

HOUSE BILL 51

Introduced by Raney, et al.

12/02	Introduced
12/02	Referred to Taxation
12/02	First Reading
12/08	Hearing
12/10	Tabled in Committee

1 House BILL NO. 51  
2 INTRODUCED BY Raney  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE  
5 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII,  
6 SECTION 3, OF THE MONTANA CONSTITUTION TO PROVIDE THAT THE  
7 BASIS FOR ESTABLISHING THE TAXABLE VALUE OF RESIDENTIAL  
8 PROPERTY FOR AD VALOREM TAXATION IS THE ACQUISITION COST OF  
9 REAL PROPERTY WHEN THE PROPERTY IS PURCHASED, WHEN OWNERSHIP  
10 CHANGES, OR UPON NEW CONSTRUCTION; PROVIDING THAT TAXABLE  
11 VALUE OF PROPERTY FOR 1993 IS CONSIDERED THE ACQUISITION  
12 COST UNTIL A PURCHASE, CHANGE OF OWNERSHIP, OR NEW  
13 CONSTRUCTION OCCURS; ALLOWING AN ADJUSTMENT IN ACQUISITION  
14 COST, BASED UPON INFLATION; AUTHORIZING THE EXEMPTION OF  
15 CERTAIN TRANSACTIONS WHEN DETERMINING ACQUISITION COSTS."

16  
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 **Section 1.** Article VIII, section 3, of The Constitution  
19 of the State of Montana is amended to read:

20 "Section 3. Property tax administration -- valuation.

21 (1) The Subject to the provisions of subsection (2), the  
22 state shall appraise, assess, and equalize the valuation of  
23 all property which is to be taxed in the manner provided by  
24 law.

25 (2) (a) The valuation of residential real property,

1 which includes improvements, for ad valorem taxation shall  
2 be based upon the acquisition cost of the property. The  
3 valuation of residential property is the acquisition cost of  
4 the property when purchased, when ownership changes, or when  
5 newly constructed. If the property has not been purchased,  
6 changed ownership, or been newly constructed since December  
7 31, 1993, then the acquisition cost is considered to be the  
8 1993 taxable valuation of the property.

9 (b) The acquisition cost may be adjusted annually, not  
10 to exceed two percent per year, to reflect changes in the  
11 inflationary rate in the manner provided by law. The  
12 acquisition cost may also be reduced to reflect substantial  
13 damage, destruction, or other factors causing a decline in  
14 value.

15 (c) The legislature may, as provided by law, exempt  
16 specified property transactions from the determination of  
17 acquisition costs, such as intrafamily transfers, title  
18 corrections, repairs to damaged property, fire safety  
19 improvements, expenditures for handicapped access,  
20 acquisition of replacement residences by elderly persons,  
21 and acquisition of substantially similar property to replace  
22 destroyed property or property acquired by a governmental  
23 entity through legal process."

24 NEW SECTION. Section 2. Submission to electorate. This  
25 amendment shall be submitted to the qualified electors of

LC 0014/01

1 Montana at the general election to be held in November 1994  
2 by printing on the ballot the full title of this act and the  
3 following:

- 4 ☐ FOR establishing the acquisition cost as the basis  
5 for determining the taxable valuation of residential  
6 property for property tax purposes.
- 7 ☐ AGAINST establishing the acquisition cost as the  
8 basis for determining the taxable valuation of  
9 residential property for property tax purposes.

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