ROLL CALL
Taxation Committee
House of Representatives

Date: 4.17.07

NAME (18 Members)	PRESENT	ABSENT or EXCUSED
Chairman B. LAKE		✓
Vice Chair J. SONJU	✓	
Vice Chair J. COHENOUR	✓	
Rep. N. BIXBY	✓	
Rep. M. BLASDEL	✓	
Rep. E. BUTCHER	✓	
Rep. R. ERICKSON	✓	
Rep. W. GRINDE	✓	
Rep. R. HAMILTON	✓	
Rep. E. HILBERT	✓	
Rep. M. JOPEK	✓	
Rep. C. LAMBERT	✓	
Rep. G. MacLAREN	✓	
Rep. D. McALPIN	✓	
Rep. B. NOONEY	✓	
Rep. J.P. POMNICHOWSKI	✓	
Rep. J. ROSS	✓	
Rep. C. VINCENT		✓

HOUSE STANDING COMMITTEE REPORT

Mr. Speaker:

We, your committee on **Taxation** recommend that **Senate Bill 220** (third reading copy -- blue) **be concurred in as amended**.

Signed: _____
Representative Bob Lake, Chair

To be carried by Representative Wayne Stahl

And, that such amendments read:

1. Title, line 4 through line 24.
Strike: "ADOPTING" on line 4 through "EXCEEDED" on line 24
Insert: "ALLOWING A PROPERTY TAX EXEMPTION, UNDER CERTAIN CONDITIONS, FOR LAND ADJACENT TO CERTAIN TRANSMISSION LINES; ALLOWING A REFUNDABLE INCOME TAX CREDIT FOR THE AMOUNT OF PROPERTY TAXES PAID ON $20,000 OF MARKET VALUE OF A PRINCIPAL RESIDENCE ATTRIBUTABLE TO THE 95-MILL STATEWIDE LEVIES TO FUND SCHOOLS; INCREASING THE INCOME TAX EXEMPTION TO AN AMOUNT EQUAL TO 80 PERCENT OF THE FEDERAL EXEMPTION AMOUNT; PROVIDING THAT THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE EXAMINE THE CREDIT EACH INTERIM TO CHANGE THE RELIEF MULTIPLE FACTOR GOVERNING THE AMOUNT OF THE CREDIT; GRANTING AUTHORITY TO THE DEPARTMENT OF REVENUE TO REQUIRE SOCIAL SECURITY NUMBERS OR TAXPAYER IDENTIFICATION NUMBERS IN TAX MATTERS"

2. Title, line 25.
Strike: "7-4-2623" through "AND"
Insert: "15-1-201,"

3. Title, line 26.
Following: "15-6-219,"
Insert: "15-30-112, AND 15-30-142,"
Strike: "AN IMMEDIATE"
Strike: "DATE"
Insert: "DATES"

Committee Vote:
Yes 10, No 8
Fiscal Note Required X

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4. Page 1, line 30 through page 25, line 20.
Strike: everything after the enacting clause
Insert: "NEW SECTION. **Section 1. Exemption for land adjacent to transmission line right-of-way easement -- application -- limitations.** (1) Subject to the conditions of this section, for tax years beginning after December 31, 2007, there is allowed an exemption from property taxes for land that is within 660 feet on either side of the midpoint of a transmission line right-of-way or easement.

(2) (a) An owner or operator of a transmission line shall apply to the department for an exemption under this section on a form provided by the department. The application must include a legal description and a digitized certificate of survey prepared by a surveyor registered with the board of professional engineers and professional land surveyors provided for in 2-15-1763 of the property in the county for which the exemption is sought and other information required by the department. A separate application must be made for each county in which an exemption is sought.

(b) An application for an exemption that would be in effect for the tax year and subsequent tax years must be filed with the department by March 1 in the tax year that the exemption is sought.

(3) (a) The owner or operator of a transmission line shall inform the department of any change in ownership of the land or other circumstances that may affect the eligibility of the land for the exemption. The department shall determine whether any changes have occurred that affect the eligibility of the land for the exemption.

(b) The exemption allowed under this section does not apply to:

(i) the boundaries of an incorporated or unincorporated city or town;

(ii) a platted and filed subdivision;

(iii) tracts of land used for residential, commercial, or industrial purposes; or

(iv) the 1 acre of land beneath improvements on land described in 15-6-133(1)(c) and 15-7-206(2).

(4) For the purposes of this section, "transmission line" means an electric line with a design capacity of 30 megavoltamperes or greater that is constructed after January 1, 2007."

Insert: "NEW SECTION. **Section 2. Refundable income tax credit -- statewide equalization property tax levies on principal residence.** (1) (a) There is a credit against the tax imposed by this chapter, which is calculated by multiplying the amount of property taxes imposed and paid on a property taxpayer's principal residence under 20-9-331, 20-9-333, and 20-9-360 on $20,000 of market value on the residence times the relief multiple.

(b) As used in subsection (1)(a), the relief multiple is a number used to change the amount of tax relief allowed under this section. The relief multiple is 5. Each interim the revenue and transportation interim committee shall, based upon actual and projected state revenue and spending and any other appropriate factors, determine if a change in the relief multiple is justified. If a change is justified, the committee shall request a bill to change the relief multiple.

(2) As used in this section, "principal residence" means a class four residential dwelling that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 5 acres, as is reasonably necessary for its use as a dwelling and that is occupied by the owner for at least 7 months during the tax year.

(3) Only one claim may be made with respect to any property.

(4) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the excess must be refunded to the claimant. The credit may be claimed even if the claimant has no income taxable under this chapter."

Insert: "Section 3. Section 15-1-201, MCA, is amended to read:

"15-1-201. Administration of revenue laws. (1) (a) The department has general supervision over the administration of the assessment and tax laws of the state, except Title 15, chapters 70 and 71, and over any officers of municipal corporations having any duties to perform under the laws of this state relating to taxation to the end that all assessments of property are made relatively just and equal, at true value, and in substantial compliance with law. The department may make rules to supervise the administration of all revenue laws of the state and assist in their enforcement.

(b) In the administration of any tax over which it has general supervision, the department may require all individuals subject to the tax laws of the state to provide to the department the individual's social security number, federal employee identification number, or taxpayer identification number.

~~(b)~~ (c) The department may contract with the U.S. department of the interior or any other federal agency to perform federal royalty audits, collection services, and any other delegable functions related to mining operations on federal lands within the state pursuant to the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996.

~~(c)~~ (d) The department shall adopt rules specifying which types of property within the several classes are considered comparable property as defined in 15-1-101.

~~(d)~~ (e) The department shall also adopt rules for determining the value-weighted mean sales assessment ratio for all commercial and industrial real property and improvements.

(2) The department shall confer with, advise, and direct officers of municipal corporations concerning their duties, with respect to taxation, under the laws of the state.

(3) The department shall collect annually from the proper officers of the municipal corporations information, in a form prescribed by the department, about the assessment of property, collection of taxes, receipts from licenses and other sources, expenditure of public funds for all purposes, and other information as may be necessary and helpful in the work of the department. It is the duty of all public officers to fill out properly and return promptly to the department all forms and to aid the department in its work. The department shall examine the records of all municipal corporations for purposes considered necessary or helpful.""

Insert: "Section 4. Section 15-6-219, MCA, is amended to read:

"15-6-219. Personal and other property exemptions. The following categories of property are exempt from taxation:

(1) items of personal property with a market value of less than $100;

~~(1)~~(2) harness, saddlery, and other tack equipment;

~~(2)~~(3) the first $15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(a) construct, repair, and maintain improvements to real property; or

(b) repair and maintain machinery, equipment, appliances, or other personal property;

~~(3)~~(4) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

~~(4)~~(5) a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;

~~(5)~~(6) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(a) the acquired cost of the personal property is less than $15,000;

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

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

~~(6)~~(7) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance; and

~~(7)~~(8) a title plant owned by a title insurer or a title

insurance producer, as those terms are defined in 33-25-105.""

Insert: "Section 5. Section 15-30-112, MCA, is amended to read:

"15-30-112. Exemptions. (1) Except as provided in subsection (6), in the case of an individual, the exemptions provided by subsections (2) through (5) must be allowed as deductions in computing taxable income.

(2) (a) An exemption of ~~$1,900~~ $2,560 is allowed for all taxpayers.

(b) An additional exemption of ~~$1,900~~ $2,560 is allowed for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the tax year of the taxpayer begins, does not have gross income and is not the dependent of another taxpayer.

(3) (a) An additional exemption of ~~$1,900~~ $2,560 is allowed for the taxpayer if the taxpayer has attained the age of 65 before the close of the taxpayer's tax year.

(b) An additional exemption of ~~$1,900~~ $2,560 is allowed for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse has attained the age of 65 before the close of the tax year and, for the calendar year in which the tax year of the taxpayer begins, does not have gross income and is not the dependent of another taxpayer.

(4) (a) An additional exemption of ~~$1,900~~ $2,560 is allowed for the taxpayer if the taxpayer is blind at the close of the taxpayer's tax year.

(b) An additional exemption of ~~$1,900~~ $2,560 is allowed for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse is blind and, for the calendar year in which the tax year of the taxpayer begins, does not have gross income and is not the dependent of another taxpayer. For the purposes of this subsection (4)(b), the determination of whether the spouse is blind must be made as of the close of the tax year of the taxpayer, except that if the spouse dies during the tax year, the determination must be made as of the time of death.

(c) For purposes of this subsection (4), an individual is blind only if the person's central visual acuity does not exceed 20/200 in the better eye with correcting lenses or if visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision to an extent that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(5) (a) An exemption of ~~$1,900~~ $2,560 is allowed for each dependent:

(i) whose gross income for the calendar year in which the tax year of the taxpayer begins is less than $800; or

(ii) who is a child of the taxpayer and who:

(A) has not attained the age of 19 years at the close of the calendar year in which the tax year of the taxpayer begins; or

(B) is a student.

(b) An exemption is not allowed under this subsection for a dependent who has made a joint return with the dependent's spouse

for the tax year beginning in the calendar year in which the tax year of the taxpayer begins.

(c) For purposes of subsection (5)(a)(ii), the term "child" means an individual who is a son, stepson, daughter, or stepdaughter of the taxpayer.

(d) For purposes of subsection (5)(a)(ii)(B), the term "student" means an individual who, during each of 5 calendar months during the calendar year in which the tax year of the taxpayer begins:

(i) is a full-time student at an educational institution; or

(ii) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational institution or of a state or political subdivision of a state. For purposes of this subsection (5)(d)(ii), the term "educational institution" means only an educational institution that normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on.

(6) The department, by November 1 of each year, shall multiply all the exemptions provided in this section by the inflation factor for that tax year and round the product to the nearest $10. The resulting adjusted exemptions are effective for that tax year and must be used in calculating the tax imposed in 15-30-103.""

Insert: "Section 6. Section 15-30-142, MCA, is amended to read:

"15-30-142. Returns and payment of tax -- penalty and interest -- refunds -- credits. (1) For both resident and nonresident taxpayers, each single individual and each married individual not filing a joint return with a spouse and having a gross income for the tax year of more than $3,560, as adjusted under the provisions of subsection (6), and married individuals not filing separate returns and having a combined gross income for the tax year of more than $7,120, as adjusted under the provisions of subsection (6), are liable for a return to be filed on forms and according to rules that the department may prescribe. The gross income amounts referred to in the preceding sentence must be increased by ~~$1,900~~ $2,560, as adjusted under the provisions of 15-30-112(6), for each additional personal exemption allowance that the taxpayer is entitled to claim for the taxpayer and the taxpayer's spouse under 15-30-112(3) and (4).

(2) In accordance with instructions set forth by the department, each taxpayer who is married and living with husband or wife and is required to file a return may, at the taxpayer's option, file a joint return with husband or wife even though one of the spouses has neither gross income nor deductions. If a joint return is made, the tax must be computed on the aggregate taxable income and the liability with respect to the tax is joint and several. If a joint return has been filed for a tax year, the spouses may not file separate returns after the time for filing

the return of either has expired unless the department consents.

(3) If a taxpayer is unable to make the taxpayer's own return, the return must be made by an authorized agent or by a guardian or other person charged with the care of the person or property of the taxpayer.

(4) All taxpayers, including but not limited to those subject to the provisions of 15-30-202 and 15-30-241, shall compute the amount of income tax payable and shall, on or before the date required by this chapter for filing a return, pay to the department any balance of income tax remaining unpaid after crediting the amount withheld, as provided by 15-30-202, and any payment made by reason of an estimated tax return provided for in 15-30-241. However, the tax computed must be greater by $1 than the amount withheld and paid by estimated return as provided in this chapter. If the amount of tax withheld and the payment of estimated tax exceed by more than $1 the amount of income tax as computed, the taxpayer is entitled to a refund of the excess.

(5) If the department determines that the amount of tax due is greater than the amount of tax computed by the taxpayer on the return, the department shall mail a notice to the taxpayer as provided in 15-30-323 of the additional tax proposed to be assessed, including penalty and interest as provided in 15-1-216.

(6) By November 1 of each year, the department shall multiply the minimum amount of gross income necessitating the filing of a return by the inflation factor for the tax year. These adjusted amounts are effective for that tax year, and persons who have gross incomes less than these adjusted amounts are not required to file a return.

(7) Individual income tax forms distributed by the department for each tax year must contain instructions and tables based on the adjusted base year structure for that tax year.""

Insert: "NEW SECTION. **Section 7. Codification instruction.** (1) [Section 1] is intended to be codified as an integral part of Title 15, chapter 6, part 2, and the provisions of Title 15, chapter 6, part 2, apply to [section 1].

(2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 2]."

Insert: "NEW SECTION. **Section 8. Effective dates.** (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) [Section 1] is effective January 1, 2008."

Insert: "NEW SECTION. **Section 9. Applicability.** (1) Except as provided in subsection (2), [this act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

(2) [Section 1] applies to property tax years beginning after December 31, 2007."

- END -

COMMITTEE FILE COPY

TABLED BILL

The **HOUSE TAXATION COMMITTEE** TABLED **SB 105**, by motion, on **Tuesday, April 17, 2007**.

(For the Committee)

(Chief Clerk of the House)

11:50 / 4/24

(Time) (Date)

April 24, 2007 Debra L. Polhemus, Secretary Phone: 4877

ROLL CALL VOTE
Taxation Committee
House of Representatives

Date: 4.17.07
Bill No.: SB220
Motion No. :
Motion: be amended

NAME (18 Members)	AYE	NO	Proxy
Vice Chair J. SONJU	✓		
Vice Chair J. COHENOUR		✓	
Rep. W. GRINDE		✓	
Rep. B. NOONEY	✓		
Rep. D. McALPIN		✓	
Rep. G. MacLAREN	✓		
Rep. N. BIXBY		✓	
Rep. C. LAMBERT	✓		
Rep. J.P. POMNICHOWSKI		✓	
Rep. E. HILBERT	✓		
Rep. C. VINCENT	✓		✓
Rep. M. JOPEK		✓	
Rep. E. BUTCHER	✓		
Rep. R. ERICKSON		✓	
Rep. M. BLASDEL	✓		
Rep. R. HAMILTON		✓	
Rep. J. ROSS	✓		
Chairman B. LAKE	✓		

VOTE: 10-8 passes

ROLL CALL VOTE
Taxation Committee
House of Representatives

Date: 4.17.07
Bill No.: SB220
Motion No. :
Motion: do concur as amended

NAME (18 Members)	AYE	NO	Proxy
Vice Chair J. SONJU	✓		
Vice Chair J. COHENOUR		✓	
Rep. W. GRINDE		✓	
Rep. B. NOONEY	✓		
Rep. D. McALPIN		✓	
Rep. G. MacLAREN	✓		
Rep. N. BIXBY		✓	
Rep. C. LAMBERT	✓		
Rep. J.P. POMNICHOWSKI		✓	
Rep. E. HILBERT	✓		
Rep. C. VINCENT	✓		✓
Rep. M. JOPEK		✓	
Rep. E. BUTCHER	✓		
Rep. R. ERICKSON		✓	
Rep. M. BLASDEL	✓		
Rep. R. HAMILTON		✓	
Rep. J. ROSS	✓		
Chairman B. LAKE	✓		✓

VOTE: 10-8 passes

ROLL CALL VOTE
Taxation Committee
House of Representatives

Date: 4.17.07
Bill No.: SB436 (present & voting)
Motion No. :
Motion: reconsider previous action

NAME (~~18~~ Members) 15	AYE	NO	Proxy
Vice Chair J. SONJU	✓		
Vice Chair J. COHENOUR		✓	
Rep. W. GRINDE		✓	
Rep. B. NOONEY	✓		
Rep. D. McALPIN		✓	
Rep. G. MacLAREN	NA	NA	
Rep. N. BIXBY		✓	
Rep. C. LAMBERT	✓		
Rep. J.P. POMNICHOWSKI		✓	
Rep. E. HILBERT	✓		
Rep. C. VINCENT	NA	NA	
Rep. M. JOPEK		✓	
Rep. E. BUTCHER	✓		
Rep. R. ERICKSON		✓	
Rep. M. BLASDEL	✓		
Rep. R. HAMILTON		✓	
Rep. J. ROSS	✓		
Chairman B. LAKE	NA	NA	

VOTE: 7-8 fails

AUTHORIZED
COMMITTEE PROXY

I request to be excused from the Taxation

Committee because of other commitments. I desire to leave my proxy vote with:

Rep. Jon Sonju

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

	BILL/AMENDMENT	AYE	NO	BILL/AMENDMENT	AYE	NO
2/23/07	HB787 - To Table	✓				
3/29	AMEND 83203. AKJ	✓				
	AMEND 83201 AKJ	✓				
	AMEND 83202 #2 AKJ	✓				
	HB 832		✓			
	Table HB832	✓				
4/17	SB220:					
	be amended	✓				
	do concur as amd.	✓				
	SB105: Table	✓				

Rep. Bob Lake (Signature) Date

Chairman Bob Lake

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AUTHORIZED
COMMITTEE PROXY

I request to be excused from the Taxation

Committee because of other commitments. I desire to leave my proxy vote with:

Rep. J. Sonju

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

	BILL/AMENDMENT	AYE	NO
4/1	SB553 - do concur	✓	
	SB281 - do concur	✓	
	SB552 - do concur	✓	
	SB436 - be amend.	✓	
	" - be amend.	✓	
	" - be concurred as amend.		✓
	SB220 Amend. SB22001.	✓	
	SB220	✓	
	SB 105 16-2	✓	

	BILL/AMENDMENT	AYE	NO
4/2	SB233:		
	be amended	✓	
	do con as amd.	✓	
	SB121:		
	be amended	✓	
	do concur as amd.	✓	
4/17	SB220: be amend.	✓	
	": do con. as amd.	✓	
	SB105: be tabled	✓	

Rep. [signature] Date 4/13/07

(Signature)

Chas Vincent

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