

HOUSE BILL NO. 391

INTRODUCED BY S. ESSMANN, C. KNUDSEN, B. MITCHELL, L. BREWSTER, S. HINEBAUCH, J.

KASSMIER

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING CITIES AND COUNTIES TO COLLECT A USER FEE ON CERTAIN EXEMPT PROPERTY; PROVIDING THE PROPERTY THAT IS SUBJECT TO THE FEE; PROVIDING THAT THE FEE MUST BE USED FOR PUBLIC SAFETY AND ROAD MAINTENANCE; PROVIDING THAT THE FEE MUST BE BASED ON SQUARE FOOTAGE OR A FLAT FEE IF THERE ARE NO IMPROVEMENTS; AND PROVIDING A DEFINITION."

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

NEW SECTION. **Section 1. Municipal user fee for exempt property.** (1) An incorporated city or town shall collect a user fee on the following property that is exempt from taxation:

- (a) land and improvements owned by a church and used for actual religious worship, for residences of the clergy, or for educational or youth recreational activities provided for in 15-6-201(1)(b);
- (b) property used exclusively for educational purposes provided for in 15-6-201(1)(e);
- (c) property used exclusively for nonprofit health care facilities provided for in 15-6-201(1)(g);
- (d) public museums, art galleries, zoos, and observatories that are not operated for gain or profit provided for in 15-6-201(1)(k) unless supported solely by public funds;
- (e) land, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers provided for in 15-6-201(1)(l);
- (f) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments provided for in 15-6-201(1)(n)(i);
- (g) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events provided for in 15-6-201(1)(o);
- (h) building and appurtenant land owned by a nonprofit community service organization provided

1 for in 15-6-209;

2 (i) residential rental property that is dedicated to providing affordable housing for lower-income
3 persons provided for in 15-6-221; and

4 (j) building and appurtenant land owned by a railroad and leased to a nonprofit organization
5 provided for in 15-6-227.

6 (2) (a) Except as provided in subsection (2)(b), the user fee must be based on the square footage
7 of improvements located on the exempt property.

8 (b) The city or town shall assess a flat user fee on an entity listed in subsection (1) with exempt
9 real property but with no exempt improvements.

10 (3) The city or town shall spend the user fee on public safety and road maintenance. The revenue
11 collected from the user fee must be expended proportionally between public safety and road maintenance in
12 the same proportion as property taxes are expended for public safety and road maintenance.

13 (4) The city or town shall adopt an ordinance governing the collection of the user fee.

14 (5) For the purposes of this section, "public safety" means:

15 (a) fire protection;

16 (b) law enforcement, including detention centers;

17 (c) emergency response systems;

18 (d) animal control;

19 (e) prosecutorial and judicial services, including diversion programs as described in 46-16-130;

20 and

21 (f) mental health treatment.

22

23 **NEW SECTION. Section 2. County user fee.** (1) A county shall collect a user fee on the following
24 property that is exempt from taxation:

25 (a) land and improvements owned by a church and used for actual religious worship, for
26 residences of the clergy, or for educational or youth recreational activities provided for in 15-6-201(1)(b);

27 (b) property used exclusively for educational purposes provided for in 15-6-201(1)(e);

28 (c) property used exclusively for nonprofit health care facilities provided for in 15-6-201(1)(g);

1 (d) public museums, art galleries, zoos, and observatories that are not operated for gain or profit
2 provided for in 15-6-201(1)(k) unless supported solely by public funds;

3 (e) land, buildings, and improvements owned by a cooperative association or nonprofit corporation
4 organized to furnish potable water to its members or customers provided for in 15-6-201(1)(l);

5 (f) property that is owned and used by a corporation or association organized and operated
6 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with
7 physical or mental impairments provided for in 15-6-201(1)(n)(i);

8 (g) property owned by a nonprofit corporation that is organized to provide facilities primarily for
9 training and practice for or competition in international sports and athletic events provided for in 15-6-201(1)(o);

10 (h) building and appurtenant land owned by a nonprofit community service organization provided
11 for in 15-6-209;

12 (i) residential rental property that is dedicated to providing affordable housing for lower-income
13 persons provided for in 15-6-221; and

14 (j) building and appurtenant land owned by a railroad and leased to a nonprofit organization
15 provided for in 15-6-227.

16 (2) (a) Except as provided in subsection (2)(b), the user fee must be based on the square footage
17 of improvements located on the exempt property.

18 (b) The county shall assess a flat user fee on an entity listed in subsection (1) with exempt real
19 property but with no exempt improvements.

20 (3) The county shall spend the user fee for public safety and road maintenance. The revenue
21 collected from the user fee must be expended proportionally between public safety and road maintenance in
22 the same proportion as property taxes are expended for public safety and road maintenance.

23 (4) The county shall adopt an ordinance governing the collection of the user fee.

24 (5) For the purposes of this section, "public safety" means:

25 (a) fire protection;

26 (b) law enforcement, including detention centers;

27 (c) emergency response systems;

28 (d) animal control;

1 (e) prosecutorial and judicial services, including diversion programs as described in 46-16-130;

2 and

3 (f) mental health treatment.

4

5 **NEW SECTION. Section 3. Codification instruction.** (1) [Section 1] is intended to be codified as an

6 integral part of Title 7, chapter 6, part 44, and the provisions of Title 7, chapter 6, part 44, apply to [section 1].

7 (2) [Section 2] is intended to be codified as an integral part of Title 7, chapter 6, part 25, and the

8 provisions of Title 7, chapter 6, part 25, apply to [section 2].

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