



MONTANA FOREST OWNERS ASSOCIATION

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March 31, 2017

The Honorable Mark Blasdel  
Senate Taxation Committee  
Hearing Room 405  
Montana State Capitol  
1301 E 6<sup>th</sup> Ave  
Helena MT 59601

Regarding: Suggested amendments to HB583, Forest Land Taxation

Dear Chairman and Senators:

The Montana Forest Owners Association, a tax-exempt organization under section 501(c)(6) of the Internal Revenue Code, respectively suggests two amendments to HB583 (as shown on the attached).

The first amendment is to delete the requirement that the existence of a residence causes ONE ACRE of land to be removed from class ten forest property and moved to class four market-value property. This is an arbitrary number having no bearing on the actual acreage upon which an improvement is situated. The property to be removed from forest property should be that amount of land under the residence. This would result in a change to page 1 line 7, and page 2 lines 2 and 3.

The second amendment is to not penalize landowners who are managing their forests. Forest management efforts may require a shed to store equipment such as a tractor and attachments, a winch, saws and other tools. HB583 should be amended to not require the land under this forest-management equipment to be assessed at market value. This suggested amendment would result in a change to page 1, line 15.

In summary, the Montana Forest Owners Association supports the intent of the bill to tax as class four the real estate upon which improvements sit.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michael J. Christianson". The signature is written in a cursive, flowing style.

Mike Christianson  
President

HB583.01  
March 31, 2017  
Amendment suggested by the Montana Forest Owners Association

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR ASSESSMENT, CLASSIFICATION, AND VALUATION OF CERTAIN LAND THAT IS NOT USED AS FOREST LAND; REQUIRING ANY SEPARATION OF PROPERTY FROM FOREST LAND FOR OTHER PURPOSES TO BE CLASSIFIED ACCORDING TO USE; CLASSIFYING THE **4-ACRE PROPERTY** BENEATH A RESIDENCE ON FOREST LAND AS CLASS FOUR PROPERTY THAT IS VALUED AT MARKET VALUE; AMENDING SECTION 15-6-134, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

Page 1 line 7

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

NEW SECTION. **Section 1. Tax on change of use of part of tract.** (1) Land that is valued, assessed, and taxed under this part that is separated or split from forest land, either by conveyance or other action of the owner, for a use other than forest land **or associated forest land management practices**, must be reclassified by the department according to its use.

Page 1 line 15

(2) Reclassification under subsection (1) does not impair the right of the remaining forest land that was not reclassified based on use as long as the land meets the minimum requirements of this part.

**Section 2.** 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 subsection ~~(1)(d)~~ (1)(e), all land, except that specifically included in another class;

(b) subject to subsection ~~(1)(d)~~ (1)(e):

(i) all improvements, including single-family residences, trailers, manufactured homes, or mobile homes used as a residence, except those specifically included in another class;

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

(iii) vacant residential lots; and

(iv) rental multifamily dwelling units.

(c) 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.

(d) ~~1 acre of real~~ **That** property beneath an improvement used as a residence on land eligible for valuation, assessment, and taxation as forest land under 15-6-143. ~~The 1 acre~~ **That property** must be valued at market value.

~~(d)~~(e) all commercial and industrial property, as defined in 15-1-101, and including:

(i) all commercial and industrial property that is used or owned by an individual, a business, a trade, a corporation, a limited liability company, or a partnership and that is used primarily for the production of income;

(ii) 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;

(iii) commercial buildings and parcels of land upon which the buildings are situated; and

(iv) vacant commercial lots.

(2) If a property includes both residential and commercial uses, the property is classified and appraised as follows:

(a) the land use with the highest percentage of total value is the use that is assigned to the property; and

(b) the improvements are apportioned according to the use of the improvements.

(3) (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and subsection (3)(b), class four residential property described in subsections (1)(a) through ~~(1)(e)~~ (1)(d) of this section is taxed at 1.35% of market value.

(b) The tax rate for the portion of the market value of a single-family residential dwelling in excess of \$1.5 million is the residential property tax rate in subsection (3)(a) multiplied by 1.4.

(c) The tax rate for commercial property is the residential property tax rate in subsection (3)(a) multiplied by 1.4.

(4) Property described in subsection ~~(1)(d)(ii)~~ (1)(e)(ii) is taxed at one-half the tax rate established in subsection (3)(c)."

**NEW SECTION. Section 3. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 44, part 1, and the provisions of Title 15, chapter 44, part 1, apply to [section 1].

**NEW SECTION. Section 4. Effective date.** [This act] is effective on passage and approval.

**NEW SECTION. Section 5. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2016, and to the reappraisal cycle beginning January 1, 2017.