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SENATE BILL NO. 404

INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT EXCLUDING FROM CLASS NINE PROPERTY CERTAIN ALLOCATIONS RELATED TO LEASEHOLD ADDITIONS AND DRILLING COSTS OF CENTRALLY ASSESSED NATURAL GAS COMPANIES; AMENDING SECTION 15-6-141, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 15-6-141, MCA, is amended to read:

**"15-6-141. Class nine property -- description -- taxable percentage.** (1) Class nine property includes:

(a) centrally assessed electric power companies' allocations, including, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities, {not including rural electric cooperatives};

(b) allocations for centrally assessed natural gas companies having a major distribution system in this state, except:

(i) oil and natural gas leasehold additions acquired by the natural gas companies; and

(ii) drilling costs associated with property subject to taxation under Title 15, chapter 23, part 6, or under Title 15, chapter 36; and

(c) centrally assessed companies' allocations, except:

(i) electric power and natural gas companies' property;

(ii) property owned by cooperative rural electric and cooperative rural telephone associations and classified in class five;

(iii) property owned by organizations providing telephone communications to rural areas and classified in class seven;

(iv) railroad transportation property included in class twelve; and

1 (v) airline transportation property included in class twelve.

2 (2) Class nine property is taxed at 12% of market value."

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4 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

5

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0404, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act excluding from class nine property certain allocations related to leasehold additions and drilling costs of centrally assessed natural gas companies; and providing an immediate effective date.

ASSUMPTIONS:

1. It is estimated that the proposal will result in a reduction of property tax revenues to state and local governments of \$1,000,000 in FY96 and each subsequent fiscal year.
2. Average mill levies for the impacted property are 6 mills for the university system, 95 mills for state equalization, 83.75 mills for county governments, and 137.03 mills for local schools.


FISCAL IMPACT:

Revenues:

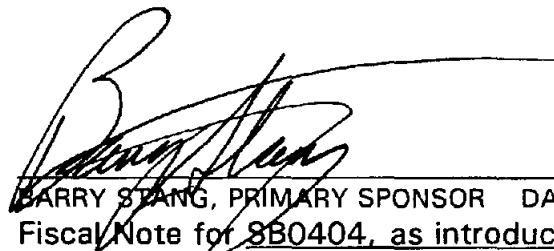
	<u>FY96</u> <u>Difference</u>	<u>FY97</u> <u>Difference</u>
University (6 mills)	( \$ 18,600)	( \$ 18,600)
State Equalization (95 mills)	( 295,200)	( 295,200)
Total	( \$ 313,800)	( \$ 313,800)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

It is estimated the proposal will result in a decrease in property taxes of \$260,300 for county governments and \$425,900 for local school districts for FY96 and each subsequent fiscal year. Most of this reduction would occur in nine counties; Blaine, Carbon, Chouteau, Glacier, Golden Valley, Hill, Liberty, Stillwater, and Toole.

 2-21-95

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



BARRY STANG, PRIMARY SPONSOR DATE  
Fiscal Note for SB0404, as introduced

SB 404