

SENATE BILL 122

Introduced by Gage

1/11	Introduced
1/11	First Reading
1/11	Referred to Taxation
1/11	Fiscal Note Requested
1/14	Hearing
1/14	Fiscal Note Received
1/14	Fiscal Note Printed
1/21	Committee Report--Bill Not Passed as Amended
1/21	Adverse Committee Report Adopted

1 Senate BILL NO. 122
2 INTRODUCED BY [Signature]
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM PROPERTY
5 TAXATION ALL MACHINERY AND EQUIPMENT WITH A MARKET VALUE
6 LESS THAN \$100; AMENDING SECTION 15-6-201, MCA; AND
7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
8 APPLICABILITY DATE."

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

11 **Section 1.** Section 15-6-201, MCA, is amended to read:

12 "15-6-201. Exempt categories. (1) The following
13 categories of property are exempt from taxation:

14 (a) the property of:

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

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

1 (iii) municipal corporations; and
2 (iv) public libraries;
3 (b) buildings, with land they occupy and furnishings
4 therein, owned by a church and used for actual religious
5 worship or for residences of the clergy, together with
6 adjacent land reasonably necessary for convenient use of the
7 buildings;

8 (c) property used exclusively for agricultural and
9 horticultural societies, for educational purposes, and for
10 nonprofit health care facilities, as defined in 50-5-101,
11 licensed by the department of health and environmental
12 sciences and organized under Title 35, chapter 2 or 3. A
13 health care facility that is not licensed by the department
14 of health and environmental sciences and organized under
15 Title 35, chapter 2 or 3, is not exempt.

16 (d) property that meets the following conditions:

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

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

23 (iii) is not maintained and operated for private or
24 corporate profit;

25 (e) property owned by institutions of purely public

1 charity and directly used for purely public charitable
2 purposes;

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

5 (g) public museums, art galleries, zoos, and
6 observatories not used or held for private or corporate
7 profit;

8 (h) all household goods and furniture, including but
9 not limited to clocks, musical instruments, sewing machines,
10 and wearing apparel of members of the family, used by the
11 owner for personal and domestic purposes or for furnishing
12 or equipping the family residence;

13 (i) a truck canopy cover or topper weighing less than
14 300 pounds and having no accommodations attached. This
15 property is also exempt from taxation under 61-3-504(2) and
16 61-3-537.

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

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

20 (l) all watercraft;

21 (m) motor vehicles, land, fixtures, buildings, and
22 improvements owned by a cooperative association or nonprofit
23 corporation organized to furnish potable water to its
24 members or customers for uses other than the irrigation of
25 agricultural land;

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

6 (o) property owned and used by a corporation or
7 association organized and operated exclusively for the care
8 of the developmentally disabled, mentally ill, or
9 vocationally handicapped as defined in 18-5-101, which is
10 not operated for gain or profit, and property owned and used
11 by an organization owning and operating facilities for the
12 care of the retired, aged, or chronically ill, which are not
13 operated for gain or profit;

14 (p) all farm buildings with a market value of less than
15 \$500 and all agricultural implements ~~and--machinery~~ with a
16 market value of less than \$100;

17 (q) property owned by a nonprofit corporation organized
18 to provide facilities primarily for training and practice
19 for or competition in international sports and athletic
20 events and not held or used for private or corporate gain or
21 profit. For purposes of this subsection (q), "nonprofit
22 corporation" means an organization exempt from taxation
23 under section 501(c) of the Internal Revenue Code and
24 incorporated and admitted under the Montana Nonprofit
25 Corporation Act.

(r) provided the tools are owned by the taxpayer, the first \$15,000 or less of market value of tools that are customarily hand-held and that are used to:

(i) construct, repair, and maintain improvements to real property; or

(ii) repair and maintain machinery, equipment, appliances, or other personal property;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105; and

(u) beginning January 1, 1994, timber as defined in 15-44-102; and

(v) all machinery and equipment with a market value of less than \$100.

(2) (a) The term "institutions of purely public charity" includes any organization that meets the following requirements:

(i) The organization qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(ii) The organization accomplishes its activities through absolute gratuity or grants; however, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances

or entertainment or by other similar types of fundraising activities.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

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

1 dwelling;

2 (b) \$100,000 in the case of a multifamily residential
3 dwelling or a nonresidential structure."

4 NEW SECTION. **Section 2.** Effective date -- retroactive
5 applicability. [This act] is effective on passage and
6 approval and applies retroactively, within the meaning of
7 1-2-109, to tax years beginning after December 31, 1992.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0122, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act exempting from property taxation all machinery and equipment with a market value less than \$100; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. The proposal does not apply to furniture and fixtures.
2. Due to the applicability date, unsecured machinery and equipment (30% of all machinery and equipment) will impact FY 93

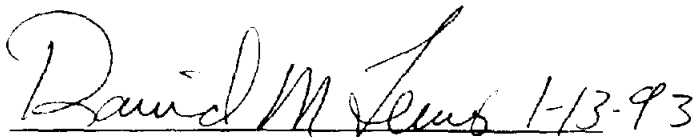
FISCAL IMPACT:

Expenditures:

The proposal will not impact Department of Revenue expenditures.

Revenues:

The proposal will reduce property tax revenues slightly beginning in FY 93. The Department does not have the data necessary to estimate the extent of this reduction.

1-13-93

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

1-13-93

DELWYN GAGE, PRIMARY SPONSOR DATE

Fiscal Note for SB0122, as introduced

SB 122