

SENATE BILL 162

Introduced by Gage

1/15 Introduced
1/15 Fiscal Note Requested
1/15 Referred to Taxation
1/15 First Reading
1/20 Fiscal Note Received
1/22 Fiscal Note Printed
1/26 Hearing
1/29 Tabled in Committee

Senate BILL NO. 162

1 INTRODUCED BY John

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4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE TAX RATE
 5 ON THE PORTION OF THE MARKET VALUE OVER \$200,000 OF A
 6 SINGLE-FAMILY RESIDENCE; AMENDING SECTION 15-6-134, MCA; AND
 7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
 8 APPLICABILITY DATE."

9

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

11 **Section 1.** Section 15-6-134, MCA, is amended to read:

12 **"15-6-134. Class four property -- description --**

13 **taxable percentage.** (1) Class four property includes:

14 (a) all land except that specifically included in
 15 another class;

16 (b) all improvements, including trailers or mobile
 17 homes used as a residence, except those specifically
 18 included in another class;

19 (c) the first \$80,000 or less of the market value of
 20 any improvement on real property, including trailers or
 21 mobile homes, and appurtenant land not exceeding 5 acres
 22 owned or under contract for deed and actually occupied for
 23 at least 10 months a year as the primary residential
 24 dwelling of any person whose total income from all sources,
 25 including net business income or loss and otherwise

1 tax-exempt income of all types but not including social
 2 security income paid directly to a nursing home, is not more
 3 than \$10,000 for a single person or \$12,000 for a married
 4 couple or a head of household, as adjusted according to
 5 subsection (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, or
 11 subsection (2)(c) of this section, property described in
 12 subsections (1)(a) and (1)(b) is taxed at 3.86% of its
 13 market value.

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

	Income	Income	Percentage
	Single Person	Married Couple	Multiplier
Head of Household			
21	\$ 0 - \$ 1,000	\$ 0 - \$ 1,200	0%
22	1,001 - 2,000	1,201 - 2,400	10%
23	2,001 - 3,000	2,401 - 3,600	20%
24	3,001 - 4,000	3,601 - 4,800	30%
25	4,001 - 5,000	4,801 - 6,000	40%

1	5,001 -	6,000	6,001 -	7,200	50%
2	6,001 -	7,000	7,201 -	8,400	60%
3	7,001 -	8,000	8,401 -	9,600	70%
4	8,001 -	9,000	9,601 -	10,800	80%
5	9,001 -	10,000	10,801 -	12,000	90%

6 (ii) The income levels contained in the table in
 7 subsection (2)(b)(i) must be adjusted for inflation annually
 8 by the department of revenue. The adjustment to the income
 9 levels is determined by:

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

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

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

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

23 (d) The portion of the market value of a single-family
 24 residence, with appurtenant land not to exceed 5 acres, that
 25 exceeds \$200,000 is taxed at 6% of market value.

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

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

11 **NEW SECTION. Section 2. Effective date -- retroactive**
 12 **applicability.** [This act] is effective on passage and
 13 approval and applies retroactively, within the meaning of
 14 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 SB0162, as introduced.DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the tax rate on the portion of the market value over \$200,000 of a single-family residence; providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. This bill increases the tax rate for class 4 property from 3.86% to 6% on that portion of market value of single-family residences that exceed \$200,000.
2. The increase in taxable value for residential property impacted by the bill is \$3,430,321 with \$2,225,147 located within a city or town (Department of Revenue/Computer Assisted Mass Appraisal System) (DOR/CAMAS).
3. Average mill levies for class 4 residential property are 6.00 mills for universities, 95.00 mills for the school foundation program, 78.71 for counties, 144.14 for local schools, and 98.99 for cities/towns.
4. One-acre farmsteads (class 11) with market values over \$200,000 are impacted by this bill. This bill increases the tax rate for class 11 property from 3.088% to 4.8% on that portion of market value of single-family residences that exceed \$200,000.
5. The increase in taxable value for one-acre farmsteads impacted by this bill is \$1,414,759 (DOR/CAMAS).
6. Average mill levies for class 11 (farmsteads) property are 6.00 mills for universities, 95.00 mills for the school foundation program, 78.26 for counties, and 116.71 for local schools.
7. The following revenue impact assumes that this bill does not violate the property tax limitations of 1986 required by I-105, (Title 15, chapter 10, part 4, MCA.) See technical note.

FISCAL IMPACT:Increase in Class 4, Residential, and Class 11 Property Tax Revenues:

	FY94	FY95
Universities (02)	\$ 29,070	\$ 29,070
School Foundation (02)	<u>460,283</u>	<u>460,283</u>
Total	\$ 489,353	\$ 489,353

David Lewis 1-20-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Delwyn Gage 1-27-93
 DELWYN GAGE, PRIMARY SPONSOR DATE

Fiscal Note for SB0162, as introduced

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Fiscal Note Request SB0162, as introduced

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(continued)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Increase in Class 4, Residential, and Class 11 Property Tax Revenues:

	<u>FY94</u>	<u>FY95</u>
Counties	\$ 380,720	\$ 380,720
Local Schools	659,563	659,563
City/Town	<u>220,267</u>	<u>220,267</u>
Total	\$ 1,260,550	\$ 1,260,550

TECHNICAL NOTES:

There is no provision in this bill to exclude this tax increase from the property tax limitations of 1986 required by I-105.

It is not clear if the intent of this bill is to include class 11 property with market value over \$200,000.

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