

HOUSE BILL NO. 640

INTRODUCED BY DRISCOLL, GILBERT, FOSTER, HARRINGTON,
DOLEZAL, KELLER, ORR, T. NELSON, REAM, MCCARTHY, ANDERSON,
M. HANSON, FELAND, TUNBY, BOHLINGER, HIBBARD
BY REQUEST OF THE HOUSE TAXATION COMMITTEE

IN THE HOUSE

FEBRUARY 17, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
MARCH 2, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 3, 1993	PRINTING REPORT.
MARCH 4, 1993	SECOND READING, DO PASS.
MARCH 5, 1993	ENGROSSING REPORT.
MARCH 24, 1993	THIRD READING, PASSED. AYES, 96; NOES, 3.
MARCH 25, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 26, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
APRIL 6, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 12, 1993	SECOND READING, CONCURRED IN.
APRIL 13, 1993	THIRD READING, CONCURRED IN. AYES, 43; NOES, 6.
	RETURNED TO HOUSE.

IN THE HOUSE

APRIL 13, 1993	SENT TO ENROLLING.
	REPORTED CORRECTLY ENROLLED.

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0640, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act changing the definition of the average levy for the taxation of railroad car companies to be the average statewide rate on commercial and industrial property instead of the average applicable to fleet motor carriers; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Railroad car company total tax liabilities for tax years 1993 and 1994 will be collected in fiscal years 1994 and 1995, respectively.
2. All collections are deposited in the general fund under current law and the proposal.
3. Under current law the average levy used would be the previous year's statewide average levy used for taxation of interstate motor vehicle fleets. The average levy for 1990 is 326.56; for 1991 is 339.47; for 1992 is 343.59 and would apply to tax years 1991, 1992, and 1993, respectively.
4. Under proposed law the average levy would be the previous year's estimated average levy for commercial and industrial property including those levies for state, county, schools cities/towns, and miscellaneous districts. The estimated average levy for 1990 would be 317.51; 324.56 for 1991; 328.24 for 1992 and would apply to tax years 1991, 1992, and 1993; respectively. The estimated average levy for 1992 would also apply to tax years 1993 and 1994.
5. The market value for tax year 1991 is 121,898,153 and the tax rate is 7.54%. The market value for tax year 1992 is 129,477,685 and the tax rate is 7.53%.
6. The market value for tax years 1993 and 1994 is assumed to be that of 1992 and the tax rate is assumed to be 7.53%; giving an impacted taxable value of \$9,749,670.
7. Revenue from this replacement for the freight line tax is not included in HJR3. Estimates presented in this note are based on pending administrative rules (Feb. 23rd hearing).

FISCAL IMPACT:


Revenues:

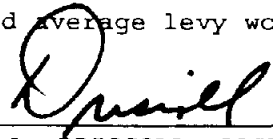
	FY '94			FY '95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Railroad Car Tax (General Fund)	\$3,349,889	\$3,200,232	(\$149,657)	\$3,349,889	\$3,200,232	(\$149,657)

The retroactive applicability date to tax years beginning after December 31, 1990 is estimated to result in reduced revenue in FY93 of \$228,548.

TECHNICAL NOTES:

The current year's estimated average levy for commercial and industrial property would not be available when railroad car company tax notices are due to be sent out. Therefore, the previous year's estimated average levy would have to be used.

 2-19-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2-20-93
JERRY L. DRISCOLL, PRIMARY SPONSOR DATE

Fiscal Note for HB0640, as introduced

HB 640

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0640, second reading.

DESCRIPTION OF PROPOSED LEGISLATION: An act changing the definition of the average levy for the taxation of railroad car companies to be the average statewide rate on commercial and industrial property instead of the average applicable to fleet motor carriers; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Railroad car company total tax liabilities for tax years 1993 and 1994 will be collected in fiscal years 1994 and 1995, respectively.
2. All collections are deposited in the general fund under current law and the proposal.
3. Under current law the average levy used would be the previous year's statewide average levy used for taxation of interstate motor vehicle fleets. The average levy for 1990 is 326.56; for 1991 is 339.47; for 1992 is 343.59 and would apply to tax years 1991, 1992, and 1993, respectively.
4. Under proposed law the average levy would be the previous year's estimated average levy for commercial and industrial property including those levies for state, county, schools cities/towns, and miscellaneous districts. The estimated average levy for 1990 would be 317.51; 324.56 for 1991; 328.24 for 1992 and would apply to tax years 1991, 1992, and 1993; respectively. The estimated average levy for 1992 would also apply to tax years 1993 and 1994.
5. The market value for tax year 1991 is 121,898,153 and the tax rate is 7.54%. The market value for tax year 1992 is 129,477,685 and the tax rate is 7.53%.
6. The market value for tax years 1993 and 1994 is assumed to be that of 1992 and the tax rate is assumed to be 7.53%; giving an impacted taxable value of \$9,749,670.
7. The final administrative rule will not be adopted in time to allow the recording of tax year 1991 and 1992 payments until FY94.
8. HJR3 estimates are used to represent current law.

FISCAL IMPACT:**Revenues:**

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Railroad Car Tax (General Fund)	\$0	\$9,043,000	\$9,043,000	\$0	\$3,200,000	\$3,200,000

TECHNICAL NOTES:

The current year's estimated average levy for commercial and industrial property would not be available when railroad car company tax notices are due to be sent out. Therefore, the previous year's estimated average levy would have to be used.

Dave Lewis 3-5-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Jerry L. Driscoll 3-5-93
 JERRY L. DRISCOLL, PRIMARY SPONSOR DATE

Fiscal Note for HB0640, second reading

HB 640 #2

-End-

1 *House* BILL NO. *640*
 2 INTRODUCED BY *Orville Hillard Peter Harrington*
 3 *Allegre Kellor* BY REQUEST OF THE HOUSE TAXATION COMMITTEE *ORR*
 4 *Tom Nelson Oscar Ben Mc Gandy & Nelson M. Hansen*
 5 *Fel'd & Terry Bollinger* A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE DEFINITION
 6 OF THE AVERAGE LEVY FOR THE TAXATION OF RAILROAD CAR
 7 COMPANIES TO BE THE AVERAGE STATEWIDE RATE ON COMMERCIAL AND
 8 INDUSTRIAL PROPERTY INSTEAD OF THE AVERAGE APPLICABLE TO
 9 FLEET MOTOR CARRIERS; AMENDING SECTION 15-23-211, MCA; AND
 10 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
 11 APPLICABILITY DATE."
 12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 14 **Section 1.** Section 15-23-211, MCA, is amended to read:
 15 "15-23-211. Definitions. As used in 15-23-211 through
 16 15-23-216, unless the context requires otherwise, the
 17 following definitions apply:
 18 (1) "Average levy" means the average statewide rate of
 19 taxation determined--under--15-24-103 on commercial and
 20 industrial property.
 21 (2) "Person" includes an individual, firm, association,
 22 company, partnership, corporation, joint-stock company,
 23 agency, syndicate, or cooperative.
 24 (3) "Private railroad cars" means all railroad cars
 25 that:

1 (a) are not owned by a railroad company operating in
 2 this state;
 3 (b) are used for transporting persons or freight; and
 4 (c) are not otherwise assessed for property taxation in
 5 this state.
 6 (4) "Railroad car company" means any person, other than
 7 a railroad company, engaged in operating, leasing, or
 8 furnishing private railroad cars, whether or not owned by
 9 that person, for the transportation of persons or freight
 10 over railroad lines located wholly or partially within this
 11 state."
 12 **NEW SECTION. Section 2.** Effective date -- retroactive
 13 applicability. [This act] is effective on passage and
 14 approval and applies retroactively, within the meaning of
 15 1-2-109, to tax years beginning after December 31, 1990.

-End-

HOUSE BILL NO. 640

INTRODUCED BY DRISCOLL, GILBERT, FOSTER, HARRINGTON,
DOLEZAL, KELLER, ORR, T. NELSON, REAM, MCCARTHY, ANDERSON,
M. HANSON, FELAND, TUNBY, BOHLINGER, HIBBARD
BY REQUEST OF THE HOUSE TAXATION COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE DEFINITION
OF THE AVERAGE LEVY FOR THE TAXATION OF RAILROAD CAR
COMPANIES TO BE THE AVERAGE STATEWIDE RATE ON COMMERCIAL AND
INDUSTRIAL PROPERTY INSTEAD OF THE AVERAGE APPLICABLE TO
FLEET MOTOR CARRIERS; AMENDING SECTION 15-23-211, MCA; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
APPLICABILITY DATE."

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

Section 1. Section 15-23-211, MCA, is amended to read:

"15-23-211. Definitions. As used in 15-23-211 through
15-23-216, unless the context requires otherwise, the
following definitions apply:

(1) "Average levy" means the average statewide rate of
taxation determined--under--15-24-103 on commercial and
industrial property.

(2) "Person" includes an individual, firm, association,
company, partnership, corporation, joint-stock company,
agency, syndicate, or cooperative.

(3) "Private railroad cars" means all railroad cars
that:

(a) are not owned by a railroad company operating in
this state;

(b) are used for transporting persons or freight; and

(c) are not otherwise assessed for property taxation in
this state.

(4) "Railroad car company" means any person, other than
a railroad company, engaged in operating, leasing, or
furnishing private railroad cars, whether or not owned by
that person, for the transportation of persons or freight
over railroad lines located wholly or partially within this
state."

NEW SECTION. Section 2. Effective date -- retroactive
applicability. [This act] is effective on passage and
approval and applies retroactively, within the meaning of
1-2-109, to tax years beginning after December 31, 1990.

-End-