

Amendments to Senate Bill No. 398
1st Reading Copy

Requested by Senator Bruce Tutvedt

For the Senate Taxation Committee

Prepared by Jaret Coles
March 25, 2013 (4:27pm)

1. Title, page 1, line 5 through line 6.
Strike: "CREATING" on page 1, line 5 through "IMPROVEMENTS;" on line 6
2. Title, page 1, line 7.
Following: "RESIDENTIAL"
Insert: "AND COMMERCIAL"
Following: "PROPERTY,"
Insert: "AND"
3. Title, page 1, line 8.
Strike: ", AND CLASS SEVENTEEN COMMERCIAL PROPERTY"
4. Title, page 1, line 15.
Strike: "15-6-156, 15-6-229,"
Insert: "15-6-211,"
Strike: "15-7-202,"
5. Title, page 1, line 16.
Strike: "15-10-420,"
Strike: "15-24-2101, 15-24-2102, 15-24-3001, 15-24-3201,"
6. Page 1, line 22 through page 2, line 17.
Strike: section 1 in its entirety
Renumber: subsequent sections
7. Page 5, line 13.
Following: "15-6-134,"
Insert: "or"
Strike: ", or [section 1]"
8. Page 6, line 7 through line 9.
Strike: subsection (c) in its entirety
Renumber: subsequent subsections
9. Page 6, line 15.
Strike: "(4)"
Insert: "(3)"

10. Page 6, line 17.

Strike: subsection (3) in its entirety

Renumber: subsequent subsections

11. Page 6, line 18.

Strike: "(1)(d)"

Insert: "(1)(c)"

12. Page 6, line 21 through page 9, line 6.

Strike: section 4 in its entirety

Insert: "**Section 3.** Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) subject to 15-6-222 and subsections (1)(f) and (1)(g) of this section, all land, except that specifically included in another class;

(b) subject to 15-6-222 and subsections (1)(f) and (1)(g) of this section, all improvements, including trailers, manufactured homes, or mobile homes used as a residence, except those specifically included in another class;

(c) the first \$100,000 or less of the ~~taxable~~ market value of any improvement on real property, including trailers, manufactured homes, or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 7 months a year as the primary residential dwelling of one or more qualified claimants:

~~(i) for tax year 2009, whose federal adjusted gross income did not exceed the thresholds established in subsection (2)(b)(i); or~~

~~(ii) for tax years after tax year 2009, whose total household income did not exceed the thresholds established in subsection (2)(b)(i);~~

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least nine holes and not less than 700 lineal yards;

(e) subject to 15-6-222(1), all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202, including 1 acre of real property beneath improvements on land described in 15-6-133(1)(c). The 1 acre must be valued at market value.

(f) (i) single-family residences, including trailers, manufactured homes, or mobile homes;

(ii) rental multifamily dwelling units;

(iii) appurtenant improvements to the residences or dwelling units, including the parcels of land upon which the residences and dwelling units are located and any leasehold improvements; and

(iv) vacant residential lots; and

(g) (i) commercial buildings and the parcels of land upon

which they are situated; and

(ii) vacant commercial lots.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and 15-24-2101, property described in subsections (1)(a), (1)(b), ~~and (1)(e) through~~ and (1)(g) of this section is taxed at:

- ~~(i) 2.93% of its taxable market value in tax year 2009;~~
- ~~(ii) 2.82% of its taxable market value in tax year 2010;~~
- ~~(iii) 2.72% of its taxable market value in tax year 2011;~~
- ~~(iv) 2.63% of its taxable market value in tax year 2012;~~
- ~~(v) 2.54% of its taxable market value in tax year 2013; and~~
- ~~(vi) 2.47%~~ 1.94% of its taxable market value in tax years beginning after 2013 December 31, 2014.

(b) (i) Property qualifying under the property tax assistance program in subsection (1)(c) is taxed at the rate provided in subsection ~~(2)(a)~~ (2)(d) of its ~~taxable~~ market value multiplied by a percentage figure based on the income for the preceding calendar year of the owner or owners who occupied the property as their primary residence and determined from the following table:

Income	Income	Percentage
Single Person	Married Couple	Multiplier
Head of Household		
\$0 - \$6,000	\$0 - \$8,000	20%
\$6,001 - \$9,200	\$8,001 - \$14,000	50%
\$9,201 - \$15,000	\$14,001 - \$20,000	70%

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1995; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a).

(d) Except as provided in 15-24-1501, property described in subsection (1)(c), (1)(e), and (1)(f) of this section is taxed on its market value at a tax rate equal to 67.5% of the tax rate established in subsection (2)(a) beginning after December 31, 2014.

(3) Within the meaning of comparable property, as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property

and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property.

(4) (a) As used in this section, "qualified claimants" means one or more owners who:

(i) occupied the residence as their primary residence for more than 7 months during the preceding calendar year;

(ii) had combined income for the preceding calendar year that does not exceed the threshold provided in subsection (2)(b); and

(iii) file a claim for assistance on a form that the department prescribes on or before April 15 of the year for which the assistance is claimed.

(b) For the purposes of subsection (1)(c), total household income is the income as reported on the tax return or returns required by Title 15, chapter 30 or 31, for the year in which the assistance is being claimed excluding losses, depletion, and depreciation and before any federal or state adjustments to income. In cases in which the claimant is not required to file a tax return under Title 15, chapter 30 or 31, household income means the household's total income as it would have been calculated under this subsection (4)(b) if the claimant had been required to file a return.

(c) The combined income of two or more owners who are qualified claimants:

(i) may not exceed the married couple and head of household thresholds provided in subsection (2)(b); and

(ii) determines the amount of tax reduction under subsection (2)(b)."

{Internal References to 15-6-134:

2-15-122x	5-2-301 x	15-2-301 x	15-6-133 a
15-6-156 x	15-6-211 a	15-6-211 a	15-6-222 r
15-6-222 r	15-7-102 x	15-7-102 x	15-7-102 x
15-7-103 x	15-7-111 x	15-8-111 x	15-8-111 x
15-8-111 a	15-8-205 x	15-10-420 x	15-16-101 x
15-16-102 x	15-24-2101 x	15-24-2102 x	15-24-3001 x
15-24-3201 x	15-24-3201 x	15-30-2336 x}	

13. Page 9, line 8 through page 11, line 6.

Strike: section 5 through section 6 in their entirety

Insert: "Section 4. Section 15-6-211, MCA, is amended to read:

"15-6-211. Certain disabled or deceased veterans'

residences exempt. (1) Subject to subsection (7), a residence and appurtenant land, not to exceed 5 acres, on which it is built that is owned and occupied by a veteran or a veteran's spouse is exempt from property taxation as provided in this section if the veteran:

(a) was killed while on active duty or died as a result of a service-connected disability; or

(b) if living:

(i) was honorably discharged from active service in any branch of the armed services; and

(ii) is currently rated 100% disabled or is paid at the 100% disabled rate by the U.S. department of veterans affairs for a service-connected disability, as verified by official documentation from the U.S. department of veterans affairs.

(2) Property qualifying under subsection (1) is taxed at the rate provided in ~~15-6-134(2)(a)~~ 15-6-134(2)(d) multiplied by a percentage figure based on income and determined from the following table:

Income	Income	Percentage	
Single Person	Married Couple		Multiplier
Head of Household			
\$0 - \$30,000	\$0 - \$36,000	0%	
\$30,001 - \$33,000	\$36,001 - \$39,000	20%	
\$33,001 - \$36,000	\$39,001 - \$42,000	30%	
\$36,001 - \$39,000	\$42,001 - \$45,000	50%	

(3) The property tax exemption under this section remains in effect as long as the property is the primary residence owned and occupied by the veteran or, if the veteran is deceased, by the veteran's spouse and the spouse:

(a) is the owner and occupant of the house;

(b) is unmarried; and

(c) has obtained from the U.S. department of veterans affairs a letter indicating that the veteran was rated 100% disabled or was paid at the 100% disabled rate by the U.S. department of veterans affairs for a service-connected disability at the time of death or that the veteran died while on active duty or as a result of a service-connected disability.

(4) Property qualifying under subsection (3) is taxed at the rate provided in ~~15-6-134(2)(a)~~ 15-6-134(2)(d) multiplied by a percentage figure based on income and determined from the following table:

Income	Percentage	
Surviving Spouse		Multiplier
\$0 - \$25,000	0%	
\$25,001 - \$28,000	20%	
\$28,001 - \$31,000	30%	
\$31,001 - \$34,000	50%	

(5) For the purposes of the exemption under this section, the income referred to in subsections (2) and (4) is the taxpayer's federal adjusted gross income for the preceding calendar year, as reported on the taxpayer's federal income tax return. A taxpayer who is not required to file a federal income tax return for the preceding calendar year shall determine the taxpayer's federal adjusted gross income as if the taxpayer had filed a return and shall provide other evidence of income as required by the department.

(6) (a) The income levels contained in the tables in subsections (2) and (4) must be adjusted for inflation annually by the department. The adjustment to the income levels is determined by:

(i) multiplying the appropriate dollar amount from the

table by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 2002; and

(ii) rounding the product obtained in subsection (6)(a)(i) to the nearest dollar amount.

(b) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(7) A claim for exemption on a form prescribed by the department must be filed with the department on or before April 15 of the year for which the exemption is claimed."

{ Internal References to 15-6-211:

15-7-102x 15-16-101x }

Renumber: subsequent sections

14. Page 12, line 19.

Following: "and"

Insert: "and"

15. Page 12, line 20.

Strike: "and" through "[section 1],"

16. Page 12, line 22.

Following: "and"

Insert: "and"

17. Page 12, line 22 through line 23.

Strike: "and class" on page 12, line 22 through "[section 1]," on line 23

18. Page 13, line 15.

Strike: "or class seventeen property under [section 1]"

19. Page 15, line 2.

Strike: "and [section 1]"

20. Page 16, line 7.

Following: "and"

Insert: "and"

21. Page 16, line 7 through line 8.

Strike: ", and" on page 16, line 7 through "section" on line 8

22. Page 16, line 9.

Following: "15-6-134,"

Insert: "and"

23. Page 16, line 9 through line 10.

Strike: ", and class" on page 16, line 9 through "1]" on line 10

24. Page 16, line 27.

Following: "and"

Insert: "and"

Strike: ", and seventeen"

25. Page 17, line 6.

Following: line 5

Insert: "and"

Strike: ", and seventeen"

26. Page 22, line 3 through page 24, line 17.

Strike: section 15 in its entirety

Renumber: subsequent sections

27. Page 25, line 6.

Following: "~~and commercial~~"

Insert: "and commercial"

28. Page 25, line 6 through line 7.

Strike: "and class seventeen" on page 25, line 6 through
"[section 1]" on line 7

29. Page 26, line 16.

Following: "and"

Insert: "and"

30. Page 26, line 16 through line 17.

Strike: ", and" on page 26, line 16 through "[section 1]" on line
17

31. Page 27, line 1.

Strike: subsection (g) in its entirety

32. Page 27, line 8 through page 29, line 22.

Strike: section 17 in its entirety

Renumber: subsequent sections

33. Page 31, line 20 through page 36, line 2.

Strike: section 20 through section 23 in their entirety

Renumber: subsequent sections

34. Page 41, line 1 through line 2.

Strike: section 29 in its entirety

Renumber: subsequent sections

35. Page 41, line 4.

Strike: "[Sections 9, 29, and 31]"

Insert: "[Sections 7 and 22]"

36. Page 41, line 6.

Strike: "[Sections 1 through 8 and 10 through 28]"

Insert: "[Sections 1 through 6 and 8 through 20]"

37. Page 41, line 8.

Strike: "[Section 9]"

Insert: "[Section 7]"

- END -

Explanation - This amendment repeals the codification of commercial and industrial property in a new section entitled class seventeen property.