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House BILL NO. 589

INTRODUCED BY

Gregory Ahmer Ryan Hlford

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING LODGES AND CLUBHOUSES OF FRATERNAL ORGANIZATIONS FROM THE BENEFICIAL USE PROPERTY TAX; AMENDING SECTION 15-24-1203, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-24-1203, MCA, is amended to read:

"15-24-1203. Privilege tax on industrial, trade, or other business use of tax-exempt property -- exceptions. (1) There is imposed and must be collected a tax upon the possession or other beneficial use for industrial, trade, or other business purposes enjoyed by any private individual, association, or corporation of any property, real or personal, that for any reason is exempt from taxation. ~~The tax may not be imposed upon the possession or other beneficial use of buildings owned by public entities and located upon public airports. However, privately owned buildings located on public airport property are subject to tax. The tax may not be imposed upon the possession or other beneficial use of public lands occupied under the terms of mineral, timber, or grazing leases or permits issued by the United States or the state of Montana or upon any easement unless the lease, permit, or easement entitles the lessee or permittee to exclusive possession of the premises to which the lease, permit, or easement relates.~~ The tax is imposed upon the possession or other beneficial use of an electric transmission line and associated facilities, except that lines and facilities of a design capacity of less than 500 kilovolts are not subject to the tax.

(2) The tax may not be imposed upon:

(a) the possession or other beneficial use of railroad right-of-way or track owned by the United States or acquired by the state pursuant to Title 60, chapter 11, part 1, as long as the state or the United States retains ownership and the right-of-way or track is used exclusively for rail transportation;

~~(b) The tax may not be imposed on~~ (b) the beneficial use by a person of property held by a port authority, created under Title 7, chapter 14, part 11, or by a port authority owned by the United States or an agency of the United States, unless the port authority provides for the exclusive use of the property by

1 the person;

2 (c) the possession or other beneficial use of buildings owned by public entities and located upon
3 public airports. However, privately owned buildings located on public airport property are subject to tax.

4 (d) the possession or other beneficial use of public lands occupied under the terms of mineral,
5 timber, or grazing leases or permits issued by the United States or the state of Montana or upon any
6 easement unless the lease, permit, or easement entitles the lessee or permittee to exclusive possession of
7 the premises to which the lease, permit, or easement relates; or

8 (e) the possession or other beneficial use of a building owned by a public entity and used as the
9 lodge or clubhouse of a recognized fraternal organization that qualifies as an exempt organization under
10 section 501(c)(8) of the Internal Revenue Code."

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12 NEW SECTION. Section 2. Effective date -- retroactive applicability. [This act] is effective on
13 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
14 December 31, 1992.

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-END-

STATE OF MONTANA - FISCAL NOTE

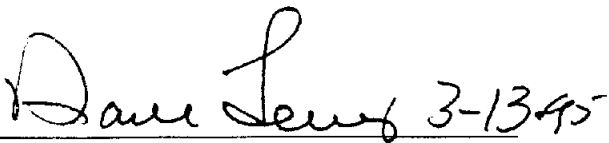
Fiscal Note for HB0589, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

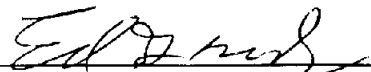
An act exempting lodges and clubhouses of fraternal organizations from the beneficial use property tax; and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

The proposal would result in a property tax revenue decrease dependent on the number of recognized fraternal organizations that currently have a lodge or clubhouse in a building owned by a public entity. This number is expected to be small resulting in a negligible decrease in property tax revenue for state and local governments.

 3-13-95

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



ED GRADY, PRIMARY SPONSOR DATE
Fiscal Note for HB0589, as introduced

HB 589

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