

House BILL NO. 565

INTRODUCED BY

*Ed. Bennett, The Knox, Josh Burnett, Garies M. Hanson, Jayne Taylor, DeBruycker, Zook, Stovall, Beck, Jenkins, Emerson*

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION OF CERTAIN LIVESTOCK; ALLOWING AN OWNER OF LIVESTOCK TO ELECT TO BE ASSESSED FOR TAXATION ON AN AVERAGE INVENTORY BASIS; PROVIDING THAT LIVESTOCK THAT ARE TAXED ON AN AVERAGE INVENTORY BASIS MUST BE TAXED ON AN AVERAGE INVENTORY BASIS FOR THE PER CAPITA LIVESTOCK LEVY; AMENDING SECTIONS 15-6-207, 15-24-902, 15-24-903, AND 15-24-922, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 15-24-902, MCA, is amended to read:

"15-24-902. Assessment of livestock -- election for assessment on average inventory basis. (1)

~~The~~ Except as provided in subsection (2), the department of revenue shall assess all nonexempt livestock in each county where they are located on February 1 of each year. The livestock must be assessed to the person by whom they were owned or claimed or in whose possession or control they were at midnight of February 1 in that year.

(2) An owner of livestock may elect to have nonexempt livestock assessed on the average inventory basis as provided in [sections 3 and 4]. The owner shall file an election with the department on the statement required under 15-24-903."

Section 2. Section 15-24-903, MCA, is amended to read:

"15-24-903. Duty of owner to assist in assessment. (1) (a) ~~The~~ Except as provided in subsection (1)(b), the owner of livestock, as defined in 15-24-901, or the owner's agent, shall at the time of assessment make and deliver to the department of revenue for the county or counties where the owner's livestock were located on February 1 a written statement, under oath, listing the owner's different kinds of livestock within the county or counties, together with a listing of their marks and brands.

(b) If the owner of livestock is assessed on the average inventory basis, as provided in [sections 3 and 4], the owner or the owner's agent shall, in the manner and timeframe provided in subsection (1)(a),



1 report to the department the county or counties where the livestock were located in the prior tax year and  
 2 show the months during the prior tax year that the livestock were within the county or counties.

3 (2) As used in this section, "agent" means any person, persons, company, or corporation, including  
 4 a feedlot operator or owner of grazing land, who has charge of livestock on the assessment date."  
 5

6 NEW SECTION. Section 3. Average inventory -- computation of estimated value of livestock. (1)  
 7 If the owner's livestock are assessed on the average inventory basis, the estimated value of livestock in  
 8 a county on assessment day is computed by adding the assessed value of all livestock more than 24  
 9 months of age owned by the taxpayer in the county on the last day of each month of the prior tax year and  
 10 dividing the sum by 12.

11 (2) The taxpayer shall file a statement on or before February 1 setting forth the number of all  
 12 livestock more than 24 months of age owned by the taxpayer in each county on the last day of each month  
 13 during the prior tax year.  
 14

15 NEW SECTION. Section 4. Average inventory -- taxpayer not owning livestock on assessment day.  
 16 (1) If a taxpayer whose livestock are assessed on the average inventory basis does not own livestock on  
 17 assessment day but owned livestock during the preceding tax year, the taxpayer is not subject to taxes for  
 18 the current tax year if the taxpayer files a statement with the department of revenue stating that the  
 19 taxpayer does not intend to own or acquire livestock during the tax year.

20 (2) If the taxpayer acquires livestock during the year, the taxpayer shall immediately file a current  
 21 statement and is subject to the provisions of [section 3].  
 22

23 **Section 5.** Section 15-24-922, MCA, is amended to read:

24 "**15-24-922. Board of livestock to prescribe per capita levy -- refunds -- per capita levy on average**  
 25 **inventory.** (1) The board of livestock shall annually prescribe the amount of the per capita levy to be made  
 26 against livestock of all classes for the purpose indicated in 15-24-921.

27 (2) The per capita tax levy must be calculated each year to provide not more than 110% of the  
 28 average annual revenue that was generated in the 3 previous years, ~~beginning with revenue generated by~~  
 29 ~~81-7-104 and this section in the taxable years 1985, 1986, and 1987.~~ The calculation ~~shall~~ must apply a  
 30 reasonable factor for nonpayment and late payment of taxes and for reimbursement to the counties

1 pursuant to 15-24-925 for collection of the levy.

2 (3) (a) A livestock owner taxed under 15-24-920 is entitled to a refund of the per capita levy  
3 collected under 15-24-921 based on the number of months the livestock have taxable situs in the state.  
4 The amount of the refund is equal to the ratio of the number of months that the livestock do not have  
5 taxable situs in the state to the number of months in the tax year, multiplied by the original per capita levy  
6 due. A taxpayer shall apply to the board of livestock on a form prescribed by the board for a refund allowed  
7 under this subsection by January 31 following the taxable year. The application must include a statement  
8 showing the date when the livestock were moved out of the state.

9 (b) ~~For~~ Except as provided in subsection (3)(c), for the purposes of 15-24-921 and this section,  
10 the per capita levy may not be prorated.

11 (c) A taxpayer whose livestock, including exempt livestock that would be subject to taxation based  
12 on average inventory if not exempt, are taxed on the average inventory basis for property tax purposes  
13 must also be taxed on an average inventory basis for the purposes of 15-24-921 and this section."  
14

15 **Section 6.** Section 15-6-207, MCA, is amended to read:

16 "**15-6-207. Agricultural exemptions.** (1) The following agricultural products are exempt from  
17 taxation:

18 (a) all unprocessed agricultural products on the farm or in storage and owned by the producer;

19 (b) all producer-held grain in storage;

20 (c) all unprocessed agricultural products, except livestock;

21 (d) except as provided in subsection (1)(e), livestock that have not attained the age of 24 months  
22 as of February 1 or as of the last day of any month of the prior tax year if assessed on the average  
23 inventory basis as provided in 15-24-902(2);

24 (e) swine that have not attained the age of 6 months as of January 1;

25 (f) poultry and the unprocessed products of poultry; and

26 (g) bees and the unprocessed product of bees.

27 (2) Any beet digger, beet topper, beet defoliator, beet thinner, beet cultivator, beet planter, or beet  
28 top saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if ~~such~~  
29 the implement has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately  
30 preceding the current assessment date and there are no available sugar beet contracts in the sugar beet

1 grower's marketing area."

2

3 NEW SECTION. **Section 7. Codification instruction.** [Sections 3 and 4] are intended to be codified  
4 as an integral part of Title 15, chapter 24, part 9, and the provisions of Title 15, chapter 24, part 9, apply  
5 to [sections 3 and 4].

6

7 NEW SECTION. **Section 8. Applicability.** [This act] applies to tax years beginning after December  
8 31, 1995.

9

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB565, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the taxation of certain livestock; allowing an owner of livestock to elect to be assessed for taxation on an average inventory basis; providing that livestock that are taxed on an average inventory basis must be taxed on an average inventory basis for the per capita livestock levy; and providing an applicability date.

ASSUMPTIONS:

**Department of Revenue - Property Tax**

1. Under the proposal, a taxpayer who owns livestock will now have the option to report their livestock for assessment purposes under the average inventory basis. Under the assumption that a taxpayer will choose this new method only if it results in a lower assessment, the proposal would result in a decrease in taxable valuation in FY 96 and subsequent fiscal years. The department of revenue does not have data available to estimate the total decrease in taxable value due to the proposal.
2. The proposal would require a change in the department's business equipment valuation system (BEVS) to accommodate the average inventory method of assessment. This one-time operating cost is estimated to be \$7,500 in FY 96. Additional operating costs are estimated to be \$7,000 in FY 96 and each subsequent fiscal year.

**Department of Livestock - Per Capita Levy**

3. Attempts will be made to anticipate the reduction in head counts when per capita levies are set by the Board of Livestock each year. Levies will be increased to offset the loss. Department estimates suggest a \$0.10 per head increase for cattle may be necessary.

FISCAL IMPACT:

**Department of Revenue**

Expenditures:


	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Operating Costs	\$ 14,500	\$ 7,000

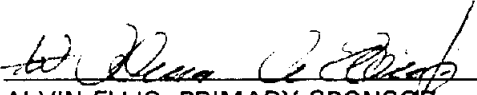
Revenues:

The proposal would result in a slight decrease of property tax revenue in FY 1996 and subsequent fiscal years.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposal would result in a slight decrease in property taxes for local governments in FY 96 and subsequent fiscal years.

 2-23-95  
DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

with reservation  
  
ALVIN ELLIS, PRIMARY SPONSOR DATE  
Fiscal Note for HB565 as introduced

HB 565

## HOUSE BILL NO. 565

INTRODUCED BY ELLIS, BARNETT, OHS, KNOX, TASH, BURNETT, GRINDE, M. HANSON, GRADY,  
HAYNE, TAYLOR, DEBRUYCKER, ZOOK, STOVALL, BECK, JENKINS, EMERSON, HOLLAND, MESAROS

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION OF CERTAIN LIVESTOCK; ALLOWING AN OWNER OF LIVESTOCK TO ELECT TO BE ASSESSED FOR TAXATION ON AN AVERAGE INVENTORY BASIS; PROVIDING THAT LIVESTOCK THAT ARE TAXED ON AN AVERAGE INVENTORY BASIS MUST BE TAXED ON AN AVERAGE INVENTORY BASIS FOR THE PER CAPITA LIVESTOCK LEVY; AMENDING SECTIONS 15-6-207, 15-24-303, 15-24-902, 15-24-903, 15-24-920, AND 15-24-922, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

**Section 1.** Section 15-24-902, MCA, is amended to read:

**"15-24-902. Assessment of livestock -- election for assessment on average inventory basis. (1)**  
~~The~~ Except as provided in subsection (2), the department of revenue shall assess all nonexempt livestock in each county where they are located on February 1 of each year. The livestock must be assessed to the person by whom they were owned or claimed or in whose possession or control they were at midnight of February 1 in that year.

(2) An owner of livestock may elect to have nonexempt livestock assessed on the average inventory basis as provided in [sections SECTION 3 and 4]. The owner shall file an election with the department on the statement required under 15-24-903. AN OWNER OF LIVESTOCK MAKING AN ELECTION TO HAVE NONEXEMPT LIVESTOCK ASSESSED ON THE AVERAGE INVENTORY BASIS IS BOUND BY THAT ELECTION FOR 6 YEARS."

**Section 2.** Section 15-24-903, MCA, is amended to read:

**"15-24-903. Duty of owner to assist in assessment. (1) (a)** ~~The~~ Except as provided in subsection (1)(b), the owner of livestock, as defined in 15-24-901, or the owner's agent, shall at the time of assessment make and deliver to the department of revenue for the county or counties where the owner's livestock were located on February 1 a written statement, under oath, listing the owner's different kinds

1 of livestock within the county or counties, together with a listing of their marks and brands.

2 (b) If the owner of livestock is assessed on the average inventory basis, as provided in [sections  
3 SECTION 3 and 4], the owner or the owner's agent shall, in the manner and timeframe provided in  
4 subsection (1)(a), report to the department the county or counties where the livestock were located in the  
5 prior tax year and show the months during the prior tax year that the livestock were within the county or  
6 counties.

7 (2) As used in this section, "agent" means any person, persons, company, or corporation, including  
8 a feedlot operator or owner of grazing land, who has charge of livestock on the assessment date."

9  
10 **NEW SECTION. Section 3. Average inventory -- computation of estimated value of livestock.** (1)  
11 If the owner's livestock are assessed on the average inventory basis, the estimated value of livestock in  
12 a county on assessment day is computed by adding the assessed value of all livestock more than 24  
13 months of age owned by the taxpayer in the county on the last day of each month of the prior tax year and  
14 dividing the sum by 12.

15 (2) The taxpayer shall file a statement on or before February 1 setting forth the number of all  
16 livestock more than 24 months of age owned by the taxpayer in each county on the last day of each month  
17 during the prior tax year.

18  
19 ~~**NEW SECTION. Section 4. Average inventory -- taxpayer not owning livestock on assessment day.**~~  
20 ~~(1) If a taxpayer whose livestock are assessed on the average inventory basis does not own livestock on~~  
21 ~~assessment day but owned livestock during the preceding tax year, the taxpayer is not subject to taxes for~~  
22 ~~the current tax year if the taxpayer files a statement with the department of revenue stating that the~~  
23 ~~taxpayer does not intend to own or acquire livestock during the tax year.~~

24 ~~(2) If the taxpayer acquires livestock during the year, the taxpayer shall immediately file a current~~  
25 ~~statement and is subject to the provisions of [section 3].~~

26  
27 **Section 4.** Section 15-24-922, MCA, is amended to read:

28 **"15-24-922. Board of livestock to prescribe per capita levy -- refunds -- per capita levy on average**  
29 **inventory.** (1) The board of livestock shall annually prescribe the amount of the per capita levy to be made  
30 against livestock of all classes for the purpose indicated in 15-24-921.

1 (2) The per capita tax levy must be calculated each year to provide not more than 110% of the  
 2 average annual revenue that was generated in the 3 previous years, ~~beginning with revenue generated by~~  
 3 ~~81-7-104 and this section in the taxable years 1985, 1986, and 1987.~~ The calculation shall must apply a  
 4 reasonable factor for nonpayment and late payment of taxes and for reimbursement to the counties  
 5 pursuant to 15-24-925 for collection of the levy.

6 (3) (a) A livestock owner taxed under 15-24-920 is entitled to a refund of the per capita levy  
 7 collected under 15-24-921 based on the number of months the livestock have taxable situs in the state.  
 8 The amount of the refund is equal to the ratio of the number of months that the livestock do not have  
 9 taxable situs in the state to the number of months in the tax year, multiplied by the original per capita levy  
 10 due. A taxpayer shall apply to the board of livestock on a form prescribed by the board for a refund allowed  
 11 under this subsection by January 31 following the taxable year. The application must include a statement  
 12 showing the date when the livestock were moved out of the state.

13 (b) ~~For~~ Except as provided in subsection (3)(c), for the purposes of 15-24-921 and this section,  
 14 the per capita levy may not be prorated.

15 (c) A taxpayer whose livestock, including exempt livestock that would be subject to taxation based  
 16 on average inventory if not exempt, are taxed on the average inventory basis for property tax purposes  
 17 must also be taxed on an average inventory basis for the purposes of 15-24-921 and this section. ALL  
 18 OTHER LIVESTOCK SUBJECT TO THE PER CAPITA TAX LEVY MUST BE REPORTED ON FEBRUARY 1 OF  
 19 EACH YEAR."

20  
 21 **Section 5.** Section 15-6-207, MCA, is amended to read:

22 "**15-6-207. Agricultural exemptions.** (1) The following agricultural products are exempt from  
 23 taxation:

24 (a) all unprocessed agricultural products on the farm or in storage and owned by the producer;

25 (b) all producer-held grain in storage;

26 (c) all unprocessed agricultural products, except livestock;

27 (d) except as provided in subsection (1)(e), livestock that have not attained the age of 24 months  
 28 as of February 1 or as of the last day of any month of the prior tax year if assessed on the average  
 29 inventory basis as provided in 15-24-902(2);

30 (e) swine that have not attained the age of 6 months as of January 1;



1 (f) poultry and the unprocessed products of poultry; and

2 (g) bees and the unprocessed product of bees.

3 (2) Any beet digger, beet topper, beet defoliator, beet thinner, beet cultivator, beet planter, or beet  
4 top saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if ~~such~~  
5 the implement has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately  
6 preceding the current assessment date and there are no available sugar beet contracts in the sugar beet  
7 grower's marketing area."

8

9 **SECTION 6. SECTION 15-24-303, MCA, IS AMENDED TO READ:**

10 **"15-24-303. Proration of tax on personal property -- refund.** (1) The tax on personal property  
11 brought, driven, coming into, or otherwise located in the state on or after the assessment date must be  
12 prorated according to the ratio that the remaining number of months in the year bears to the total number  
13 of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part  
14 5, or to livestock.

15 (2) If property upon which taxes have been paid is removed from the state, the taxpayer may  
16 obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613."

17

18 **SECTION 7. SECTION 15-24-920, MCA, IS AMENDED TO READ:**

19 **"15-24-920. Election for proration of tax on livestock -- refunds -- additional assessment.** (1) An  
20 owner of livestock who moves the livestock interstate may elect to have the nonexempt livestock taxed  
21 on a prorated basis.

22 (2) The owner shall file an election with the department on the statement required in 15-24-903.  
23 The statement must indicate the number of months the owner's livestock will be in the state.

24 (3) If a livestock owner elects to be taxed on a prorated basis, the tax on livestock that are moved  
25 interstate must be prorated according to the ratio of the number of months the livestock have taxable situs  
26 in the county to the total number of months in the taxable year. Livestock must be prorated as provided  
27 in this section regardless of when the livestock gain taxable situs in the county during the taxable year.

28 (4) Subject to the provisions of 15-16-603 through 15-16-605, a taxpayer whose nonexempt  
29 livestock are assessed under subsection (3) for a period longer than the actual number of months that the  
30 livestock have taxable situs in the state is entitled to a refund. The amount of the refund is equal to the

1 difference between the original prorated amount paid and the subsequent amount owed after the actual  
2 number of tax situs months are determined at the end of the tax year. A taxpayer shall apply for a refund  
3 allowed under this subsection by January 31 following the year of assessment. The application must  
4 include a statement showing the date when the livestock were moved out of the state.

5 (5) A taxpayer whose nonexempt livestock are assessed under subsection (3) for a period shorter  
6 than the actual number of months that the livestock have taxable situs is subject to additional taxes for the  
7 number of additional months that the livestock has taxable situs in the state.

8 (6) A taxpayer whose livestock are assessed under 15-24-902(2) is not entitled to a refund under  
9 this part."

10

11 NEW SECTION. Section 8. Codification instruction. ~~Sections SECTION 3 and 4~~ are IS intended  
12 to be codified as an integral part of Title 15, chapter 24, part 9, and the provisions of Title 15, chapter 24,  
13 part 9, apply to ~~sections SECTION 3 and 4~~.

14

15 NEW SECTION. Section 9. Applicability. [This act] applies to tax years beginning after December  
16 31, 1995.

17

-END-

## 1 HOUSE BILL NO. 565

2 INTRODUCED BY ELLIS, BARNETT, OHS, KNOX, TASH, BURNETT, GRINDE, M. HANSON, GRADY,  
3 HAYNE, TAYLOR, DEBRUYCKER, ZOOK, STOVALL, BECK, JENKINS, EMERSON, HOLLAND, MESAROS

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION OF CERTAIN LIVESTOCK; ALLOWING  
6 AN OWNER OF LIVESTOCK TO ELECT TO BE ASSESSED FOR TAXATION ON AN AVERAGE INVENTORY  
7 BASIS; PROVIDING THAT LIVESTOCK THAT ARE TAXED ON AN AVERAGE INVENTORY BASIS MUST BE  
8 TAXED ON AN AVERAGE INVENTORY BASIS FOR THE PER CAPITA LIVESTOCK LEVY; AMENDING  
9 SECTIONS 15-6-207, 15-24-303, 15-24-902, 15-24-903, 15-24-920, AND 15-24-922, MCA; AND  
10 PROVIDING AN APPLICABILITY DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 5, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 565 (third reading copy -- blue), respectfully report that HB 565 be amended as follows and as so amended be concurred in.

Signed:   
Senator Gerry Devlin, Chair

That such amendments read:

1. Page 1, line 24.

Following: "YEARS."

Insert: "After 6 years, the election to have nonexempt livestock assessed on the average inventory basis remains in effect unless the owner otherwise notifies the department before February 1."

2. Page 4, line 14.

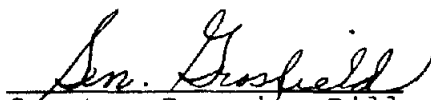
Following: "livestock"

Insert: "assessed under 15-24-902(2)"

-END-



Amd. Coord.  
Sec. of Senate

  
Senator Carrying Bill

HB 565

SENATE  
781323SC.SRF

SENATE COMMITTEE OF THE WHOLE AMENDMENT

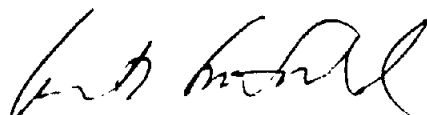
April 7, 1995 12:13 pm

Mr. Chairman: I move to amend HB 565 (third reading copy -- blue).

ADOPT

J.V.

REJECT

Signed: 

Senator Grosfield

That such amendments read:

1. Page 3, line 15.

Strike: ", including exempt livestock"

2. Page 3, line 16.

Strike: "1"

-END-

HB 565

SENATE

801213CW.SPV



Amd. Coord.

## HOUSE BILL NO. 565

INTRODUCED BY ELLIS, BARNETT, OHS, KNOX, TASH, BURNETT, GRINDE, M. HANSON, GRADY,  
HAYNE, TAYLOR, DEBRUYCKER, ZOOK, STOVALL, BECK, JENKINS, EMERSON, HOLLAND, MESAROS

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AN OWNER OF LIVESTOCK TO ELECT TO BE ASSESSED FOR TAXATION ON AN AVERAGE INVENTORY  
BASIS; PROVIDING THAT LIVESTOCK THAT ARE TAXED ON AN AVERAGE INVENTORY BASIS MUST BE  
TAXED ON AN AVERAGE INVENTORY BASIS FOR THE PER CAPITA LIVESTOCK LEVY; AMENDING  
SECTIONS 15-6-207, 15-24-303, 15-24-902, 15-24-903, 15-24-920, AND 15-24-922, MCA; AND  
PROVIDING AN APPLICABILITY DATE."

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

**Section 1.** Section 15-24-902, MCA, is amended to read:

**"15-24-902. Assessment of livestock -- election for assessment on average inventory basis. (1)**  
~~The~~ Except as provided in subsection (2), the department of revenue shall assess all nonexempt livestock  
in each county where they are located on February 1 of each year. The livestock must be assessed to the  
person by whom they were owned or claimed or in whose possession or control they were at midnight of  
February 1 in that year.

(2) An owner of livestock may elect to have nonexempt livestock assessed on the average  
inventory basis as provided in ~~sections~~ SECTION 3 and 4. The owner shall file an election with the  
department on the statement required under 15-24-903. AN OWNER OF LIVESTOCK MAKING AN  
ELECTION TO HAVE NONEXEMPT LIVESTOCK ASSESSED ON THE AVERAGE INVENTORY BASIS IS  
BOUND BY THAT ELECTION FOR 6 YEARS. AFTER 6 YEARS, THE ELECTION TO HAVE NONEXEMPT  
LIVESTOCK ASSESSED ON THE AVERAGE INVENTORY BASIS REMAINS IN EFFECT UNLESS THE OWNER  
OTHERWISE NOTIFIES THE DEPARTMENT BEFORE FEBRUARY 1."

**Section 2.** Section 15-24-903, MCA, is amended to read:

**"15-24-903. Duty of owner to assist in assessment. (1) (a)** ~~The~~ Except as provided in subsection  
(1)(b), the owner of livestock, as defined in 15-24-901, or the owner's agent, shall at the time of

1 assessment make and deliver to the department of revenue for the county or counties where the owner's  
 2 livestock were located on February 1 a written statement, under oath, listing the owner's different kinds  
 3 of livestock within the county or counties, together with a listing of their marks and brands.

4 (b) If the owner of livestock is assessed on the average inventory basis, as provided in [sections  
 5 SECTION 3 and 4], the owner or the owner's agent shall, in the manner and timeframe provided in  
 6 subsection (1)(a), report to the department the county or counties where the livestock were located in the  
 7 prior tax year and show the months during the prior tax year that the livestock were within the county or  
 8 counties.

9 (2) As used in this section, "agent" means any person, persons, company, or corporation, including  
 10 a feedlot operator or owner of grazing land, who has charge of livestock on the assessment date."

11  
 12 NEW SECTION. Section 3. Average inventory -- computation of estimated value of livestock. (1)  
 13 If the owner's livestock are assessed on the average inventory basis, the estimated value of livestock in  
 14 a county on assessment day is computed by adding the assessed value of all livestock more than 24  
 15 months of age owned by the taxpayer in the county on the last day of each month of the prior tax year and  
 16 dividing the sum by 12.

17 (2) The taxpayer shall file a statement on or before February 1 setting forth the number of all  
 18 livestock more than 24 months of age owned by the taxpayer in each county on the last day of each month  
 19 during the prior tax year.

20  
 21 NEW SECTION. Section 4. Average inventory -- taxpayer not owning livestock on assessment day.  
 22 (1) If a taxpayer whose livestock are assessed on the average inventory basis does not own livestock on  
 23 assessment day but owned livestock during the preceding tax year, the taxpayer is not subject to taxes for  
 24 the current tax year if the taxpayer files a statement with the department of revenue stating that the  
 25 taxpayer does not intend to own or acquire livestock during the tax year.

26 (2) If the taxpayer acquires livestock during the year, the taxpayer shall immediately file a current  
 27 statement and is subject to the provisions of [section 3].

28  
 29 **Section 4.** Section 15-24-922, MCA, is amended to read:

30 **"15-24-922. Board of livestock to prescribe per capita levy -- refunds -- per capita levy on average**

1 inventory. (1) The board of livestock shall annually prescribe the amount of the per capita levy to be made  
2 against livestock of all classes for the purpose indicated in 15-24-921.

3 (2) The per capita tax levy must be calculated each year to provide not more than 110% of the  
4 average annual revenue that was generated in the 3 previous years, ~~beginning with revenue generated by~~  
5 ~~81-7-104 and this section in the taxable years 1985, 1986, and 1987.~~ The calculation shall must apply a  
6 reasonable factor for nonpayment and late payment of taxes and for reimbursement to the counties  
7 pursuant to 15-24-925 for collection of the levy.

8 (3) (a) A livestock owner taxed under 15-24-920 is entitled to a refund of the per capita levy  
9 collected under 15-24-921 based on the number of months the livestock have taxable situs in the state.  
10 The amount of the refund is equal to the ratio of the number of months that the livestock do not have  
11 taxable situs in the state to the number of months in the tax year, multiplied by the original per capita levy  
12 due. A taxpayer shall apply to the board of livestock on a form prescribed by the board for a refund allowed  
13 under this subsection by January 31 following the taxable year. The application must include a statement  
14 showing the date when the livestock were moved out of the state.

15 (b) ~~For~~ Except as provided in subsection (3)(c), for the purposes of 15-24-921 and this section,  
16 the per capita levy may not be prorated.

17 (c) A taxpayer whose livestock, including exempt livestock that would be subject to taxation based  
18 on average inventory if not exempt, are taxed on the average inventory basis for property tax purposes  
19 must also be taxed on an average inventory basis for the purposes of 15-24-921 and this section. ALL  
20 OTHER LIVESTOCK SUBJECT TO THE PER CAPITA TAX LEVY MUST BE REPORTED ON FEBRUARY 1 OF  
21 EACH YEAR."

22

23 **Section 5.** Section 15-6-207, MCA, is amended to read:

24 **"15-6-207. Agricultural exemptions.** (1) The following agricultural products are exempt from  
25 taxation:

- 26 (a) all unprocessed agricultural products on the farm or in storage and owned by the producer;  
27 (b) all producer-held grain in storage;  
28 (c) all unprocessed agricultural products, except livestock;  
29 (d) except as provided in subsection (1)(e), livestock that have not attained the age of 24 months  
30 as of February 1 or as of the last day of any month of the prior tax year if assessed on the average



1 inventory basis as provided in 15-24-902(2);

2 (e) swine that have not attained the age of 6 months as of January 1;

3 (f) poultry and the unprocessed products of poultry; and

4 (g) bees and the unprocessed product of bees.

5 (2) Any beet digger, beet topper, beet defoliator, beet thinner, beet cultivator, beet planter, or beet  
6 top saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if such  
7 the implement has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately  
8 preceding the current assessment date and there are no available sugar beet contracts in the sugar beet  
9 grower's marketing area."

10

11 **SECTION 6. SECTION 15-24-303, MCA, IS AMENDED TO READ:**

12 "15-24-303. Proration of tax on personal property -- refund. (1) The tax on personal property  
13 brought, driven, coming into, or otherwise located in the state on or after the assessment date must be  
14 prorated according to the ratio that the remaining number of months in the year bears to the total number  
15 of months in the year. This section does not apply to motor vehicles taxed under Title 61, chapter 3, part  
16 5, or to livestock ASSESSED UNDER 15-24-902(2).

17 (2) If property upon which taxes have been paid is removed from the state, the taxpayer may  
18 obtain a refund of a prorated portion of the taxes, subject to the requirements of 15-16-613."

19

20 **SECTION 7. SECTION 15-24-920, MCA, IS AMENDED TO READ:**

21 "15-24-920. Election for proration of tax on livestock -- refunds -- additional assessment. (1) An  
22 owner of livestock who moves the livestock interstate may elect to have the nonexempt livestock taxed  
23 on a prorated basis.

24 (2) The owner shall file an election with the department on the statement required in 15-24-903.  
25 The statement must indicate the number of months the owner's livestock will be in the state.

26 (3) If a livestock owner elects to be taxed on a prorated basis, the tax on livestock that are moved  
27 interstate must be prorated according to the ratio of the number of months the livestock have taxable situs  
28 in the county to the total number of months in the taxable year. Livestock must be prorated as provided  
29 in this section regardless of when the livestock gain taxable situs in the county during the taxable year.

30 (4) Subject to the provisions of 15-16-603 through 15-16-605, a taxpayer whose nonexempt

1 livestock are assessed under subsection (3) for a period longer than the actual number of months that the  
2 livestock have taxable situs in the state is entitled to a refund. The amount of the refund is equal to the  
3 difference between the original prorated amount paid and the subsequent amount owed after the actual  
4 number of tax situs months are determined at the end of the tax year. A taxpayer shall apply for a refund  
5 allowed under this subsection by January 31 following the year of assessment. The application must  
6 include a statement showing the date when the livestock were moved out of the state.

7 (5) A taxpayer whose nonexempt livestock are assessed under subsection (3) for a period shorter  
8 than the actual number of months that the livestock have taxable situs is subject to additional taxes for the  
9 number of additional months that the livestock has taxable situs in the state.

10 (6) A taxpayer whose livestock are assessed under 15-24-902(2) is not entitled to a refund under  
11 this part.

12  
13 NEW SECTION. Section 8. Codification instruction. [~~Sections SECTION 3 and 4~~] are IS intended  
14 to be codified as an integral part of Title 15, chapter 24, part 9, and the provisions of Title 15, chapter 24,  
15 part 9, apply to [~~sections SECTION 3 and 4~~].

16  
17 NEW SECTION. Section 9. Applicability. [This act] applies to tax years beginning after December  
18 31, 1995.

19 -END-