

House BILL NO. 545

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INTRODUCED BY Judy A. Munk

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM PROPERTY TAXATION THE VALUE OF IMPROVEMENTS MADE TO EXISTING COMMERCIAL BUILDINGS THAT REMOVE BARRIERS TO PERSONS WITH DISABILITIES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. Section 1. Exemption of improvements made to commercial buildings to remove barriers to persons with disabilities. (1) Improvements made to an existing commercial building for the purpose of removing barriers to the movement, safety, or comfort of a person with a disability may not be used to increase the taxable valuation of the building.

(2) A person shall apply for an exemption under this section, on a form provided by the department of revenue, setting forth the nature of the improvement, the date on which the improvement was completed, and any other information that the department may require.

(3) For the purposes of this section, improvements for the removal of barriers include:
(a) permanent ramps leading to entrances to the premises and between levels of the premises;
(b) elevators installed for the use of a person with a disability;
(c) handrails installed in and about the premises, indoors and outdoors;
(d) enlarged bathrooms and kitchens and any special equipment installed in them for the benefit of a person with a disability; and

(e) other reasonable accommodations made for the safety, convenience, and comfort of a person with a disability.

(4) To qualify as an exclusion from taxable valuation of the building, the improvement must have been made after July 26, 1990. If the improvement was made prior to tax year 1996, the property owner may file for an adjustment to the taxable value of the property. Upon approval of the adjustment, the property owner must receive a refund of property taxes paid on the excess valuation for the years in which the improvement added value to the property.

1 **NEW SECTION.** **Section 2. Codification instruction.** [Section 1] is intended to be codified as an
2 integral part of Title 15, chapter 6, part 2, and the provisions of Title 15, chapter 6, part 2, apply to
3 [section 1].

4

5 **NEW SECTION.** **Section 3. Effective date -- retroactive applicability.** [This act] is effective on
6 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
7 December 31, 1990.

8

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB545, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act exempting from property taxation the value of improvements made to existing commercial buildings that remove barriers to persons with disabilities; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. The proposal would result in a decrease property tax revenues beginning in FY 96. The department of revenue has no data available to make an estimate of the amount of decrease in property tax revenue due to the proposal.
2. The proposal will result in an additional cost to state and local governments to pay for refunds for property taxes paid on the excess valuation for the prior years in which the improvement added value to the property. The department of revenue has no data available to make an estimate of the total amount of refunds to be paid due to the proposal
3. The proposal would result in a significant workload increase to the property assessment division of the department of revenue. It would require 25.2 appraisers (\$28,576 each) and 12.6 clerical persons (\$18,991 each) to review and appraise the subject improvements. Additional operating expenses are \$5,800 for each new FTE. All expenses are for FY 96.
4. Computer program changes and system modifications to the Department of Revenue's CAMA system will be necessary. Additional programming costs of \$6,600 would be necessary in FY 96.
5. Additional costs for printing, mailing, and advertising would total \$19,536 in FY 96.

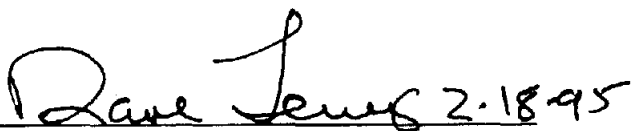
FISCAL IMPACT:

Expenditures:

	<u>FY96</u> <u>Difference</u>	<u>FY97</u> <u>Difference</u>
Personal Services & Operating Expenses	\$1,204,778	0

In addition, the proposal would result in payment of refunds for property taxes paid on the excess valuation for the prior years, and a reduction in property tax revenues beginning in FY 96. These refunds for four previous tax years could be significant.

(Continued)


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

JUDY MURDOCK, PRIMARY SPONSOR DATE
 Fiscal Note for HB545 as introduced

HB545

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposal would result in payment of refunds for property taxes paid on the excess valuation for the prior years, and a reduction in property tax revenues beginning in FY 96.

TECHNICAL NOTES:

1. The bill does not specify the procedure for a taxpayer to obtain a refund of taxes paid on the improvements which removed barriers. Presumptively, 15-16-603, MCA, would be the mechanism. If this is the case, the bill should specify this.
2. An inequity could occur if the proposal applies only to subject improvements made to existing commercial buildings and not to commercial buildings to be constructed with the construction including the same subject improvements.

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0545, second reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act exempting from property taxation the value of improvements made to commercial buildings that remove barriers to persons with disabilities.

ASSUMPTIONS:

1. The proposal may result in a slight decrease in the total taxable valuation of property beginning in FY97.
2. Costs for printing and mailing are estimated to be \$8,680 in FY96 and each subsequent fiscal year.

FISCAL IMPACT:

Revenues:

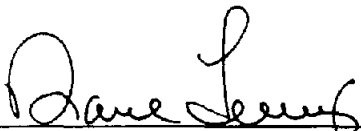
The proposal may result in a slight reduction in property tax revenues beginning in FY97.

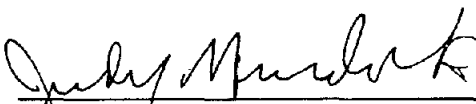
Expenditures:

	<u>FY96</u> <u>Difference</u>	<u>FY97</u> <u>Difference</u>
Personal Services & Operating Expenses	\$8,680	\$8,680

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposal may result in a slight reduction in property tax revenues beginning in FY97.

 3-24-95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


JUDY MURDOCK, PRIMARY SPONSOR DATE
Fiscal Note for HB0545, second reading

HB 545 - #2

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HOUSE BILL NO. 545
INTRODUCED BY MURDOCK

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

NEW SECTION. Section 1. Exemption of improvements made to commercial buildings to remove barriers to persons with disabilities. (1) ~~Improvements~~ ANY ADDITIONAL VALUE ASSOCIATED WITH SPECIFIC IMPROVEMENTS made to an existing OR NEW commercial building, AFTER DECEMBER 31, 1995, for the purpose of removing barriers to the movement, safety, or comfort of a person with a disability may not ~~be used to~~ increase the taxable valuation of the building.

(2) A person shall apply for an exemption under this section BY MARCH 1 OF THE TAX YEAR FOR WHICH THE EXEMPTION IS SOUGHT, on a form provided by the department of revenue, setting forth the nature of the improvement, the date on which the improvement was completed, and any other information that the department may require.

(3) For the purposes of this section, improvements for the removal of barriers include:

- (a) permanent ramps leading to entrances to the premises and between levels of the premises;
- (b) elevators installed for the use of a person with a disability;
- (c) handrails installed in and about the premises, indoors and outdoors;
- (d) enlarged bathrooms and kitchens and any special equipment installed in them for the benefit of a person with a disability; and
- (e) other reasonable accommodations made for the safety, convenience, and comfort of a person with a disability.

~~(4) To qualify as an exclusion from taxable valuation of the building, the improvement must have been made after July 26, 1990. If the improvement was made prior to tax year 1996, the property owner may file for an adjustment to the taxable value of the property. Upon approval of the adjustment, the~~

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10 ~~December 31, 1990.~~

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2 INTRODUCED BY MURDOCK

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