



AN ACT PROVIDING FOR LOCAL GOVERNMENT AND SCHOOL DISTRICT DISCRETION TO ABATE PROPERTY TAXES ON CERTAIN COMMERCIAL OR INDUSTRIAL REAL PROPERTY AND PERSONAL PROPERTY TO FACILITATE THE CONTINUED OPERATION OF THE BUSINESS USING THE PROPERTY; REQUIRING JOINT APPROVAL OF THE ABATEMENT BY AFFECTED GOVERNING BODIES; PROVIDING FOR THE RECAPTURE OF THE TAX BENEFIT; AMENDING SECTIONS 15-6-134 AND 15-6-138, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

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

Section 1. Purpose. The purpose of [sections 1 through 3] is to facilitate the reopening and continued operation of a commercial or industrial property by reducing the taxable value of property subject to taxation under 15-6-134 and 15-6-138.

Section 2. Reduction in assessment of taxable value of commercial and industrial property -- application -- approval. (1) (a) For property tax years 2009, 2010, and 2011, the governing bodies of a county or consolidated local government unit, incorporated city or town, if the property is located in the city or town, and school district may jointly reduce by 95% the taxable value of commercial real property improvements, personal property, or any combination of that property, other than land, that is subject to taxation. The reduction in taxable value under this section applies only to commercial or industrial property taxed under 15-6-134 or 15-6-138. A taxpayer that has not been operating the property for at least 6 months immediately preceding the request for reduction in taxable value and that does not intend to use the property for at least 6 months following the reduction in taxable value qualifies under this section.

(b) (i) Except as provided in subsection (1)(b)(ii), an application for the reduction in taxable value allowed under this section must be made to the affected local governing bodies by April 15 of the property tax year.

(ii) An application for the reduction in taxable value allowed under this section for property tax year 2009 must be made to the affected local governing bodies by May 15, 2009.

(c) For the purposes of [section 3] and this section, a local governing body includes the board of trustees of a school district.

(2) (a) In order for a taxpayer to receive the tax benefits described in subsection (1), the governing bodies of the affected county or consolidated local government unit, incorporated city or town, if the property is located in the city or town, and school district must have approved by a separate, joint resolution for each commercial or industrial property, following due notice as defined in 76-15-103 and a public hearing, the taxable value reduction provided for in subsection (1) for the respective jurisdictions. The presiding officer of the governing body of the affected county or consolidated local government unit is the presiding officer of the joint meeting of the affected taxing jurisdictions. If the property is located in more than one county, the presiding officer of the governing body of the county in which most of the property is located is the presiding officer of the joint meeting.

(b) For the purpose of this subsection (2), each affected governing body shall provide due notice of the joint meeting.

(c) Subject to 15-10-420, the governing bodies may end the tax benefits by majority vote at any time, but the tax benefits may not be denied a commercial or industrial business that previously qualified for the benefits in the tax year.

(d) The joint resolution provided for in subsection (2)(a) must include a description of the improvements and personal property that qualify for the tax treatment that is to be allowed in the taxing jurisdictions. The joint resolution may provide that commercial real property improvements, personal property, or any combination of that property, other than land, is eligible for the tax benefits described in subsection (1).

(3) The joint resolution must state that the reduction in taxable value is in the best interest of the governing body, based on full disclosure of all pertinent financial information by the owner of the real and personal property as required by the local governing body. The joint resolution must be approved by a majority vote of the governing body of each affected taxing jurisdiction referred to in subsection (2)(a).

(4) The governing bodies may refuse to reduce the taxable value of the property if they determine that the business is restructuring the ownership of the property for the primary purpose of escaping payment of property taxes or if the governing bodies determine that the reduction in taxable value is not in the best interest of the local governments.

(5) The reduction in taxable value granted by the joint resolution may be only for the current tax year.

The governing bodies may grant a reduction in taxable value for the same owner of the property in the subsequent tax year under the provisions of this section, but they may not grant a reduction in taxable value for more than 3 tax years as provided in this section. The tax benefit granted under this section applies for the entire tax year.

(6) The tax benefits may not be granted under this section if the business owes delinquent property taxes for prior tax years.

(7) (a) If the reduction in taxable value is granted by a majority vote of the governing body of each affected taxing jurisdiction, the reduction applies only to mills levied in the affected county or consolidated local government unit, the affected incorporated city or town, and the affected school district.

(b) The benefit described in subsection (1) does not apply to levies or assessments required under Title 15, chapter 10, 20-9-331, 20-9-333, or 20-9-360 or otherwise required under state law.

(8) Within 15 days of approving the joint resolution to grant a reduction of taxable value but not later than July 15 of the tax year the reduction is granted, the governing body of the affected county or consolidated local government unit shall notify the department of the approval by each of the affected governing bodies. Upon receipt of the notification of approval by the governing body of the affected county or consolidated local government unit, the department shall make the assessment change pursuant to this section for each affected taxing jurisdiction.

Section 3. Exclusions from other property tax reductions -- recapture. (1) If a taxable value decrease is taken pursuant to [sections 1 through 3], other property tax reductions, including but not limited to 15-24-1402, 15-24-1501, and 15-24-1502, are not allowed in the tax year the decrease is taken under [sections 1 through 3].

(2) Property taxes abated from the reduction in taxable value allowed by [section 2] are subject to recapture by each local governing body if the ownership or use of the property does not meet the requirements of [section 2] or the joint resolution required by [section 2(2)(a)]. The recapture is equal to the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes as provided in 15-16-102, during any period in which the abatement was in effect. The amount recaptured, including penalty and interest, must be distributed by the treasurer to funds and accounts subject to the abatement in the same ratio as the property tax was abated. A recapture of taxes abated is not allowed with regard to property ceasing to qualify for the abatement by reason

of an involuntary conversion or if the property is transferred to another person and the person maintains the same or similar level of operation of the commercial or industrial property. The recapture of abated taxes may be canceled, in whole or in part, if a local governing body determines that the taxpayer's failure to meet the requirements of this section is a result of circumstances beyond the control of the taxpayer.

Section 4. 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 any person whose total income from all sources, including net business income and otherwise tax-exempt income of all types but not including social security income paid directly to a nursing home, is not more than \$15,000 for a single person or \$20,000 for a married couple or a head of household, as adjusted according to subsection (2)(b)(ii). For the purposes of this subsection (1)(c), net business income is gross income less ordinary operating expenses but before deducting depreciation or depletion allowance, or both.

(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, and 15-24-1502, and [section 1], property described in subsections (1)(a), (1)(b), and (1)(e) through (1)(g) of this section is taxed at:

- (i) 3.22% of its taxable market value in tax year 2005;
- (ii) 3.14% of its taxable market value in tax year 2006;
- (iii) 3.07% of its taxable market value in tax year 2007; and
- (iv) 3.01% of its taxable market value in tax years after 2007.

(b) (i) Property qualifying under the property tax assistance program in subsection (1)(c) is taxed at the rate provided in subsection (2)(a) of its taxable market value multiplied by a percentage figure based on income and determined from the following table:

Income Single Person	Income Married Couple Head of Household	Percentage Multiplier
\$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).

(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."

Section 5. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

- (a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;
- (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies except those included in class five;
- (c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-219, and supplies except those included in class five;
- (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors as provided in 15-6-220, and supplies except those included in class five;
- (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;
- (f) special mobile equipment as defined in 61-1-101;
- (g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;
- (h) x-ray and medical and dental equipment;
- (i) citizens' band radios and mobile telephones;
- (j) radio and television broadcasting and transmitting equipment;
- (k) cable television systems;
- (l) coal and ore haulers;
- (m) theater projectors and sound equipment; and

(n) all other property that is not included in any other class in this part, except that property that is subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service, wholesale, retail, or food-handling business.

(4) ~~Class~~ Except as provided in 15-24-1402 and [section 1], class eight property is taxed at 3% of its market value.

(5) The class eight property of a person or business entity that owns an aggregate of \$20,000 or less in market value of class eight property is exempt from taxation."

Section 6. Codification instruction. [Sections 1 through 3] are intended to be codified as an integral part of Title 15, chapter 24, and the provisions of Title 15, chapter 24, apply to [sections 1 through 3].

Section 7. Effective date. [This act] is effective on passage and approval.

Section 8. Retroactive applicability. [This act] applies retroactively, within the meaning of 1-2-109, to property tax years beginning after December 31, 2008.

- END -

I hereby certify that the within bill,
HB 0670, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2009.

President of the Senate

Signed this _____ day
of _____, 2009.

HOUSE BILL NO. 670
INTRODUCED BY C. VINCENT

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