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INTRODUCED BY Eck SENATE BILL NO. 397

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT CERTAIN PROPERTY LEASED FROM A GOVERNMENTAL ENTITY BY INSTITUTIONS OF PURELY PUBLIC CHARITY IS EXEMPT FROM PROPERTY TAXATION; AMENDING SECTION 15-6-201, 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 15-6-201, MCA, is amended to read:

**"15-6-201. Exempt categories.** (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land they occupy and furnishings in the buildings, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3, is not exempt.

1 (d) property that meets the following conditions:

2 (i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20,  
3 or 21;

4 (ii) is devoted exclusively to use in connection with a cemetery or cemeteries for which a  
5 permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part  
6 3; and

7 (iii) is not maintained and operated for private or corporate profit;

8 (e) property owned or property that is leased from a federal, state, or local governmental entity by  
9 institutions of purely public charity and if the property is directly used for purely public charitable purposes;

10 (f) evidence of debt secured by mortgages of record upon real or personal property in the state of  
11 Montana;

12 (g) public museums, art galleries, zoos, and observatories not used or held for private or corporate  
13 profit;

14 (h) all household goods and furniture, including but not limited to clocks, musical instruments,  
15 sewing machines, and wearing apparel of members of the family, used by the owner for personal and  
16 domestic purposes or for furnishing or equipping the family residence;

17 (i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations  
18 attached. This property is also exempt from taxation under 61-3-504(2) and 61-3-537.

19 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

20 (k) motor homes, travel trailers, and campers;

21 (l) all watercraft;

22 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association  
23 or nonprofit corporation organized to furnish potable water to its members or customers for uses other than  
24 the irrigation of agricultural land;

25 (n) the right of entry that is a property right reserved in land or received by mesne conveyance  
26 (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another  
27 to explore, prospect, or dig for oil, gas, coal, or minerals;

28 (o) property owned and used by a corporation or association organized and operated exclusively  
29 for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in  
30 18-5-101, which is not operated for gain or profit, and property owned and used by an organization owning

1 and operating facilities for the care of the retired, aged, or chronically ill, which are not operated for gain  
2 or profit;

3 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and  
4 machinery with a market value of less than \$100;

5 (q) property owned by a nonprofit corporation organized to provide facilities primarily for training  
6 and practice for or competition in international sports and athletic events and not held or used for private  
7 or corporate gain or profit. For purposes of this subsection (q), "nonprofit corporation" means an  
8 organization exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and  
9 admitted under the Montana Nonprofit Corporation Act.

10 (r) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily  
11 hand-held and that are used to:

12 (i) construct, repair, and maintain improvements to real property; or

13 (ii) repair and maintain machinery, equipment, appliances, or other personal property;

14 (s) harness, saddlery, and other tack equipment;

15 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in  
16 33-25-105;

17 (u) beginning January 1, 1994, timber as defined in 15-44-102; and

18 (v) all trailers and semitrailers with a licensed gross weight of 26,000 pounds or more. For  
19 purposes of this subsection (v), the terms "trailer" and "semitrailer" mean a vehicle with or without motive  
20 power that is:

21 (i) designed and used only for carrying property;

22 (ii) designed and used to be drawn by a motor vehicle; and

23 (iii) either constructed so that no part of its weight rests upon the towing vehicle or constructed  
24 so that some part of its weight and the weight of its load rests upon or is carried by another vehicle.

25 (2) (a) The term "institutions of purely public charity" includes any organization that meets the  
26 following requirements:

27 (i) The organization qualifies as a tax-exempt organization under the provisions of section 501(c)(3),  
28 Internal Revenue Code, as amended.

29 (ii) The organization accomplishes its activities through absolute gratuity or grants; however, the  
30 organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public

1 performances or entertainment or by other similar types of fundraising activities.

2 (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and  
3 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold  
4 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property  
5 includes all real and personal property reasonably necessary for use in connection with the public display  
6 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit  
7 organization by an individual or for-profit organization, real and personal property owned by other persons  
8 is exempt if it is:

9 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

10 (ii) held for future display; or

11 (iii) used to house or store a public display.

12 (3) The following portions of the appraised value of a capital investment made after January 1,  
13 1979, in a recognized nonfossil form of energy generation or low emission wood or biomass combustion  
14 devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation  
15 of the property:

16 (a) \$20,000 in the case of a single-family residential dwelling;

17 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

18

19 **NEW SECTION. Section 2. Effective date -- applicability.** [This act] is effective on passage and  
20 approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December  
21 31, 1994.

22

-END-

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STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB 397, as introduced

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DESCRIPTION OF PROPOSED LEGISLATION:

An act providing that certain property leased from a governmental entity by institutions of purely public charity is exempt from property taxation; and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

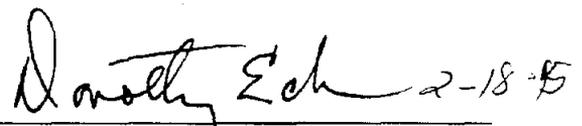
This bill has no impact on department revenues or expenditures.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill might have some impact on local revenues but these are expected to be minimal.

 2-18-95

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

 2-18-95

DOROTHY ECK, PRIMARY SPONSOR    DATE  
Fiscal Note for SB 397, as introduced

**SB 397**



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- 3 or 21;
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- 6 3; and
- 7 (iii) is not maintained and operated for private or corporate profit;
- 8 (e) property owned or property that is leased from a federal, state, or local governmental entity by
- 9 institutions of purely public charity ~~and if the property is~~ directly used for purely public charitable purposes;
- 10 (f) evidence of debt secured by mortgages of record upon real or personal property in the state of
- 11 Montana;
- 12 (g) public museums, art galleries, zoos, and observatories not used or held for private or corporate
- 13 profit;
- 14 (h) all household goods and furniture, including but not limited to clocks, musical instruments,
- 15 sewing machines, and wearing apparel of members of the family, used by the owner for personal and
- 16 domestic purposes or for furnishing or equipping the family residence;
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- 18 attached. This property is also exempt from taxation under 61-3-504(2) and 61-3-537.
- 19 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;
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- 21 (l) all watercraft;
- 22 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association
- 23 or nonprofit corporation organized to furnish potable water to its members or customers for uses other than
- 24 the irrigation of agricultural land;
- 25 (n) the right of entry that is a property right reserved in land or received by mesne conveyance
- 26 (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another
- 27 to explore, prospect, or dig for oil, gas, coal, or minerals;
- 28 (o) property owned and used by a corporation or association organized and operated exclusively
- 29 for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in
- 30 18-5-101, which is not operated for gain or profit, and property owned and used by an organization owning

1 and operating facilities for the care of the retired, aged, or chronically ill, which are not operated for gain  
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3 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and  
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SENATE BILL NO. 397

INTRODUCED BY

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 4 includes all real and personal property reasonably necessary for use in connection with the public display  
 5 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit  
 6 organization by an individual or for-profit organization, real and personal property owned by other persons  
 7 is exempt if it is:

- 8 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;
- 9 (ii) held for future display; or
- 10 (iii) used to house or store a public display.

11 (3) The following portions of the appraised value of a capital investment made after January 1,  
 12 1979, in a recognized nonfossil form of energy generation or low emission wood or biomass combustion  
 13 devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation  
 14 of the property:

- 15 (a) \$20,000 in the case of a single-family residential dwelling;
- 16 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

17  
 18 **NEW SECTION. Section 2. Effective date -- applicability.** [This act] is effective on passage and  
 19 approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December  
 20 31, 1994.

21 -END-