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House BILL NO. 381
Hebbard Menahan Ellis Foster Layne
Bryant Mercer Ron ^{Chapman} Sandy Hirtel HARP Beck ^{Wilson}
Rahbers

INTRODUCED BY
A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CERTAIN PROVISIONS RELATING TO THE
EXEMPTION FROM PROPERTY TAXATION OF CERTAIN COMMUNITY SERVICE BUILDINGS AND LAND;
ALLOWING A NONPROFIT COMMUNITY SERVICE ORGANIZATION THAT SELLS FOOD AND BEVERAGES
TO QUALIFY FOR THE PROPERTY TAX EXEMPTION; AMENDING SECTION 15-6-209, 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 15-6-209, MCA, is amended to read:

"15-6-209. Community services buildings exempt. (1) The building and appurtenant land, not exceeding ~~4~~ 3 acres, owned by a nonprofit community service organization is exempt from property taxation, except as provided in subsections ~~(3)~~ (4) and ~~(4)~~ (5), if the organization:

(a) is a lodge of a nationally recognized fraternal organization ~~and does not sell food or beverages under license from the state of Montana;~~

(b) (i) furnishes services to senior citizens in the form of daytime or evening educational or recreational activities that are recognized in the state plan on aging adopted by the department of public health and human services; and

(ii) does not furnish living accommodations to senior citizens ~~or sell food or beverages under license from the state of Montana; services qualifying under this provision must be recognized in the state plan on aging adopted by the department of public health and human services;~~ or

(c) primarily furnishes facilities without charge, except that a minimal fee may be charged for janitorial services, for public meetings and entertainments.

(2) An applicant for exemption under this section shall demonstrate that it has been an active community service organization continuously from January 1, 1981.

(3) A community service organization exempted under this section may sell food and beverages under license from the state.

~~(3)(4)~~ A building and ~~lot~~ land exempted under this section must be appraised, assessed, and subject



1 to levies for any special improvement district if the special improvement directly benefits the building or lot
2 land.

3 ~~(4)~~(5) The exemption provided under this section may not be extended to any property owned by
4 a community service organization described in this section ~~which~~ that is leased in whole or in part to any
5 person for business or profitmaking purposes."

6

7 **NEW SECTION. Section 2. Effective date -- retroactive applicability.** [This act] is effective on
8 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
9 December 31, 1996.

10

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0381, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising certain provisions relating to the exemption from property taxation of certain community service buildings and land; allowing a nonprofit community service organization that sells food and beverages to qualify for the property tax exemption; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. There are 70 fraternal organizations who have liquor or beer licenses.
2. It is assumed that all 70 of these would apply for and get property tax exemptions for tax years beginning in 1997.
3. These 70 fraternal lodges and up to 3 acres of land have an estimated 1997 market value of \$9.666 million and a taxable value of \$0.375 million. The average mill levies for commercial property are as follows: 101 state mills, 81.95 mills for county government, 183.19 mills for local schools and 101.94 mills for cities and towns.
4. It is assumed that mill levies will remain constant throughout the biennium.

FISCAL IMPACT:

Expenditures:

The proposal does not impact expenditures of the Department of Revenue.

Revenues:

The proposal would decrease FY98 and FY99 property tax revenues. It would reduce the 101 mill levy accounts by \$37,875 for each year of the biennium for the exemption of lodges owned by the 70 fraternal organizations which have beverage licenses.

The department does not have available data with which to estimate the revenue loss for exempting property owned by community organizations who are licensed to sell food only.

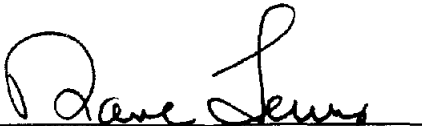
EFFECT ON COUNTY OR OTHER LOCAL REVENUES:

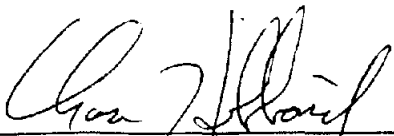
The proposal would decrease FY98 and FY99 property tax revenues. It would reduce local government revenues for each year of the biennium as follows: \$30,731 for counties, \$68,696 for schools, and \$38,228 for cities/towns.

The department does not have available data with which to estimate the revenue loss for exempting property owned by community organizations who are licensed to sell food only.

TECHNICAL NOTES:

The proposal has a retroactive effective date. This would conflict with the current March 15 application deadline for the exemption.

 2-3-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2-4-97
CHASE HIBBARD, PRIMARY SPONSOR DATE

Fiscal Note for HB0381, as introduced

HB 381

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House BILL NO. 381
INTRODUCED BY Hubbard Menahan Ellis Foster Ray
Regula Mercer Ross Sandy Hertz HARP Beck Robbers

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(b) (i) furnishes services to senior citizens in the form of daytime or evening educational or recreational activities that are recognized in the state plan on aging adopted by the department of public health and human services; and

(ii) does not furnish living accommodations to senior citizens ~~or sell food or beverages under license from the state of Montana; services qualifying under this provision must be recognized in the state plan on aging adopted by the department of public health and human services;~~ or

(c) primarily furnishes facilities without charge, except that a minimal fee may be charged for janitorial services, for public meetings and entertainments.

(2) An applicant for exemption under this section shall demonstrate that it has been an active community service organization continuously from January 1, 1981.

(3) A community service organization exempted under this section may sell food and beverages under license from the state.

~~(3)~~(4) A building and ~~lot~~ land exempted under this section must be appraised, assessed, and subject

1 to levies for any special improvement district if the special improvement directly benefits the building or ~~let~~
2 land.

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4 a community service organization described in this section ~~which~~ that is leased in whole or in part to any
5 person for business or profitmaking purposes."

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7 NEW SECTION. **Section 2. Effective date -- retroactive applicability.** [This act] is effective on
8 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
9 December 31, 1996.

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-END-

HOUSE BILL NO. 381

INTRODUCED BY HIBBARD, MENAHAN, ELLIS, FOSTER, GALVIN, LYNCH, WILSON, HARPER,
TROPILA, MERCER, ROSE, HAGENER, GRADY, HERTEL, HARP, BECK, RYAN, REHBEIN

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10 UNDER 15-6-209 FOR TAX YEAR 1997, A COMMUNITY SERVICE ORGANIZATION THAT SELLS FOOD
11 AND BEVERAGES UNDER LICENSE WITH THE STATE OR THAT HAS 3 ACRES OF LAND SHALL APPLY
12 FOR THE EXEMPTION ON A FORM AVAILABLE FROM THE DEPARTMENT OF REVENUE WITHIN 30 DAYS
13 OF PASSAGE AND APPROVAL OF [THIS ACT].

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15 NEW SECTION. Section 3. Effective date -- retroactive applicability. [This act] is effective on
16 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
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