MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN CHASE HIBBARD**, on January 9, 1995, at 9:00 A.M.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Marian W. Hanson, Vice Chairman (Majority) (R)
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)
Rep. Peggy Arnott (R)
Rep. John C. Bohlinger (R)
Rep. Daniel C. Fuchs (R)
Rep. Hal Harper (D)
Rep. Rick Jore (R)
Rep. Judy Murdock (R)
Rep. Thomas E. Nelson (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. John "Sam" Rose (R)
Rep. William M. "Bill" Ryan (D)
Rep. Roger Somerville (R)
Rep. Robert R. Story, Jr. (R)
Rep. Emily Swanson (D)
Rep. Jack Wells (R)

Members Excused: None

Members Absent: Rep. Jim Elliott (D)
Rep. Kenneth Wennemar (D)

Staff Present: Lee Heiman, Legislative Council
Donna Grace, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: None
Executive Action: None

Department of Revenue staff began their presentation with **Mike Noble, Property Assessment Division,** discussing business property tax exemptions. A copy of the request for tax exemption form was

reviewed. EXHIBIT 1 **Gary Peterson, Appraiser,** discussed property tax incentives and said they could be divided into two categories: property tax abatements and local option property tax exemptions. Property tax abatements result in a reduction in the taxable value of the property. Local option property tax exemptions exclude part or all of the entire value of property from taxation.

Les Saisbury, Tax Program Manager, in charge of agricultural valuation, reviewed the history of agricultural land taxation from 1973 when the Department of Revenue was delegated the responsibility for classifying all agricultural lands. Previously, it had been the responsibility of county commissioners. Values of the land are based on the productive capacity of the land, i.e., the ability of the land to produce income from a cash crop. **Mr. Saisbury** then described the methods used for classifying agricultural land.

Gene Walborn, Property Assessment, explained how all real and personal property owned and used by companies such as electric, telecommunications and pipelines are assessed. He also discussed utilities and transportation, including rural coops.

Randy Pierson, Staff Forester, advised that the Montana Legislature passed the Forest Lands Tax Act in 1991 which required the Department to implement a forest land valuation system based on productivity. The new system was installed and resulted in new values on the 4.1 million acres of productive forest land in 1994. EXHIBIT 2

Dave Woodgerd, Chief Counsel, concluded the Department of Revenue's presentation on taxation in Montana by summarizing litigation experienced in the last year. This is outlined on pages PT-7 and PT-8 of the "Guide." [EXHIBIT 1, January 3, 1995]

Department of Revenue personnel responded to questions from Committee Members on various aspects of assessment and taxation.

CHAIRMAN HIBBARD expressed his thanks and appreciation to the staff of the Department of Revenue for their excellent presentation.

ADJOURNMENT

Adjournment: 11:30 A.M.

CHASE HIBBARD, Chairman

DONNA GRACE, Secretary

CH/dg

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL DATE 3/9/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Chase Hibbard, Chairman	✓		
Rep. Marian Hanson, Vice Chairman, Majority	✓		
Rep. Bob Ream, Vice Chairman, Minority	✓		
Rep. Peggy Arnott	✓		
Rep. John Bohlinger	✓		
Rep. Jim Elliott			
Rep. Daniel Fuchs	✓		
Rep. Hal Harper	✓		
Rep. Rick Jore	✓		
Rep. Judy Rice Murdock	✓		
Rep. Tom Nelson	✓		
Rep. Scott Orr	✓		
Rep. Bob Raney	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Roger Somerville	✓		
Rep. Robert Story	✓		
Rep. Emily Swanson	✓		
Rep. Jack Wells	✓		
Rep. Ken Wennemar			

DEPARTMENT OF REVENUE
PROPERTY ASSESSMENT DIVISION
Assess # DATE 3/9/95
HB

APPLICATION FOR PROPERTY TAX EXEMPTION

APPLICATION MUST BE SUBMITTED BY MARCH 1 OF THE CURRENT TAX YEAR IN ORDER TO BE CONSIDERED FOR THAT TAX YEAR. Any person, firm, corporation, partnership, association, or other group seeking to qualify property as tax exempt, shall make application to the Department of Revenue. The application shall contain a clear and concise statement of all facts and qualifications within the meaning of Article VII, Section 5, of the 1972 Constitution of the State of Montana and Title 15, Chapter 6, Part 2 M.C.A., as amended. **SEE REVERSE FOR INSTRUCTIONS TO COMPLETE FORM.**

APPLICANT SECTION:

Applicant Name: _____ **Date:** _____
Mailing Address: _____ **Phone:** _____ **County:** _____
City: _____ **State:** _____ **Zip:** _____
Property Address: _____
Property Type/Legal Description; or Personal Property Description: _____

Type of Property Exemption Claimed: (Check one or more)

- ☐ Religious
- ☐ Charitable
- ☐ Educational
- ☐ Hospital
- ☐ Cemetery
- ☐ Public Art Gallery
- ☐ Public Observatory
- ☐ Purely Public Charity
- ☐ Fraternal
- ☐ Community Services
- ☐ Government (Explain)
- ☐ Other (Explain)

Required Supporting Documents: (Photocopies are acceptable)
Articles of Incorporation: (if incorporated)
Constitution and By-Laws: (if not incorporated)
Federal Internal Revenue Service Tax Exempt Status Letter: (if unavailable please describe why) _____
Deed or security agreement, which evidences ownership: (for real property only)
Title of motor vehicle or mobile home, or letter of explanation if title is not applicable, which evidences ownership: (for personal property only)
A letter explaining how the organization or society qualifies for a property tax exemption:
A photograph of the property: (omit if furniture and fixtures)

SIGNATURE: _____ **TITLE:** _____ **Date:** _____

PERSONAL & REAL PROPERTY — Upon completion, forward to the County Assessor

ASSESSOR SECTION:

Did applicant own the property on the assessment date of current tax year? (if not, what date was ownership assumed?)

If granted, this exemption will be effective the _____ tax year.
If application is for personal property, does property appear to be used exclusively as applicant claims? _____
Comments: _____

SIGNATURE: _____ **TITLE:** _____ **DATE:** _____

PERSONAL PROPERTY — Upon completion, forward to the Property Assessment Division ☐
REAL PROPERTY — Upon completion, forward to the County Appraiser ☐

APPRAISER SECTION:

Does the property legal description and actual location coincide? _____
Is all land listed necessary for operation of property? (if not how much of the property is necessary?) _____
What is the property used for? (Church, Veterans Clubhouse, School, etc.) _____
Is any part of the improvement rented to another? _____
If Fraternal or Community Services improvements; are they licensed to sell food or beverages? _____
An estimate of the appraised value for the exemption is: _____

SIGNATURE: _____ **TITLE:** _____ **Date:** _____

REAL PROPERTY — Upon completion, forward to Property Assessment Division

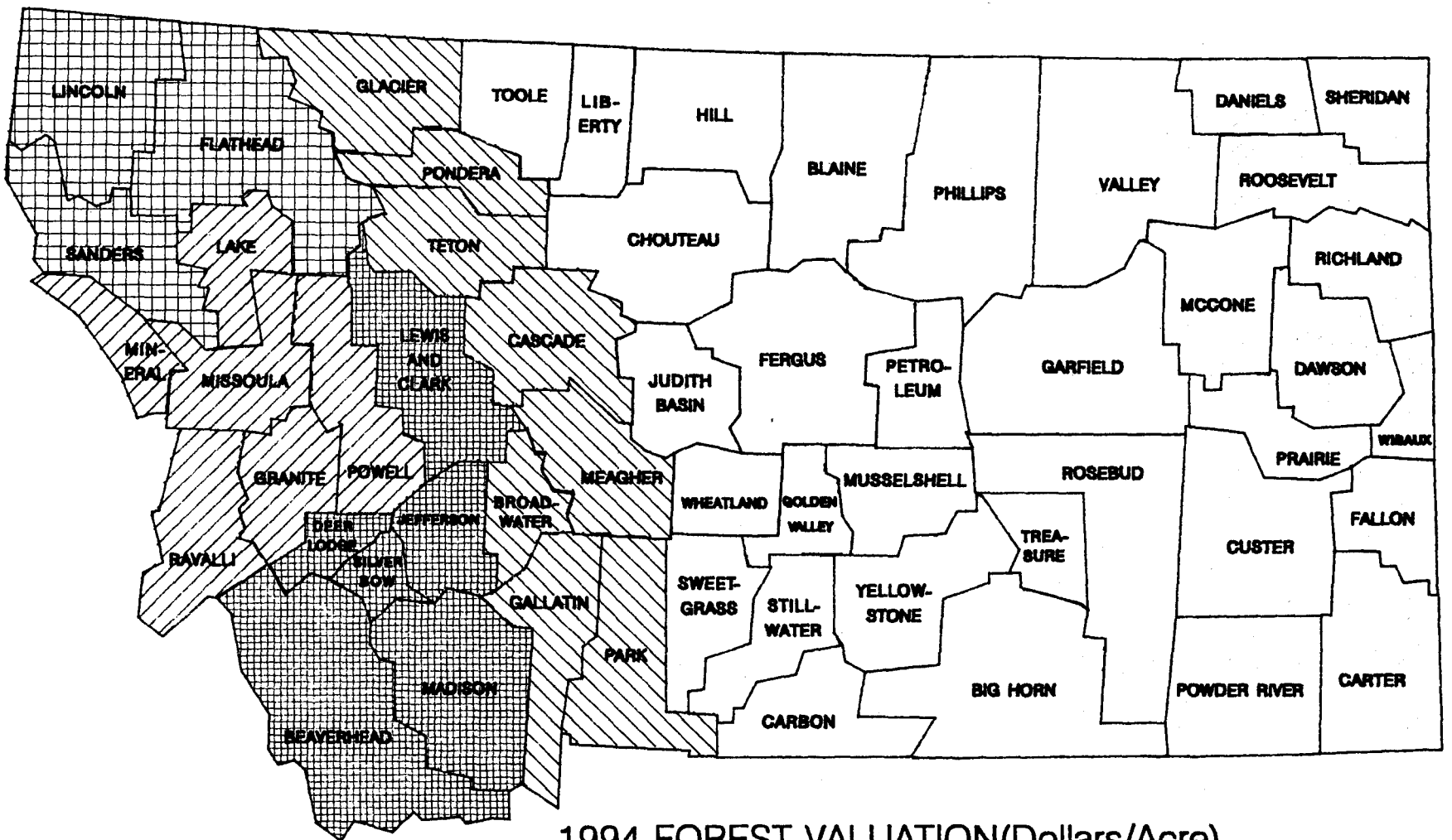
PROPERTY ASSESSMENT DIVISION SECTION:

Received: _____ Application Number Assigned: _____
Supporting information incomplete, returned to: _____
this date: _____ for further input. Received again: _____
Referred to Administrator for final determination and mailing or appropriate letters: _____
Disposition completed: _____

SIGNATURE: _____ **TITLE:** _____ **Date:** _____

DISTRIBUTION: Applicant (Gold); Assessor (Pink); Appraiser (Canary); Revenue (Original)

1994 TIMBER TAX ZONES IN MONTANA



1994 FOREST VALUATION(Dollars/Acre)

Productivity Class	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
1	645.18	505.11	345.19	421.72	141.27
2	501.26	393.24	269.92	329.83	109.47
3	357.34	281.36	194.64	237.94	77.71
4	213.42	169.49	119.37	146.06	45.94

EXHIBIT 2
DATE 3/9/95
HB

FOREST LANDS TAX ACT
1994 FOREST TAX RATE CALCULATION
LAST UPDATE: 06-21-94

		1993 TAX YEAR					1994 TAX YEAR						
COUNTY	ZONE No.	TOTAL FOREST ACRES	TOTAL APPRAISED VALUE	APPRAISED VALUE PER ACRE	TOTAL TAXABLE VALUE	TAXABLE VALUE ACRE	TOTAL FOREST ACRES	TOTAL APPRAISED VALUE	APPRAISED VALUE PER ACRE	TOTAL TAXABLE VALUE	TAXABLE VALUE ACRE	PERCENT APPRAISED VALUE CHANGE	PERCENT TAXABLE VALUE CHANGE
BEAVERHEAD	3	22947	464743	20.25	18594	0.81	25978	3685648	141.88	29117	1.12	600.52%	38.32%
BIG HORN	5	52990	440310	8.31	17620	0.33	74977	3426097	45.70	27066	0.36	449.93%	8.56%
BLAINE	5	0	0	0.00	0	0.00	3017	136741	45.32	1080	0.36	N/A	N/A
BROADWATER	4	30363	295663	9.74	11825	0.39	35080	4910424	139.98	38792	1.11	1337.50%	183.99%
CARBON	5	5364	16097	3.00	645	0.12	11317	609134	53.82	4812	0.43	1693.60%	253.62%
CARTER	5	1506	9536	6.33	381	0.25	22024	1012021	45.95	7995	0.36	625.69%	43.49%
CASCADE	4	45918	335937	7.32	13436	0.29	46898	7060229	150.54	55776	1.19	1957.74%	306.39%
CHOUTEAU	5	10836	30968	2.86	1239	0.11	14033	781454	55.69	6173	0.44	1848.54%	284.75%
CUSTER	5	0	0	0.00	0	0.00	53986	2480110	45.94	19593	0.36	N/A	N/A
DANIELS	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
DAWSON	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
DEER LODGE	3	79486	422345	5.31	16889	0.21	77405	14138289	182.65	111692	1.44	3337.57%	579.11%
FALLON	5	0	0	0.00	0	0.00	600	27565	45.94	218	0.36		
FERGUS	5	115345	1129179	9.79	45142	0.39	124928	5945801	47.59	46972	0.38	386.17%	-3.93%
FLATHEAD	1	466651	42523993	91.13	1700960	3.65	452706	170905809	377.52	1350156	2.98	314.28%	-18.18%
GALLATIN	4	149271	3267223	21.89	130671	0.88	167410	35507480	210.81	312109	1.87	863.13%	90.24%
GARFIELD	5	0	0	0.00	0	0.00	456	20946	45.94	165	0.36	N/A	N/A
GLACIER	4	0	0	0.00	0	0.00	2337	475039	203.27	3753	1.61	N/A	N/A
GOLDEN VALLEY	5	13320	129277	9.71	5171	0.39	18466	923240	50.00	7294	0.39	415.14%	1.74%
GRANITE	2	110168	2938633	26.67	117547	1.07	144714	32817713	226.78	259260	1.79	750.17%	67.91%
HILL	5	0	0	0.00	0	0.00	6184	283862	45.87	2290	0.37	N/A	N/A
JEFFERSON	3	42351	636182	15.02	25437	0.60	44675	5111206	114.41	40379	0.90	661.62%	50.48%
JUDITH BASIN	5	6278	44935	7.16	1800	0.29	16737	752958	44.99	5948	0.36	526.54%	23.96%
LAKE	2	100301	6497643	64.78	259907	2.59	100059	29686961	296.69	234527	2.34	357.99%	-9.55%
LEWIS AND CLAR	3	185637	2014637	10.85	80586	0.43	173763	26236951	150.99	207272	1.19	1291.31%	174.78%
LIBERTY	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
LINCOLN	1	424266	29355062	69.19	1174215	2.77	419219	154941184	369.59	1224035	2.92	434.17%	5.50%
MADISON	3	74388	748205	10.06	29906	0.40	94904	13844517	145.88	109372	1.15	1350.36%	186.66%
McCONE	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
MEAGHER	4	99317	1394644	14.04	55784	0.56	125521	20032625	159.60	156258	1.26	1036.53%	124.47%
MINERAL	2	91682	4217758	46.00	168710	1.84	91896	24827715	270.17	196139	2.13	487.28%	15.99%
MISSOULA	2	559890	27901237	49.83	1116049	1.99	533930	132158160	247.52	1044049	1.96	396.69%	-1.90%
MUSSELSHELL	5	91583	1613675	17.62	64547	0.70	133747	6127711	45.82	48409	0.36	180.02%	-48.65%
PARK	4	97507	2386561	24.48	95461	0.98	139470	27757951	199.02	219288	1.57	713.15%	60.60%
PETROLEUM	5	0	0	0.00	0	0.00	2246	103187	45.94	815	0.36	N/A	N/A
PHILLIPS	5	0	0	0.00	0	0.00	1344	59746	44.45	472	0.35	N/A	N/A
PONDERA	4	0	0	0.00	0	0.00	925	227539	245.99	1798	1.94	N/A	N/A
POWDER RIVER	5	12205	90668	7.43	3629	0.30	26172	1204404	46.02	9515	0.36	519.47%	22.27%
POWELL	2	227556	8048864	35.37	321965	1.41	220385	51779845	234.95	409061	1.86	564.25%	31.19%
PRAIRIE	5	0	0	0.00	0	0.00	436	20030	45.94	158	0.36	0.00%	0.00%
RAVALLI	2	95166	6534733	68.67	261399	2.75	109317	21535194	197.00	170128	1.56	186.89%	-43.34%
RICHLAND	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
ROOSEVELT	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
ROSEBUD	5	35620	258564	7.26	10333	0.29	44804	2087194	46.58	16489	0.37	541.76%	26.86%
SANDERS	1	274251	15736842	57.38	629474	2.30	263656	102647050	361.87	610912	2.86	530.65%	24.55%
SHERIDAN	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	N/A	N/A
SILVER BOW	3	22490	405318	18.02	16225	0.72	20415	2878248	140.99	22738	1.11	682.30%	54.39%
STILLWATER	5	7443	11078	1.49	448	0.06	66557	3213930	48.29	25390	0.38	3144.36%	533.78%
SWEET GRASS	5	18155	161259	8.88	6448	0.36	71615	4016985	56.09	31734	0.44	531.49%	24.77%
TETON	4	0	0	0.00	0	0.00	9487	2355423	248.28	18606	1.96	N/A	N/A
TOOLE	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
TREASURE	5	1925	7236	3.76	290	0.15	14250	652622	45.80	5156	0.36	1118.37%	140.16%
VALLEY	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
WHEATLAND	5	2096	27666	13.20	1107	0.53	13406	630099	47.00	4978	0.37	256.09%	-29.70%
WIBAUX	5	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0.00%	0.00%
YELLOWSTONE	5	14018	163890	11.69	6550	0.47	33825	1563191	46.21	12349	0.37	295.26%	-21.86%
TOTALS		3588290	160260561	44.66	6410390	1.79	4095277	925606230	226.02	7312269	1.79	406.05%	-0.05%

1994 TAX RATE CALCULATION

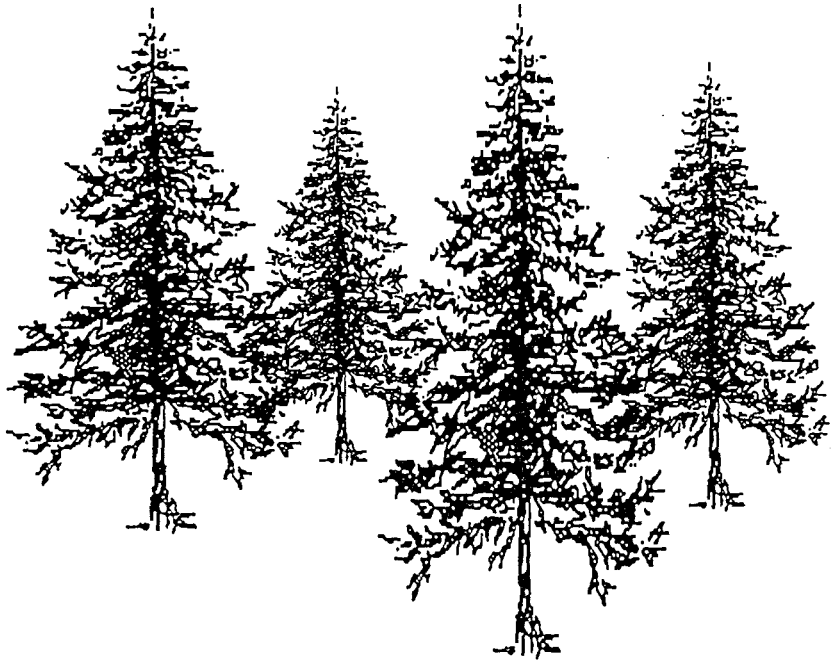
TOTAL FOREST ACRES IN 1993	=	3588290
TOTAL FOREST APPRAISED VALUE IN 1993	=	160260561
AVG. FOREST APPR. VALUE/ACRE IN 1993	=	44.66
TOTAL FOREST TAXABLE VALUE IN 1993	=	6410390
AVG. FOREST TAXABLE VALUE/ACRE IN 1993	=	1.79
TOTAL FOREST ACRES IN 1994	=	4095277
TOTAL FOREST APPRAISED VALUE IN 1994	=	925606230
AVG. FOREST APPR. VALUE/ACRE IN 1994	=	226.02
TOTAL FOREST TAXABLE VALUE IN 1994	=	7312269
AVG. FOREST TAXABLE VALUE/ACRE IN 1994	=	1.79
TAX RATE IN 1994	=	0.0079

EXHIBIT 2 3
DATE 3-9-95

MONTANA

FOREST LAND

UNDERSTANDING MONTANA'S FOREST LAND TAX SYSTEM



ANSWERS ABOUT YOUR FOREST LAND TAX ASSESSMENT

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.