

HOUSE BILL 49

Introduced by Patterson, et al.

6/22	Introduced
6/22	Referred to Taxation
6/22	Fiscal Note Requested
6/26	Hearing
6/26	Fiscal Note Received
6/26	Fiscal Note Printed
	Died in Committee

1 HOUSE BILL NO. 49  
2 INTRODUCED BY *Patton, Nelson, Dwyer, Smith,*  
3 *Yard, Stoppie, Knapp, Benjamin, Dave Brown*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO RECLASSIFY  
5 MANUFACTURING MACHINERY, FIXTURES, EQUIPMENT, NONEXEMPT  
6 TOOLS, AND SUPPLIES FROM CLASS EIGHT PROPERTY TO CLASS SEVEN  
7 PROPERTY; AMENDING SECTIONS 15-6-137, 15-6-138, AND  
8 15-16-613, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

9 *Robert L. Anderson, Smith*  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 15-6-137, MCA, is amended to read:

12 "15-6-137. Class seven property -- description --  
13 taxable percentage. (1) Class seven property includes:

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

19 (b) all property owned by cooperative rural electrical  
20 and cooperative rural telephone associations that serve less  
21 than 95% of the electricity consumers or telephone users  
22 within the incorporated limits of a city or town;

23 (c) electric transformers and meters; electric light  
24 and power substation machinery; natural gas measuring and  
25 regulating station equipment, meters, and compressor station

1 machinery owned by noncentrally assessed public utilities;  
2 and tools used in the repair and maintenance of this  
3 property;

4 (d) any tools or implements that are not included in  
5 another class or that are exempt under 15-6-201(1)(r), and  
6 machinery used to repair and maintain machinery not used for  
7 manufacturing and mining purposes;

8 (e) all manufacturing machinery, fixtures, equipment,  
9 tools that are not exempt under 15-6-201(1)(r), and supplies  
10 except those included in class five.

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

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

17 Section 2. Section 15-6-138, MCA, is amended to read:

18 "15-6-138. Class eight property -- description --  
19 taxable percentage. (1) Class eight property includes:

20 (a) all agricultural implements and equipment;

21 (b) all mining machinery, fixtures, equipment, tools  
22 that are not exempt under 15-6-201(1)(r), and supplies  
23 except:

24 (i) those included in class five; and  
25 (ii) coal and ore haulers;

-2- INTRODUCED BILL  
HB 49



1 ~~{c}--all--manufacturing-machinery, fixtures, equipment,~~  
 2 ~~tools-that-are-not-exempt-under-15-6-201(r), and supplies~~  
 3 ~~except-those-included-in-class-five;~~

4 ~~{d}(c)~~ all trailers, including those prorated under  
 5 15-24-102, except those subject to taxation under  
 6 61-3-504(2);

7 ~~{e}(d)~~ all goods and equipment intended for rent or  
 8 lease, except goods and equipment specifically included and  
 9 taxed in another class;

10 ~~{f}(e)~~ buses and trucks having a rated capacity of  
 11 more than 1 ton, including those prorated under 15-24-102;  
 12 and

13 ~~{g}(f)~~ all other machinery except that specifically  
 14 included in another class.

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

17 **Section 3.** Section 15-16-613, MCA, is amended to read:

18 "15-16-613. Refund of certain taxes paid in other  
 19 states. Subject to the provisions of 15-16-601 and upon  
 20 proof that tax was paid in another state, a taxpayer is  
 21 entitled to a refund equal to the amount of tax paid in  
 22 another state on a helicopter or property that was assessed  
 23 in Montana under 15-6-138~~(g)~~~~(1)~~~~(f)~~ on January 1 of the  
 24 year for which the refund is due. The refund under this  
 25 section may not exceed the tax that was paid in Montana on

1 the same property for the same period of time."

2 NEW SECTION. **Section 4.** Effective date. [This act] is  
 3 effective January 1, 1990.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB49, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act to reclassify manufacturing machinery, fixtures, equipment, non-exempt tools, and supplies from class eight property to class seven property and providing for a delayed effective date.

ASSUMPTIONS:


1. The taxable value of the state will be \$1,903,008,000 in FY90 and \$1,882,194,000 in FY91. (HJR13)
2. Reclassification of property will reduce the taxable value of personal property in the state by \$20,550,000.
3. Due to the applicability date of January 1, 1990, the reduced rate for reclassified, unsecured personal property (30 percent of all reclassified personal property) will impact FY90 revenues.

FISCAL IMPACT:Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$11,418,048	\$11,381,058	(\$36,990)	\$11,293,164	\$11,169,866	(\$123,298)
Foundation Program	85,635,360	85,357,939	(277,421)	84,698,730	83,773,993	(924,737)
Total	\$97,053,408	\$96,738,997	(\$314,411)	\$95,991,894	\$94,943,859	(\$1,048,035)

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The revenue loss to local school districts is estimated to be \$827,620 in FY90 and \$2,758,732 in FY91. The revenue loss to county governments is estimated to be \$450,558 in FY90 and \$1,501,861 in FY91. The revenue loss to cities and towns is estimated to be \$57,535 in FY90 and \$191,785 in FY91. Total revenue losses to all local government entities is estimated to be \$1,335,713 in FY90 and \$4,452,378 in FY91.

  
 W. DAVID DARBY, BUDGET DIRECTOR  
 Office of Budget and Program Planning

DATE

  
 JOHN W. PATTERSON, PRIMARY SPONSOR

DATE

Fiscal Note for HB49, as introduced

HB 49