

House BILL NO. 568INTRODUCED BY Fisher

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE TAXATION OF SKI AREAS AS CLASS FOUR PROPERTY; AMENDING SECTION 15-6-134, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. 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)(iii). 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 ski areas, including land and improvements actually and necessarily used for that purpose, that consist of at least one chair lift that is subject to state regulation under Title 23, chapter 2, part 7; and

~~(f)~~ (f) 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.

1 (2) Class four property is taxed as follows:

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

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

6	Income	Income	Percentage
7	Single Person	Married Couple	Multiplier
8		Head of Household	
9	\$ 0 - \$ 1,000	\$ 0 - \$ 1,200	0%
10	1,001 - 2,000	1,201 - 2,400	10%
11	2,001 - 3,000	2,401 - 3,600	20%
12	3,001 - 4,000	3,601 - 4,800	30%
13	4,001 - 5,000	4,801 - 6,000	40%
14	5,001 - 6,000	6,001 - 7,200	50%
15	6,001 - 7,000	7,201 - 8,400	60%
16	7,001 - 8,000	8,401 - 9,600	70%
17	8,001 - 9,000	9,601 - 10,800	80%
18	9,001 - 10,000	10,801 - 12,000	90%

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

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

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

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

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

30 (3) After July 1, 1986, an adjustment may not be made by the department to the taxable

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

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

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7 NEW SECTION. **Section 2. Effective date -- applicability.** [This act] is effective January 1, 1996,
8 and applies to tax years beginning after December 31, 1995.

9

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB568, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for the taxation of ski areas as class four property; and providing a delayed effective date and an applicability date;

ASSUMPTIONS:


1. The land and improvements of ski areas are currently classified as class four property with a taxable rate of 3.86%. The proposal does not change this.
2. It is assumed that the proposal does not impact the personal property of ski areas.

FISCAL IMPACT:

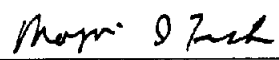
The proposal has no impact on the expenditures or revenues of state or local governments.

TECHNICAL NOTES:

It appears that the intent of this legislation is to reduce the taxable valuation rate on ski *lifts* used in ski areas. The Department currently classifies ski lifts as personal property taxable in Class 8 at a taxable valuation rate of 9 percent. Ski lifts are not considered to be "improvements" to real property. If this is the intent of the bill, then the bill should be amended to provide, specifically, what property within a ski area is to be classified as real property taxable in Class 4.

 2.23.95

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


MARJORIE FISHER, PRIMARY SPONSOR DATE
Fiscal Note for HB568 as introduced

HB 568