

SENATE JOINT RESOLUTION NO. 21
INTRODUCED BY L. GROSFIELD
BY REQUEST OF THE SENATE TAXATION STANDING COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING THE LEGISLATIVE COUNCIL TO DESIGNATE AN APPROPRIATE INTERIM COMMITTEE OR DIRECT SUFFICIENT STAFF RESOURCES TO STUDY THE PROPERTY TAXATION OF AGRICULTURAL LAND AND NONAGRICULTURAL LAND IN MONTANA; AND REQUIRING A REPORT TO THE 58TH LEGISLATURE.

WHEREAS, agricultural land is increasingly being taken out of production for development and other nonagricultural purposes and is thereby becoming unavailable for agricultural production; and

WHEREAS, the Montana Legislature has long recognized that speculative land purchases and the encroachment of rural subdivisions has contributed, in part, to agricultural land being taken out of production; and

WHEREAS, existing property tax laws may have the unintended consequence of taxing certain agricultural land at a higher effective tax rate than rural nonagricultural land; and

WHEREAS, many large and small tracts of land qualify as agricultural land regardless of the use of the land, which may result in a shifting of tax burden to bona fide agricultural land; and

WHEREAS, the current property taxation of bona fide agricultural land and of rural nonagricultural land may contribute, in part, to agricultural land being taken out of production; and

WHEREAS, the Montana Legislature's goal is to maintain and encourage agricultural production as a viable component of the state's economy; and

WHEREAS, the Montana Legislature has consistently tried to achieve the goal of a fair, balanced, and equitable tax policy for rural land and agricultural land; and

WHEREAS, that goal has not been achieved and, therefore, a systematic study of the taxation of all rural land is appropriate.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to section 5-5-217, MCA, or direct sufficient staff resources to study the taxation of agricultural lands and rural

nonagricultural land, including but not limited to:

- (1) an examination of the changing patterns of agricultural uses to nonagricultural uses of rural land in Montana;
- (2) an analysis of the underlying causes of these changing patterns;
- (3) a review of recent tax policy initiatives related to the taxation of agricultural land and rural nonagricultural land, including changes to the methods of valuation and classification;
- (4) a determination of whether existing tax policy related to the taxation of agricultural land and rural nonagricultural land is neutral with respect to whether the land remains in agricultural use;
- (5) a determination of whether existing tax policy results in a shifting tax burden to remaining agricultural land in a jurisdiction in which agricultural land is taken out of production and subsequently used for nonagricultural purposes;
- (6) an evaluation of whether existing tax policy related to rural land unintentionally subsidizes some nonagricultural uses of rural land;
- (7) an analysis of whether tax policy is an effective method of promoting continued use of rural land as agricultural land; and
- (8) evaluate alternative tax policies, including changes to property tax rates and property classification, that promote an equitable and efficient tax burden on both agricultural land and rural nonagricultural land.

BE IT FURTHER RESOLVED, that interested citizens, groups, and state agencies with specialized knowledge in rural land use patterns and taxation policy be encouraged to participate in the study.

BE IT FURTHER RESOLVED, that, if the study is assigned to staff, any findings or conclusions be presented to and reviewed by an appropriate committee designated by the Legislative Council.

BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review requirements, be concluded prior to September 15, 2002.

BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions, comments, or recommendations of the appropriate committee, be reported to the 58th Legislature.

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