SENATE BILL 25

Introduced by Van Valkenburg, et al.

12/02	Introduced
12/02	Referred to Taxation
12/02	First Reading
12/02	Fiscal Note Requested
12/04	Hearing
12/08	Fiscal Note Received (Not Signed by Sponsor)
12/09	Fiscal Note Printed
12/15	Hearing
12/15	Committee Report--Bill Passed as Amended
12/15	2nd Reading Passed
12/15	3rd Reading Passed
	Transmitted to House
12/16	First Reading
12/16	Referred to Taxation
12/16	Hearing
	Died in Committee

SENATE BILL NO. 25

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT ADDRESSING IMMEDIATE CONCERNS OF THE GOVERNOR'S TAX ADVISORY COUNCIL FOR PROPERTY OWNERSHIP; INCREASING THE INCOME LEVELS UNDER THE LOW-INCOME PROPERTY TAX EXEMPTION PROGRAM; ALLOWING AN EXTENSION OF TIME FOR APPLICATION FOR THE 1993 PROPERTY TAX EXEMPTION PROGRAM; PROVIDING THAT FOR TAX YEARS 1994 AND 1995, THE INCREASE IN 1993 VALUES OF CLASS FOUR PROPERTY WILL BE PHASED IN; AMENDING SECTIONS 15-6-134, 15-6-151, AND 15-8-111, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

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

NEW SECTION. **Section 1.** **Short Title.** [This act] may be cited as the "Montana Homeowners Equity Act of 1993".

Section 2. Section 15-6-134, MCA, is amended to read:

"**15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property includes:

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

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

(c) the first $80,000 or less of the market value of any improvement on real property, including trailers or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources, including net business income and otherwise tax-exempt income of all types but not including social security income paid directly to a nursing home, is not more than $10,000 for a single person or $12,000 for a married couple or a head of household, as adjusted according to subsection (2)(b)(ii). For the purposes of this subsection (c), net business income is gross income less ordinary operating expenses but before deducting depreciation or depletion allowance, or both.

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least 9 nine holes and not less than 3,000 lineal yards; and

(e) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(2), including 1 acre of real property beneath the agricultural improvements. The 1 acre must be valued at market value.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a), (1)(b), and (1)(e) is taxed at 3.86% of its market value.

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

Income Single Person	Income Married Couple Head of Household	Percentage Multiplier
$ 0 - ~~$ 1,000~~	$ 0 - ~~$ 1,200~~	0%
$ - $ 3,750	$ - $ 5,000	
~~1,001 - 2,000~~	~~1,201 - 2,400~~	~~10%~~
3,751 - 7,500	5,001 - 10,000	25%
~~2,001 - 3,000~~	~~2,401 - 3,600~~	~~20%~~
7,501 - 12,250	10,001 - 15,000	50%
~~3,001 - 4,000~~	~~3,601 - 4,800~~	~~30%~~
12,251 - 15,000	15,001 - 20,000	75%
~~4,001 - 5,000~~	~~4,801 - 6,000~~	~~40%~~
~~5,001 - 6,000~~	~~6,001 - 7,200~~	~~50%~~
~~6,001 - 7,000~~	~~7,201 - 8,400~~	~~60%~~
~~7,001 - 8,000~~	~~8,401 - 9,600~~	~~70%~~
~~8,001 - 9,000~~	~~9,601 - 10,000~~	~~80%~~
~~9,001 - 10,000~~	~~10,001 - 12,000~~	~~90%~~

(ii) The income levels contained in the table in

subsection (2)(b)(i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

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

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

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

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

(3) After July 1, 1986, an adjustment may not be made by the department to the taxable percentage rate for class four property until a revaluation has been made as provided in 15-7-111.

(4) Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property~~,~~ and property assessed as other than commercial property is comparable only to other property

assessed as other than commercial property."

Section 3. Section 15-6-151, MCA, is amended to read:

"**15-6-151. Application for certain class four classifications.** (1) A person applying for classification of property described in subsection (1)(c) of 15-6-134 shall make an affidavit to the department of revenue, on a form provided by the department without cost, stating:

(a) ~~his~~ the applicant's income;

(b) the fact that ~~he~~ the applicant maintains the land and improvements as ~~his~~ the applicant's primary residential dwelling, ~~where~~ when applicable; and

(c) ~~such~~ other information ~~as~~ that is relevant to the applicant's eligibility.

(2) (a) ~~This~~ Except as provided in subsection (2)(b), the application must be made before March 1 of the year after the applicant becomes eligible. The application remains in effect in subsequent years unless there is a change in the applicant's eligibility. The taxpayer shall inform the department of any change in eligibility. The department may inquire by mail whether any change in eligibility has taken place and may require a new statement of eligibility at any time it considers necessary.

(b) For tax year 1993, application may be made until [90 days after the effective date of this act].

(3) The affidavit is sufficient if the applicant signs

a statement affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement ~~shall be~~ is treated as a statement under oath or equivalent affirmation for the purposes of 45-7-202, relating to the criminal offense of false swearing."

Section 4. Section 15-8-111, MCA, is amended to read:

"**15-8-111. Assessment -- market value standard -- exceptions.** (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri;

(b) for agricultural implements and machinery not listed in the official guide, the department shall prepare a supplemental manual ~~where~~ in which the values reflect the same depreciation as those found in the official guide; and

(c) as otherwise authorized in ~~Title~~ Titles 15 and ~~Title~~ 61.

(4) For purposes of taxation, assessed value is the same as appraised value.

(5) The taxable value for all property is the percentage of market or assessed value established for each class of property.

(6) The assessed value of properties in 15-6-131

through 15-6-133 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, or 15-23-517.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) ~~Beginning--January-1,-1990,-and-ending-December-31, 1993,-properties-in-15-6-143,-under-class-ten,-are--assessed at--100%--of--the--combined--appraised-value-of-the-standing timber-and-grazing-productivity-of-the-land-when--valued--as timberland~~ For tax years 1994 and 1995, properties in 15-6-134, under class four, are assessed based upon an adjusted value as provided in [section 5].

(e) Beginning January 1, 1994, properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(7) Land and the improvements on the land are separately assessed when any of the following conditions

occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town. ~~(Subsection (6)(d) terminates January 1, 1994--sec. 19, Ch. 783, L. 1991.)~~"

NEW SECTION. **Section 5. Phasein of taxable value of land.** (1) An increase in the appraised value of class four property in 1993 resulting from the reappraisal cycle must be phased in beginning January 1, 1994, as follows:

(a) For the tax year beginning January 1, 1994, and ending December 31, 1994, the assessed value of the property must be increased from the January 1, 1992, value of the property by one-third of the difference between the assessed value on January 1, 1992, and the 1993 appraisal value of the property.

(b) For the tax year beginning January 1, 1995, and ending December 31, 1995, the assessed value of the property must be increased from the January 1, 1992, value of the property by two-thirds of the difference between the assessed value on January 1, 1992, and the 1993 appraisal value of the property.

(c) For the tax year beginning January 1, 1996, and ending December 31, 1996, the assessed value of the property

is the 1993 appraisal value of the property.

(2) If the appraised value of property decreased in 1993 because of the reappraisal cycle, the decreased value is the assessed value effective for the tax year beginning after December 31, 1992.

NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 7. Termination.** [Sections 4 and 5] terminate January 1, 1997.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0025, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act addressing immediate concerns of the Governor's Tax Advisory Council for Property Ownership; increasing the income levels under the low-income property tax exemption program; allowing an extension of time for application for the 1993 property tax exemption program; providing that for tax years 1994 and 1995, the increase in 1993 values of class four property will be phased in; and providing an immediate effective date and a termination date.

ASSUMPTIONS:

Low-Income Exemption Program

1. The changes to the low-income exemption program apply to tax year 1993.
2. Under current law, the **base year** (1986) top income levels for the low-income exemption table are $10,000 and $12,000 for single filers and married couples, respectively, as provided for in MCA, 15-6-134. The inflation adjustment provided for in that same statute results in top income levels of $12,974 and $15,569 for tax year 1993.
3. Under the proposal, the **base year** (1986) top income levels for the low-income exemption table are changed to $15,000 and $20,000 for single filers and married couples, respectively. When the inflation adjustment is applied to these values, the top income levels for program eligibility become $19,461 and $25,948 for tax year 1993.
4. Under current law, approximately 46,746 homes were eligible for the program in tax year 1993, with 9,565 actual applicants receiving an average tax reduction of $194.13, for a total reduction of tax liability of $1,856,830.
5. Under the proposal, approximately 88,608 homes will be eligible for the program, with 29,536 applying and receiving an average tax reduction of $300, for a total reduction of tax liability of $8,860,800.
6. Total increased tax cost of the program is approximately $7.0 million.

Phase-In of 1993 Assessed Values

1. In 1993, approximately 57% of all Class 4 properties (208,250) received an increase in appraised value, while 43% of all properties (157,100) received a decrease in appraised values.
2. Under the proposal, increases in appraised values from 1992 to 1993 would be phased in one-third for tax year 1994, and two-thirds for tax year 1995; in tax year 1996 property values would return to their 1993 levels. Decreases in appraised values are implemented immediately in 1993 and do not change over the period 1993 to 1996.
3. The phase-in provisions of the proposal reduce total taxable valuation $59,395,800 in tax year 1994 (of this amount $29,886,350 is located in cities and towns); and $29,697,900 in tax year 1995 (of this amount $14,993,175 is located in cities and towns).
4. Average mill levies for class 4 **residential** property are 6 mills for universities, 95 mills for state equalization, 78 mills for counties, 159 mills for local schools, and 97 mills for cities and towns.
5. Average mill levies for class 4 **commercial** property are 6 mills for universities, 95 mills for state equalization, 76 mills for counties, 157 mills for local schools, and 96 mills for cities and towns.

FISCAL IMPACT: (see next page)

Dave Lewis 12-8

DAVE LEWIS, BUDGET DIRECTOR DATE

Office of Budget and Program Planning

The sponsor of SB 25 does not concur in the conclusions set forth in the fiscal note and has chosen not to sign the note.

FRED VAN VALKENBURG, PRIMARY SPONSOR DATE

Fiscal Note for SB0025, as introduced

SB 25

Fiscal Note Request, SB0025,as introduced
Form BD-15 page 2
(continued)

FISCAL IMPACT:

Expenditures: (General Fund)

In order to implement the provisions of this bill, administrative costs increase a total of $554,350 in fiscal year 1994 ($11,100 for personal services; $48,250 for operating expenses; and $495,000 for computer system upgrades).

Revenues:

Note: The tax impacts shown in this fiscal note are based on the assumption that mill levies remain at their 1993 level. the extent that the reductions in taxable value stemming from the low-income and phase-in provisions result in increases in mills levied by local governments and schools, the revenue impacts shown for these taxing jurisdictions are overstated.

Change in State Property Tax Revenues

The proposal results in a total net decrease in property tax revenue of $7,003,819 in FY94 and $29,905,402 in FY95. The results are summarized in the tables below:

	FY94	FY95
Universities	$ (106,831)	$ (463,206)
State Equalization (95 mills)	(1,691,476)	(7,334,075)
Total	$(1,798,307)	$ (7,797,281)

EFFECT ON LOCAL REVENUES:

Change in Property Tax Revenue:

	FY94	FY95
Counties	$ (1,419,626)	$ (6,021,229)
Local Schools	(2,836,714)	(12,249,376)
Cities/Towns	(949,172)	(3,837,516)
Total	$ (5,205,512)	$ (22,108,121)

(continued next page)

Fiscal Note Request, SB0025, as introduced
Form ED-15 page 3
(continued)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:
The reduction in taxable valuation in tax year 1995 impacts fiscal year revenues as follows:

	FY96
Universities	$ (285,019)
State Equalization (95 mills)	(4,512,776)
Total	$ (4,797,795)

	FY96
Counties	$ (3,720,428)
Local Schools	(7,543,046)
Cities/Towns	(2,393,345)
Total	$ (13,656,819)

TECHNICAL NOTES:

1. The bill provides for an expansion of the low-income exemption program, and an extension of time to file for the exemption for the 1993 tax year. This creates two problems. First, there is no direction in the bill on how the Department is to accommodate changes in the low-income exemptions of households who have already claimed the exemption, and for those households who will claim the exemption for the first time due to the expansion of the income levels used. For example, will the Department be required to cut checks for the increase in tax liability reductions, or will tax bills for the second half payment in May be credited? Second, local government and school budgets have already levied mills based on the taxable value reductions claimed previously under this program. Expanding the program could reduce the revenue available to meet these budgets for the current tax year.

2. The reduction in taxable value of Class 4 properties in tax years 1994 and 1995 reduces the weight of this component in the calculation of the tax rate applicable to Class 12 property (railroads and airlines). This acts to increase slightly the tax rate applicable to Class 12 properties for fiscal year 1995 and 1996, resulting in a minimal increase in tax liability for these properties.

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for SB0025, second reading.

DESCRIPTION OF PROPOSED LEGISLATION:
An act addressing immediate concerns of the Governor's Tax Advisory Council for Property Ownership; increasing the income levels under the low-income property tax exemption program; allowing an extension of time for application for the 1993 property tax exemption program; and providing effective dates.

ASSUMPTIONS:

Low-Income Exemption Program

1. The changes to the low-income exemption program apply to tax year 1994.
2. Under current law, the **base year** (1986) top income levels for the low-income exemption table are $10,000 and $12,000 for single filers and married couples, respectively, as provided for in MCA, 15-6-134. The inflation adjustment provided for in that same statute results in top income levels of $13,361 and $16,034 for tax year 1994.
3. Under the proposal, the **base year** (1993) top income levels for the low-income exemption table are changed to $15,000 and $20,000 for single filers and married couples, respectively. These levels do not change in tax year 1994.
4. Under current law, approximately 46,746 homes were eligible for the program in tax year 1993 (based on 1990 Census data), with 9,565 actual applicants receiving an average tax reduction of $194.13, for a total reduction of tax liability of $1,856,830. This reflects a current law participation rate of 21 percent.
5. Under the proposal, approximately 62,620 homes will be eligible for the program, with the number of taxpayers actually applying for and receiving relief dependent on the assumption regarding participation rate. The average benefit under the proposal is $240.

(Continued)

David Lewis 12-15
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Fred Van Valkenburg 12-15-93
Fred Van Valkenburg, PRIMARY SPONSOR DATE
Fiscal Note for SB25, second reading.

SB25 #2

6. Total increased tax cost of the program is dependent on the assumption regarding participation rate. The following table shows total program costs at alternative participation rates:

Eligible Homes	Participation Rate	Homes Participating	Average Benefit	Program Cost	Current Cost	Net Impact
62,620	20%	12,524	$240	$3,005,760	$1,856,830	$1,148,930
62,620	25%	15,655	$240	$3,757,200	$1,856,830	$1,900,370
62,620	30%	18,786	$240	$4,508,640	$1,856,830	$2,651,810
62,620	33%	20,665	$240	$4,959,504	$1,856,830	$3,102,674
62,620	35%	21,917	$240	$5,260,080	$1,856,830	$3,403,250
62,620	40%	25,048	$240	$6,011,520	$1,856,830	$4,154,690
62,620	50%	31,310	$240	$7,514,400	$1,856,830	$5,657,570

7. The above table shows the **reduction** in tax revenue due to the proposal. The net impact **in fiscal year 1995** will be distributed approximately 1.5% to universities; 24.2% to state equalization (95 mills); 20.3% to counties; 40.5% to local schools; and 13.5% to cities and towns.

8. The proposal will also impact FY 94 property tax revenues by allowing for a three month window to apply for the current low-income property tax relief program. The total reduction in property tax revenues is uncertain and depends on the number of taxpayers applying within the window period. On average, total property tax revenues will be reduced by approximately $186,000 for each 10% increase in current utilization of the program. The impact will be distributed as noted in 7).

9. The proposed three month window extension will result in additional expenditures in FY 94. Their magnitude cannot be reasonably estimated in the time allowed for completion of this fiscal note.

APPROVED BY COMMITTEE
ON TAXATION

SENATE BILL NO. 25

INTRODUCED BY VAN VALKENBURG, SWANSON, KENNEDY, FRANKLIN, BARDANOUVE, J. JOHNSON, TOOLE, LARSON, TUSS, BARNHART, HALLIGAN, BIANCHI, YELLOWTAIL, BARTLETT, WELDON, REA, KADAS, BLAYLOCK, CHRISTIAENS, BOHLINGER, MENAHAN, WATERMAN, EWER, FAGG, REAM, RYAN, ECK, JACOBSON, WHALEN, SCHYE, KLAMPE, ENDY, TOWE, ELLIOTT, BROOKE, S. HANSEN, DOHERTY, JERGESON

A BILL FOR AN ACT ENTITLED: "AN ACT ADDRESSING IMMEDIATE CONCERNS OF THE GOVERNOR'S TAX ADVISORY COUNCIL FOR PROPERTY OWNERSHIP; INCREASING THE INCOME LEVELS UNDER THE LOW-INCOME PROPERTY TAX EXEMPTION PROGRAM; ALLOWING AN EXTENSION OF TIME FOR APPLICATION FOR THE 1993 PROPERTY TAX EXEMPTION PROGRAM; ~~PROVIDING--THAT--FOR--TAX-YEARS-1994-AND-1995,-THE INCREASE-IN-1993-VALUES--OF--CLASS--FOUR--PROPERTY--WILL--BE PHASED--IN,~~ AMENDING SECTIONS 15-6-134~~,~~ AND 15-6-151, ~~AND 15-8-111,~~ MCA; AND PROVIDING ~~AN-IMMEDIATE~~ EFFECTIVE ~~DATE-AND A-TERMINATION-DATE~~ DATES."

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

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

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

(c) the first $80,000 or less of the market value of any improvement on real property, including trailers or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources, including net business income and otherwise tax-exempt income of all types but not including social security income paid directly to a nursing home, is not more than $10,000 for a single person or $12,000 for a married couple or a head of household, as adjusted according to subsection (2)(b)(ii). For the purposes of this subsection (c), net business income is gross income less ordinary operating expenses but before deducting depreciation or depletion allowance, or both.

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least ~~9~~ nine holes and not less than 3,000 lineal yards; and

SECOND READING

(e) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(2), including 1 acre of real property beneath the agricultural improvements. The 1 acre must be valued at market value.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a), (1)(b), and (1)(e) is taxed at 3.86% of its market value.

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3,751 - 7,500	5,001 - 10,000	25%
~~2,001 - 3,000~~	~~2,401 - 3,600~~	~~20%~~
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~~4,001-----5,000~~	~~4,801-----6,000~~	~~40%~~

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(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of ~~1986~~ 1993; and

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

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

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

(3) After July 1, ~~1986~~ 1993, an adjustment may not be made by the department to the taxable percentage rate for

class four property until a revaluation has been made as provided in 15-7-111.

(4) Within the meaning of comparable property as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property~~,~~ and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

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"**15-6-151. Application for certain class four classifications.** (1) A person applying for classification of property described in subsection (1)(c) of 15-6-134 shall make an affidavit to the department of revenue, on a form provided by the department without cost, stating:

(a) ~~his~~ the applicant's income;

(b) the fact that ~~he~~ the applicant maintains the land and improvements as ~~his~~ the applicant's primary residential dwelling, ~~where~~ when applicable; and

(c) ~~such~~ other information ~~as~~ that is relevant to the applicant's eligibility.

(2) (a) ~~This~~ Except as provided in subsection (2)(b), the application must be made before March 1 of the year after the applicant becomes eligible. The application remains in effect in subsequent years unless there is a change in the applicant's eligibility. The taxpayer shall

inform the department of any change in eligibility. The department may inquire by mail whether any change in eligibility has taken place and may require a new statement of eligibility at any time it considers necessary.

(b) For tax year 1993, application may be made until [90 days after the effective date of this ~~act~~ SECTION].

(3) The affidavit is sufficient if the applicant signs a statement affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement ~~shall--be~~ is treated as a statement under oath or equivalent affirmation for the purposes of 45-7-202, relating to the criminal offense of false swearing."

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~~"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.~~

~~(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.~~

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~~through physical depreciation, functional obsolescence, or economic obsolescence.~~

~~(c) Except as provided in subsection (3), the market value of all motor trucks, agricultural tools, implements, and machinery, and vehicles of all kinds, including but not limited to boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.~~

~~(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:~~

~~(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri;~~

~~(b) for agricultural implements and machinery not listed in the official guide, the department shall prepare a supplemental manual where in which the values reflect the same depreciation as those found in the official guide; and~~

~~(c) as otherwise authorized in Title Titles 15 and~~

~~Title 61.~~

~~(4) For purposes of taxation, assessed value is the same as appraised value.~~

~~(5) The taxable value for all property is the percentage of market or assessed value established for each class of property.~~

~~(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:~~

~~(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, or 15-23-517.~~

~~(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.~~

~~(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.~~

~~(d) Beginning January 1, 1990, and ending December 31, 1993, properties in 15-6-143, under class ten, are assessed at 100% of the combined appraised value of the standing timber and grazing productivity of the land when valued as~~ timberland ~~For tax years 1994 and 1995, properties in~~

~~15-6-134,--under--class--four,--are--assessed--based-upon-an adjusted-value-as-provided-in-[section-5].~~

~~(c)--Beginning-January-1,-1994,-properties-in--15-6-143, under--class--ten,--are--assessed--at--100%--of--the--forest productivity-value-of-the-land-when-valued-as-forest-land.~~

~~(7)--Land---and---the---improvements--on--the--land- are separately-assessed-when-any--of--the--following--conditions occur:~~

~~(a)--ownership--of--the--improvements--is-different-from ownership-of-the-land;~~

~~(b)--the-taxpayer-makes-a-written-request;-or~~

~~(c)--the-land-is-outside-an-incorporated-city--or--town.~~

~~(Subsection--(6)(d)-terminates-January-1,-1994--sec.-19,-Ch. 783,-L.-1991.)"~~

~~NEW-SECTION.--Section-5.--Phasein-of--taxable--value--of-- land.--(1)--An-increase-in-the-appraised-value-of-class-four property-in-1993-resulting-from-the-reappraisal--cycle--must be-phased-in-beginning-January-1,-1994,-as-follows:~~

~~(a)--For--the--tax--year--beginning-January-1,-1994,-and ending-December-31,-1994,-the-assessed-value-of-the-property must-be-increased-from-the-January-1,--1992,--value--of--the property-by-one-third-of-the-difference-between-the-assessed value--on--January--1,-1992,-and-the-1993-appraisal-value-of the-property.~~

~~(b)--For-the-tax-year-beginning--January--1,--1995,--and ending-December-31,-1995,-the-assessed-value-of-the-property must--be--increased--from--the-January-1,-1992,-value-of-the property--by--two-thirds--of--the--difference--between---the assessed--value--on--January-1,-1992,-and-the-1993-appraisal value-of-the-property.~~

~~(c)--For-the-tax-year-beginning--January--1,--1996,--and ending-December-31,-1996,-the-assessed-value-of-the-property is-the-1993-appraisal-value-of-the-property.~~

~~(2)--If--the--appraised--value--of-property-decreased-in 1993-because-of-the-reappraisal-cycle,-the--decreased--value is--the--assessed-value-effective-for-the-tax-year-beginning after-December-31,-1992.~~

NEW SECTION. **Section 4.** Effective ~~date~~ DATES. ~~[This act]-is~~ (1) [SECTIONS 1 AND 3 AND THIS SECTION] ARE effective on passage and approval.

(2) [SECTION 2] IS EFFECTIVE JANUARY 1, 1994.

~~NEW-SECTION.--Section-7.--Termination.--[Sections--4-and--5]-terminate-January-1,-1997.~~

-End-

SB 0025/02

SENATE BILL NO. 25

INTRODUCED BY VAN VALKENBURG, SWANSON, KENNEDY, FRANKLIN, BARDANOUVE, J. JOHNSON, TOOLE, LARSON, TUSS, BARNHART, HALLIGAN, BIANCHI, YELLOWTAIL, BARTLETT, WELDON, REA, KADAS, BLAYLOCK, CHRISTIAENS, BOHLINGER, MENAHAN, WATERMAN, EWER, FAGG, REAM, RYAN, ECK, JACOBSON, WHALEN, SCHYE, KLAMPE, ENDY, TOWE, ELLIOTT, BROOKE, S. HANSEN, DOHERTY, JERGESON

A BILL FOR AN ACT ENTITLED: "AN ACT ADDRESSING IMMEDIATE CONCERNS OF THE GOVERNOR'S TAX ADVISORY COUNCIL FOR PROPERTY OWNERSHIP; INCREASING THE INCOME LEVELS UNDER THE LOW-INCOME PROPERTY TAX EXEMPTION PROGRAM; ALLOWING AN EXTENSION OF TIME FOR APPLICATION FOR THE 1993 PROPERTY TAX EXEMPTION PROGRAM; ~~PROVIDING--THAT--FOR--TAX-YEARS-1994-AND-1995,-THE INCREASE-IN-1993-VALUES--OF--CLASS--FOUR--PROPERTY--WILL--BE PHASED--IN;~~ AMENDING SECTIONS 15-6-134~~,~~ AND 15-6-151, ~~AND 15-8-111,~~ MCA; AND PROVIDING ~~AN-IMMEDIATE~~ EFFECTIVE ~~DATE-AND A-TERMINATION-DATE~~ DATES."

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

NEW SECTION. **Section 1.** Short Title. [This act] may be cited as the "Montana Homeowners Equity Act of 1993".

Section 2. Section 15-6-134, MCA, is amended to read:

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

THERE ARE NO CHANGES IN THIS BILL AND WILL NOT BE REPRINTED. PLEASE REFER TO YELLOW COPY FOR COMPLETE TEXT.