

HOUSE BILL 664

Introduced by Harper, et al.

3/08	Introduced
3/08	Referred to Taxation
3/08	First Reading
3/08	Fiscal Note Requested
3/13	Fiscal Note Received
3/13	Fiscal Note Printed
3/15	Hearing
3/18	Tabled in Committee

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2 INTRODUCED BY

House BILL NO. 664

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4 A BILL FOR AN ACT ENTITLED: "AN ACT DISALLOWING THE
5 AGRICULTURAL PROPERTY TAX CLASSIFICATION, EXCEPT IN
6 ACCORDANCE WITH A BLOCK MANAGEMENT PROGRAM, FOR ANY PARCEL
7 OF LAND ON WHICH HUNTING IS PERMITTED UNDER A LEASE OR FOR
8 CONSIDERATION; AMENDING SECTION 15-7-202, MCA; AND PROVIDING
9 AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

12 **Section 1.** Section 15-7-202, MCA, is amended to read:

13 "15-7-202. Eligibility of land for valuation as
14 agricultural. (1) Contiguous parcels of land totaling 20
15 acres or more under one ownership ~~shall be~~ are eligible for
16 valuation, assessment, and taxation as agricultural land
17 each year that none of the parcels is devoted to a
18 commercial or industrial use.

19 (2) Except as provided in subsection (8), contiguous or
20 noncontiguous parcels of land totaling less than 20 acres
21 under one ownership that are actively devoted to
22 agricultural use ~~shall be~~ are eligible for valuation,
23 assessment, and taxation as ~~herein~~ provided in this section
24 each year the parcels meet any of the following
25 qualifications:

1 (a) the parcels produce and the owner or the owner's
2 agent, employee, or lessee markets not less than \$1,500 in
3 annual gross income from the raising of agricultural
4 products as defined in 15-1-101; or

5 (b) the parcels would have met the qualification set
6 out in subsection (2)(a) were it not for independent
7 intervening causes of production failure beyond the control
8 of the producer or marketing delay for economic advantage,
9 in which case proof of qualification in a prior year will
10 suffice.

11 (3) Parcels that do not meet the qualifications set out
12 in subsections (1) and (2) ~~shall~~ may not be classified or
13 valued as agricultural if they are part of a platted
14 subdivision that is filed with the county clerk and recorder
15 in compliance with the Montana Subdivision and Platting Act.

16 (4) Land may not be classified or valued as
17 agricultural if it is subdivided land with stated
18 restrictions effectively prohibiting its use for
19 agricultural purposes. For the purposes of this subsection
20 only, "subdivided land" includes parcels of land larger than
21 20 acres that have been subdivided for commercial or
22 residential purposes.

23 (5) The grazing on land by a horse or other animals
24 kept as a hobby and not as a part of a bona fide
25 agricultural enterprise ~~shall~~ may not be considered a bona

1 fide agricultural operation.

2 (6) If land has been valued, assessed, and taxed as
3 agricultural land in any year, it ~~shall~~ must continue to be
4 ~~so~~ valued, assessed, and taxed as agricultural until the
5 department reclassifies the property. A reclassification
6 does not mean revaluation pursuant to 15-7-111.

7 (7) For the purposes of this part:

8 (a) growing timber is not an agricultural use; and

9 (b) unless done in accordance with a block management
10 program administered by the department of fish, wildlife,
11 and parks, a parcel may not be valued as agricultural if the
12 owner, owner's agent, employee, or lessee leases hunting
13 rights for the parcel or part of the parcel to another
14 person or allows hunting on the parcel for consideration.

15 (8) Subject to the provisions of subsections (2)(a) and
16 (2)(b), property upon which sod, ornamental, nursery, or
17 horticultural crops are raised, grown, or produced must
18 consist of at least 10 acres before the property is eligible
19 to be classified as agricultural land. Improvements devoted
20 to crop production described in this subsection may not be
21 included in class eleven property."

22 NEW SECTION. Section 2. Effective date --
23 applicability -- rulemaking. (1) [This act] is effective
24 January 1, 1994, and applies to tax years beginning after
25 December 31, 1993.

1 (2) The department of revenue may commence rulemaking
2 to implement [this act] under the provisions of Title 2,
3 chapter 4, prior January 1, 1994, but rules adopted by the
4 department to implement [this act] may not be effective
5 prior to January 1, 1994.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0664, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act disallowing the agricultural property tax classification, except in accordance with a block management program, for any parcel of land on which hunting is permitted under a lease or for consideration; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. This proposal would require the Department of Revenue to contact an estimated 57,439 owners of agricultural property to determine whether or not hunting rights have been leased. The cost would be \$31,482 in FY94 and \$26,482 in FY95 and each year thereafter. There would be additional operating expenses of \$2,730 in FY94 for advertising in Montana newspapers.
2. The proposal would require one additional FTE beginning in FY94 to process Fish, Wildlife and Parks information on block management participants and 5 seasonal compliance specialists (2.5 FTE) beginning in FY95. The total costs for these additional FTE for FY94 are \$18,545 for personal services, \$600 for operating expenses, and \$2,820 for equipment. The total costs for FY95 are \$82,748 for personal services, \$2,100 for operating expenses and \$7,050 for equipment.
3. There will be no significant impact on the Department of Fish, Wildlife and Parks block management program.

FISCAL IMPACT:Expenditures:Property Valuation

	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>
FTE	398.66	399.66	1.00	398.66	402.16	3.5
Personal Services	\$ 11,885,655	\$ 11,904,200	\$18,545	\$ 11,913,545	\$11,996,293	\$82,748
Operating Expenses	2,180,406	2,215,218	34,812	2,192,109	2,220,691	28,582
Equipment	222,278	225,098	2,820	205,648	212,698	7,050
Debt Service	<u>269,800</u>	<u>269,800</u>	<u>0</u>	<u>269,800</u>	<u>269,800</u>	<u>0</u>
Total	\$ 14,558,139	\$14,614,316	\$56,177	\$ 14,581,102	\$14,699,482	\$118,380
General Fund	\$ 14,558,139	\$14,614,316	\$56,177	\$ 14,581,102	\$14,692,432	\$118,380

(over)

David Lewis 3-12-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Hal Harper 3/13
 HAL HARPER, PRIMARY SPONSOR DATE

Fiscal Note for HB0644, as introduced

HB 664

Revenues:

Under this proposal parcels of land for which hunting rights have been leased for all or part of the parcel would no longer be considered class 3, agricultural land property, but would become class 4 property. The average statewide taxable value of land classified as agricultural land (30% of productive capacity taxable valuation rate) is \$2.79 per acre. If this land were classified as class 4 property (at 3.86% taxable valuation rate) it would be assessed at market value rather than at productive capacity.

The department has no information on the number of landowners who currently lease hunting rights nor on the acreage involved. There is expected to be some increase in revenue beginning in FY95 from those property owners who would choose to continue leasing hunting rights and lose the agricultural status of their property.

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