

1 SENATE BILL NO. 127

2 INTRODUCED BY COLE

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE WHOLESALE VALUE OF
6 AGRICULTURAL IMPLEMENTS AND MACHINERY FOR PROPERTY TAX PURPOSES IS THE AVERAGE
7 WHOLESALE VALUE; SPECIFYING THE OFFICIAL GUIDE TO BE USED BY THE DEPARTMENT OF REVENUE
8 IN DETERMINING THE AVERAGE WHOLESALE VALUE OF AGRICULTURAL IMPLEMENTS AND
9 MACHINERY; REQUIRING THE DEPARTMENT TO USE A COMPARABLE PUBLICATION OR WHOLESALE
10 VALUE CATEGORY IN DETERMINING THE WHOLESALE VALUE; AMENDING SECTION 15-8-111, MCA;
11 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

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15 Section 1. Section 15-8-111, MCA, is amended to read:

16 "15-8-111. **Assessment -- market value standard -- exceptions.** (1) All taxable property must be
17 assessed at 100% of its market value except as otherwise provided.

18 (2) (a) Market value is the value at which property would change hands between a willing buyer
19 and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable
20 knowledge of relevant facts.

21 (b) If the department uses construction cost as one approximation of market value, the department
22 shall fully consider reduction in value caused by depreciation, whether through physical depreciation,
23 functional obsolescence, or economic obsolescence.

24 (c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools,
25 implements, and machinery; and vehicles of all kinds is the average wholesale value shown in national
26 appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The
27 department shall prepare valuation schedules showing the average wholesale value when a national
28 appraisal guide does not exist.

29 (3) The department may not adopt a lower or different standard of value from market value in
30 making the official assessment and appraisal of the value of property, except:

1 (a) the wholesale value for agricultural implements and machinery is the ~~lean value~~ average
 2 wholesale value category as shown in the Official Guide, Tractor and Farm Equipment, published by the
 3 ~~national farm and power equipment dealers association~~ North American equipment dealers association, St.
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 24 conditions occur:

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29 **NEW SECTION. Section 2. Effective date -- retroactive applicability.** [This act] is effective on
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1 December 31, 1996.

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STATE OF MONTANA - FISCAL NOTE

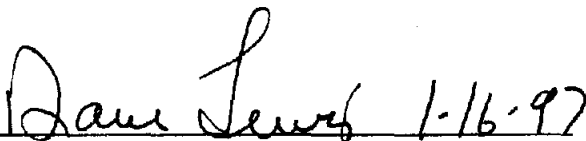
Fiscal Note for SB0127, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act clarifying that the wholesale value of agricultural implements and machinery for property tax purposes is the average wholesale value; specifying the official guide to be used by the Department of Revenue in determining the average wholesale value of agricultural implements and machinery; requiring the department to use a comparable publication or wholesale value category in determining the wholesale value; and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

The proposal updates the statute to replace the reference to a no longer published guidebook with that of its successor. The successor guidebook was first used in tax year 1995 and is referenced in current administrative rules. Hence, the bill has no impact on state or local government expenditures or revenues.


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

MACK COLE, PRIMARY SPONSOR DATE

Fiscal Note for SB0127, as introduced

SB 127

APPROVED BY COM
ON TAXATION

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 25 conditions occur:

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