

1 *Senate* BILL NO. *300*
 2 INTRODUCED BY *Thomas Simpson, Justin Beck, Lynch, Bartlett*
 3 *Dustin Burnett, Muel Geyer, Harung To*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE MARKET VALUE OF CLASS SIX PERSONAL
 5 PROPERTY INTENDED FOR RENTAL OR LEASE THAT IS NOT SUBJECT TO PROPERTY TAXATION FROM
 6 \$5,000 TO \$20,000; AND AMENDING SECTION 15-6-136, MCA."

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

10 **Section 1.** Section 15-6-136, MCA, is amended to read:

11 **"15-6-136. Class six property -- description -- taxable percentage.** (1) Class six property includes:

12 (a) livestock and other species of domestic animals and wildlife raised in domestication or a captive
 13 environment, except for cats, dogs, and other household pets not raised for profit;

14 (b) items of personal property intended for rent or lease in the ordinary course of business,
 15 ~~provided~~ if each item of personal property satisfies all of the following:

16 (i) the full and true value of the personal property is less than ~~\$5,000~~ \$20,000;

17 (ii) the personal property is owned by a business whose primary business income is from rental or
 18 lease of personal property to individuals wherein no one customer of the business accounts for more than
 19 10% of the total rentals or leases during a calendar year; and

20 (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and

21 (c) machinery and equipment used in canola seed oil processing facilities if:

22 (i) the operators of ~~such~~ those facilities employ a minimum of 15 full-time employees; and
 23 (ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989.

24 (2) "Canola seed oil processing facility" means a facility that:

25 (a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and
 26 packages the edible oil into food products, or engages in any one or more of those processes; and

27 (b) employs at least 15 employees in a full-time capacity.

28 (3) Class six property is taxed at 4% of its market value."

29 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0300, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the market value of class six personal property intended for rental or lease that is not subject to property taxation from \$5,000 to \$20,000.

ASSUMPTIONS:

1. The proposal is effective October 1, 1997.
2. The change in tax class would begin January 1, 1998.
3. The proposal allows for rental equipment, meeting certain specifications, having a market value between \$5,000 and \$20,000 to change from class 8 (6% taxable valuation rate in 1998) to class 6 (4% taxable valuation rate in 1998).

FISCAL IMPACT:

Expenditures:


Department of Revenue expenditures associated with this proposal would be minimal.

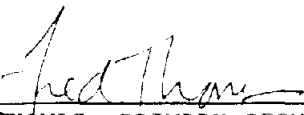
Revenues:

The Department of Revenue does not have a special classification code for rental equipment which would meet the requirements of this proposal but is not currently in class 6. Therefore, data are not available to estimate the loss in revenue due to this proposal.

TECHNICAL NOTE:

The title of this bill implies that the first \$5,000 (current law) and first \$20,000 (proposed law) of this property is exempt from property taxation. This is not true. This property would be classified as class 6 property at 4% taxable valuation rate rather than as class 8 property at 6% taxable valuation rate (1998 tax year).

 2-13-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2/13/97
FRED THOMAS, PRIMARY SPONSOR DATE

Fiscal Note for SB0300, as introduced

SB 300

1 SENATE BILL NO. 300

2 INTRODUCED BY THOMAS, SIMPKINS, DEVLIN, BECK, LYNCH, BARTLETT, QUILICI, BURNETT,
3 MOOD, HARPER, HARRINGTON, JENKINS, ROSE

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5 A BILL FOR AN ACT ENTITLED: "AN ACT ~~INCREASING THE MARKET VALUE~~ REVISING THE TAXATION
6 OF CLASS SIX PERSONAL PROPERTY INTENDED FOR RENTAL OR LEASE THAT IS NOT SUBJECT TO
7 PROPERTY TAXATION; BASING THE VALUE OF RENTAL OR LEASE PROPERTY ON ACQUIRED COST;
8 INCREASING THE VALUE OF RENTAL OR LEASE PROPERTY ELIGIBLE FOR TAXATION AS CLASS SIX
9 PROPERTY FROM \$5,000 TO ~~\$20,000~~ \$12,000; AND AMENDING SECTION 15-6-136, MCA."

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