

SENATE BILL NO. 165

INTRODUCED BY M. MACDONALD

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROPERTY TAXES ON DESTROYED PROPERTY AND ABANDONED TRAILERS; PROVIDING AN EXEMPTION AND REFUND PROCEDURE FOR TAXES PAID ON TRAILERS WITH TRAILER ABANDONMENT STATUS; PROVIDING A DEFINITION; AMENDING SECTIONS 15-6-219, 15-16-611, AND 15-16-612, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. 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) harness, saddlery, and other tack equipment;
- (2) 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) 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) a bicycle or a moped, as defined in 61-8-102, used by the owner for personal transportation purposes;
- (5) 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, weekly, semimonthly, or monthly

1 basis;

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

6 (7) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
7 33-25-105;

8 (8) air and water pollution control and carbon capture equipment, as defined in 15-6-135, placed in
9 service after January 1, 2014; ~~and~~

10 (9) a house trailer or mobile home that receives an exemption from the department based on trailer
11 abandonment status, as defined in 15-16-611; and

12 ~~(9)(10)~~ personal property used in the manufacture of ammunition components as provided in 30-20-204.

13 (Subsection ~~(9)~~ (10) terminates December 31, 2024--sec. 16, Ch. 440, L. 2015.)"

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15 **Section 2.** Section 15-16-611, MCA, is amended to read:

16 **"15-16-611. Reduction of property tax for property destroyed by natural disaster or trailer**
17 **abandonment -- proration of taxes on replaced property.** (1) ~~The department shall, upon~~ Upon a showing by
18 ~~a~~ an individual, entity, local government, or taxpayer that some or all of the improvements on the taxpayer's real
19 property, that a trailer or mobile home, or that personal property taxed under Title 15, chapter 6, part 1, has been
20 destroyed to such an extent that the improvements or personal property has been rendered unsuitable for its
21 previous use by natural disaster or trailer abandonment, the department shall adjust the taxable value or provide
22 an exemption on the property, accounting for the destruction or trailer abandonment.

23 (2) The county treasurer shall adjust the tax due and payable for the current year on the property under
24 15-16-102 or on personal property under 15-16-119 or 15-24-202 as provided in subsection (3) of this section.

25 (3) To determine the amount of tax due for destroyed property or property with trailer abandonment
26 status, the county treasurer shall:

27 (a) multiply the amount of tax levied and assessed on the original taxable value of the property for the
28 year by the ratio that the number of days in the year that the property existed before ~~destruction~~ it was destroyed
29 or received trailer abandonment status bears to 365; and

30 (b) multiply the amount of tax levied and assessed on the adjusted taxable value of the property for the

1 remainder of the year by the ratio that the number of days remaining in the year after the destruction or receipt
 2 of trailer abandonment status of the property bears to 365.

3 (4) This section does not apply to delinquent taxes owed on ~~the~~ destroyed property or property with
 4 trailer abandonment status for a year prior to the year in which the property was:

5 (a) destroyed; or

6 (b) reported to the department for trailer abandonment by an individual, entity, local government, or
 7 taxpayer on a form approved by the department.

8 (5) A taxpayer receiving a reduction or exemption in taxes on personal property under this section shall
 9 notify the department if the taxpayer replaces the destroyed or trailer abandoned ~~personal~~ property in the same
 10 tax year that the personal property was destroyed or received trailer abandonment status. The tax on the personal
 11 property replacing the destroyed or trailer abandoned ~~personal~~ property must be prorated according to the ratio
 12 that the number of days remaining in the year after the property was replaced bears to 365. A taxpayer who fails
 13 to notify the department within 30 days from the date of the replacement of the personal property is subject to the
 14 penalty prescribed in 15-1-303.

15 (6) For the purposes of this section, the following definitions apply:

16 (a) ~~"natural"~~ "Natural" disaster" includes but is not limited to fire, flood, earthquake, or wind. A fire is
 17 considered a natural disaster regardless of the origin of the fire. However, if the taxpayer is convicted of arson
 18 for burning the property, property taxes may not be adjusted. If the taxes had already been adjusted prior to the
 19 conviction, the original amount must be collected.

20 (b) (i) "Trailer abandonment" or "trailer abandoned" refers to a house trailer or mobile home that has
 21 become uninhabitated because it is no longer fit for human habitation or other productive use.

22 (ii) The term does not include a trailer or mobile home that is used for human habitation, livestock, or
 23 storage of personal property."

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25 **Section 3.** Section 15-16-612, MCA, is amended to read:

26 **"15-16-612. Refund of tax paid.** (1) If the property is destroyed or receives trailer abandonment status
 27 after the property taxes have been paid for the current year, the taxpayer is entitled to a refund of the amount of
 28 tax paid in excess of the adjusted amount required by 15-16-611.

29 (2) A refund must be made as provided for in 15-16-603 through 15-16-605."
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