicles, road tractors, and trailers that are subject to registration under the provisions of 61-3-711 through 61-3-733, the fees must be deposited with the state treasurer for distribution to each county's motor vehicle suspense fund, created by 61-3-509, on the following basis:

(a) for the fee in lieu of personal property tax, according to the ratio of taxable valuation of each county to the total state taxable valuation; and

(b) for vehicle license fees, according to the ratio of vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to

the sum of all vehicle license fees collected in all the counties.

Section 46. 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~~ Title 15, chapter 24, part 2;

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

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

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

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

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

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

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

Section 47. 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."

NEW SECTION. Section 48. Prorated fee in lieu of tax -- aircraft -- penalty. (1) A person who acquires, after

March 1 in any year, an aircraft required to be registered under 67-3-201(2) through (6) shall register the aircraft within 30 days of acquiring it.

(2) The fee in lieu of tax must be prorated for aircraft registered for a period of less than 1 year according to the ratio that the number of months the property is in the county bears to the total number of months in the year.

(3) A person failing to register an aircraft within 30 days of the date on which the aircraft is acquired or brought into the state for commercial purposes is subject to the penalty provided in 67-3-202.

(4) A person owning a migratory aircraft shall register as prescribed in 67-3-201(5) and pay the fee in lieu of tax.

Section 49. Section 81-8-805, MCA, is amended to read:

"81-8-805. Beef production research account -- sources -- use -- expenditures. (1) There is an account in the other special revenue funds known as the beef production research account. The following proceeds from all gifts, grants, and donations to the department for activities authorized under this part shall be placed in the account:

~~(a) -- the -- proceeds -- of -- all -- taxes -- collected -- under 81-8-804; -- and~~

~~(b) -- the -- proceeds -- from -- all -- gifts, grants, and donations~~

~~to-the-department-for-activities-authorized-under-this-part.~~

(2) The account shall be maintained for the purposes of this part and shall be separate from all other accounts of the department.

(3) At least 20% of all contributions and unrefunded taxes received by the department shall be paid to the national livestock and meat board and at least 20% of such contributions and taxes shall be paid to the national beef industry council to carry out, on a national level, work and programs approved by the department.

(4) The beef production research account may be assessed costs by the department for services it provides in administering this part. The costs charged must have a substantial relationship to the cost of the services provided.

(5) Money deposited in the beef production research account pursuant to this section is appropriated to the department and must be used only for the purposes of this part."

NEW SECTION. Section 50. Repealer. Sections 15-6-136, 15-6-138 through 15-6-140, 15-6-142, 15-6-146, 15-6-202, 15-8-204, 15-8-205, 15-8-401, 15-8-403, 15-8-504, 15-16-503, 15-16-613, 15-24-101 through 15-24-105, 15-24-202, 15-24-203, Title 15, chapter 24, parts 3 and 6 through 8, 15-24-901 through 15-24-911, 15-24-926 through 15-24-943,

81-7-303, and 81-8-804, MCA, are repealed.

NEW SECTION. Section 51. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. Section 52. Codification instruction -- code commissioner instruction. (1) [Section 12] is intended to be codified as an integral part of Title 15, chapter 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to [section 12].

(2) [Section 25] is intended to be codified as an integral part of Title 15, chapter 10, part 4, and the provisions of Title 15, chapter 10, part 4, apply to [section 25].

(3) [Sections 43 through 45] are intended to be codified as an integral part of Title 61, chapter 3, part 5, and the provisions of Title 61, chapter 3, part 5, apply to [sections 43 through 45].

(4) [Section 48] is intended to be codified as an integral part of Title 67, chapter 3, part 2, and the provisions of Title 67, chapter 3, part 2, apply to [section 48].

(5) The code commissioner is instructed to change 61-3-504(2) to 61-3-504(1) in 7-1-2111, 20-9-141, 20-9-331, 20-9-333, 20-9-352, 20-9-501, 20-10-144, 61-3-535, and

1 61-3-537.

2 NEW SECTION. **Section 53.** Coordination instruction. If
3 15-10-401 and 15-10-402 are repealed in legislation passed
4 and approved by the 51st legislature, [sections 24 through
5 26] are void.

6 NEW SECTION. **Section 54.** Saving clause. [This act]
7 does not affect rights and duties that matured, penalties
8 that were incurred, or proceedings that were begun before
9 [the effective date of this act].

10 NEW SECTION. **Section 55.** Applicability. [This act]
11 applies to all property taxes levied and assessed on or
12 after July 1, 1989.

13 NEW SECTION. **Section 56.** Effective date. (1) Except
14 as provided in subsection (2), [this act] is effective on
15 passage and approval.

16 (2) [Section 26] is effective only if an extension of
17 the termination date of 15-10-412 is passed and approved or
18 if an act to make permanent 15-10-412 is passed and
19 approved.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB466, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act repealing the personal property tax on certain types and classes of personal property; providing for a personal property replacement tax on commercial and other real property and improvements, gross proceeds, and net proceeds to replace personal property taxes; and providing an immediate effective date and an applicability date.

FISCAL IMPACT:


REVENUES:

Under the proposal, personal property taxes are repealed. Eliminating personal property from taxation reduces the tax base of the state by approximately \$260 million. The proposal is designed to fully compensate for this loss in taxable value by levying a personal property replacement tax on the market value of some other property. The personal property replacement tax rates are based on tax year 1987 taxable values. When applied to tax year 1987 taxable values, the proposal is revenue neutral. The fiscal impact of the proposal in future years is dependant on the growth and changes in the composition of the tax base. For example, when applied to tax year 1988 taxable values, the proposal increases the taxable valuation of the state by approximately 0.6%, relative to current law.

The impact of the proposal on local governments depends on the current composition of the tax base of the taxing jurisdiction. Generally, if the ratio of taxable value of personal property to taxable value of property subject to the replacement surtax in the taxing jurisdiction is higher than the statewide ratio, then the taxing jurisdiction will see a slight decrease in total taxable valuation. Likewise, if the ratio of taxable value of personal property to taxable value of property subject to the replacement surtax in the taxing jurisdiction is lower than the statewide ratio, then the taxing jurisdiction will see a slight increase in total taxable valuation.

EXPENDITURES: Department of Revenue (General Fund)

The elimination of personal property taxation will decrease property assessment expenditures by approximately \$171,000 in FY90 and \$1,196,000 in FY91 and subsequent fiscal years.


DATE 3/20/89

BOB KUCHENBROD, DEPUTY DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING


DATE 3/20/89
BOB WILLIAMS, PRIMARY SPONSOR

Fiscal Note for SB466, as introduced

SB 466