

HOUSE BILL NO. 437  
INTRODUCED BY HARRINGTON

IN THE HOUSE

FEBRUARY 3, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
FEBRUARY 10, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 11, 1993	PRINTING REPORT.
FEBRUARY 13, 1993	SECOND READING, DO PASS.
FEBRUARY 15, 1993	ENGROSSING REPORT.
FEBRUARY 16, 1993	THIRD READING, PASSED. AYES, 96; NOES, 3.
FEBRUARY 17, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 20, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
APRIL 13, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 14, 1993	SECOND READING, CONCURRED IN AS AMENDED.
APRIL 15, 1993	THIRD READING, CONCURRED IN. AYES, 47; NOES, 1.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 16, 1993	SECOND READING, AMENDMENTS CONCURRED IN.
APRIL 19, 1993	THIRD READING, AMENDMENTS CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 437  
 2 INTRODUCED BY Hamington  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DEFINITION  
 5 OF NET BUSINESS INCOME IN DETERMINING THE ELIGIBILITY FOR  
 6 LOW-INCOME PROPERTY TAX RELIEF; AMENDING SECTION 15-6-134,  
 7 MCA; AND PROVIDING AN APPLICABILITY DATE."  
 8  
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 10 **Section 1.** Section 15-6-134, MCA, is amended to read:  
 11 "15-6-134. Class four property -- description --  
 12 taxable percentage. (1) Class four property includes:  
 13 (a) all land except that specifically included in  
 14 another class;  
 15 (b) all improvements, including trailers or mobile  
 16 homes used as a residence, except those specifically  
 17 included in another class;  
 18 (c) the first \$80,000 or less of the market value of  
 19 any improvement on real property, including trailers or  
 20 mobile homes, and appurtenant land not exceeding 5 acres  
 21 owned or under contract for deed and actually occupied for  
 22 at least 10 months a year as the primary residential  
 23 dwelling of any person whose total income from all sources,  
 24 including net business income or ~~loss~~ before depreciation  
 25 and without consideration for loss and otherwise tax-exempt

1 income of all types but not including social security income  
 2 paid directly to a nursing home, is not more than \$10,000  
 3 for a single person or \$12,000 for a married couple or a  
 4 head of household, as adjusted according to subsection  
 5 (2)(b)(ii);

6 (d) all golf courses, including land and improvements  
 7 actually and necessarily used for that purpose, that consist  
 8 of at least 9 holes and not less than 3,000 lineal yards.

9 (2) Class four property is taxed as follows:

10 (a) Except as provided in 15-24-1402 or 15-24-1501,  
 11 property described in subsections (1)(a) and (1)(b) is taxed  
 12 at 3.86% of its market value.

13 (b) (i) Property described in subsection (1)(c) is  
 14 taxed at 3.86% of its market value multiplied by a  
 15 percentage figure based on income and determined from the  
 16 following table:

Income Single Person	Income Married Couple Head of Household	Percentage Multiplier
\$ 0 - \$ 1,000	\$ 0 - \$ 1,200	0%
1,001 - 2,000	1,201 - 2,400	10%
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3,001 - 4,000	3,601 - 4,800	30%
4,001 - 5,000	4,801 - 6,000	40%
5,001 - 6,000	6,001 - 7,200	50%

1	6,001 - 7,000	7,201 - 8,400	60%
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5 (ii) The income levels contained in the table in  
6 subsection (2)(b)(i) must be adjusted for inflation annually  
7 by the department of revenue. The adjustment to the income  
8 levels is determined by:

9 (A) multiplying the appropriate dollar amount from the  
10 table in subsection (2)(b)(i) by the ratio of the PCE for  
11 the second quarter of the year prior to the year of  
12 application to the PCE for the second quarter of 1986; and

13 (B) rounding the product thus obtained to the nearest  
14 whole dollar amount.

15 (iii) "PCE" means the implicit price deflator for  
16 personal consumption expenditures as published quarterly in  
17 the Survey of Current Business by the bureau of economic  
18 analysis of the U.S. department of commerce.

19 (c) Property described in subsection (1)(d) is taxed at  
20 one-half the taxable percentage rate established in  
21 subsection (2)(a).

22 (3) After July 1, 1986, no an adjustment may not be  
23 made by the department to the taxable percentage rate for  
24 class four property until a revaluation has been made as  
25 provided in 15-7-111.

1 (4) Within the meaning of comparable property as  
2 defined in 15-1-101, property assessed as commercial  
3 property is comparable only to other property assessed as  
4 commercial property, and property assessed as other than  
5 commercial property is comparable only to other property  
6 assessed as other than commercial property."

7 NEW SECTION. Section 2. Applicability. [This act]  
8 applies to tax years beginning after December 31, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

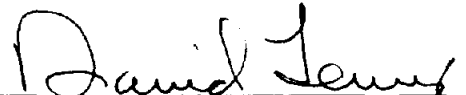
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0437, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the definition of net business income in determining the eligibility for low-income property tax relief; and providing an applicability date.

FISCAL IMPACT:

The proposal will not impact Department of Revenue expenditures. Since the proposal tightens the eligibility for low-income property tax relief, it is expected that the number of applicants will be fewer resulting in a minimal increase in property tax revenue.

 2-5-93  
DAVID LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

2-9-93  
DAN HARRINGTON, PRIMARY SPONSOR      DATE

Fiscal Note for HB0437, as introduced

HB 437

APPROVED BY COMMITTEE  
ON TAXATION

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18 (c) the first \$80,000 or less of the market value of  
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-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 13, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 437 (third reading copy -- blue), respectfully report that House Bill No. 437 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 1, line 24.

Following: "depreciation"

Insert: "or before depletion allowance, or both,"

2. Page 1, line 25.


Strike: "and without consideration for loss"

Following: "and"

Insert: "including"

-END-

SENATE

 Amd. Coord.  
Sec. of Senate

Lynch  
Senator Carrying Bill

HB 437  
811131SC.San

SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 14, 1993 1:26 pm

Mr. Chairman: I move to amend House Bill No. 437 (third reading copy -- blue).

ADOPT

REJECT

Signed: \_\_\_\_\_

  
Senator Delwyn Gage

That such amendments read:

Amend Senate Committee on Taxation amendment dated April 13, 1993, as follows:

Strip amendments No. 1 and No. 2

AND THAT HOUSE BILL NO. 437, THIRD READING COPY, BE FURTHER AMENDED AS FOLLOWS:

1. Page 1, lines 24 and 25.

Strike: "before" on line 24 through "loss" on line 25

2. Page 2, line 5.

Strike: ";

Insert: ". For the purposes of this subsection (c), net business income is gross income less ordinary operating expenses but before deducting depreciation or depletion allowance, or both."

-END-

HB 437  
SENATE

## HOUSE BILL NO. 437

INTRODUCED BY HARRINGTON

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income of all types but not including social security income paid directly to a nursing home, is not more than \$10,000 for a single person or \$12,000 for a married couple or a head of household, as adjusted according to subsection (2)(b)(ii); FOR THE PURPOSES OF THIS SUBSECTION (C), NET BUSINESS INCOME IS GROSS INCOME LESS ORDINARY OPERATING EXPENSES BUT BEFORE DEDUCTING DEPRECIATION OR DEPLETION ALLOWANCE, OR BOTH.

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