

HOUSE BILL NO. 325

INTRODUCED BY K. REGIER

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING THE TAX ON CERTAIN BUSINESS PERSONAL  
5 PROPERTY CLASSIFIED AS CLASS EIGHT PROPERTY; EXEMPTING FROM PROPERTY TAXES THAT  
6 PROPERTY PREVIOUSLY CLASSIFIED AS CLASS EIGHT BUSINESS PERSONAL PROPERTY; ADJUSTING  
7 THE APPROPRIATE TAXABLE VALUE DETERMINATION FOR CLASSIFICATION OF COUNTIES; AMENDING  
8 SECTIONS 7-1-2111, 15-6-141, 15-6-156, 15-6-158, 15-6-202, 15-6-207, 15-6-219, 15-6-228, 15-8-301,  
9 15-23-101, 15-24-301, 15-24-303, 15-24-2101, 15-24-2102, 15-24-3001, AND 76-6-109, MCA; REPEALING  
10 SECTIONS 15-1-112, 15-6-138, 15-6-220, 15-24-2401, 15-24-2402, 15-24-2403, 15-24-2404, AND 15-24-2405,  
11 MCA; AND PROVIDING AN APPLICABILITY DATE."

12  
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14  
15 **Section 1.** Section 7-1-2111, MCA, is amended to read:

16 **"7-1-2111. Classification of counties.** (1) For the purpose of regulating the compensation and salaries  
17 of all county officers not otherwise provided for and for fixing the penalties of officers' bonds, the counties of this  
18 state must be classified according to the taxable valuation of the property in the counties upon which the tax levy  
19 is made as follows:

- 20 (a) first class--all counties having a taxable valuation of \$50 million or more;
- 21 (b) second class--all counties having a taxable valuation of \$30 million or more and less than \$50 million;
- 22 (c) third class--all counties having a taxable valuation of \$20 million or more and less than \$30 million;
- 23 (d) fourth class--all counties having a taxable valuation of \$15 million or more and less than \$20 million;
- 24 (e) fifth class--all counties having a taxable valuation of \$10 million or more and less than \$15 million;
- 25 (f) sixth class--all counties having a taxable valuation of \$5 million or more and less than \$10 million;
- 26 (g) seventh class--all counties having a taxable valuation of less than \$5 million.

27 (2) As used in this section, "taxable valuation" means the taxable value of taxable property in the county  
28 as of the time of determination plus:

- 29 (a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and  
30 trucks having a rated capacity of three-quarters of a ton or less;

- 1 (b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and  
 2 trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;
- 3 (c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks  
 4 having a manufacturer's rated capacity of more than 1 ton, and truck tractors;
- 5 (d) that portion of the taxable value of the county on December 31, 1997, attributable to trailers, pole  
 6 trailers, and semitrailers with a declared weight of less than 26,000 pounds;
- 7 (e) the value provided by the department of revenue under 15-36-332(7);
- 8 (f) 50% of the taxable value of the county on December 31, 1999, attributable to telecommunications  
 9 property under 15-6-141;
- 10 (g) 50% of the taxable value in the county on December 31, 1999, attributable to electrical generation  
 11 property under 15-6-141;
- 12 (h) the value provided by the department of revenue under 15-24-3001;
- 13 (i) 6% of the taxable value of the county on January 1 of each tax year;
- 14 (j) 45% of the contract sales price of the gross proceeds of coal in the county as provided in 15-23-703  
 15 and as reported under 15-23-702; ~~and~~
- 16 (k) 33 1/3% of the value of bentonite produced during the previous year as provided in 15-39-110(12)  
 17 and as reported under 15-39-101; and
- 18 (l) the taxable value of the county on December 31, 2011, attributable to business personal property  
 19 under former 15-6-138."

20

21 **Section 2.** Section 15-6-141, MCA, is amended to read:

22 **"15-6-141. Class nine property -- description -- taxable percentage.** (1) Class nine property includes:

23 (a) centrally assessed allocations of an electric power company or centrally assessed allocations of an  
 24 electric power company that owns or operates transmission or distribution facilities or both, including, if congress  
 25 passes legislation that allows the state to tax property owned by an agency created by congress to transmit or  
 26 distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created  
 27 by congress to transmit or distribute electrical energy produced at privately owned generating facilities, not  
 28 including rural electric cooperatives. However, rural electric cooperatives' property, except wind generation  
 29 facilities and biomass generation facilities classified under 15-6-157, used for the sole purpose of serving  
 30 customers representing less than 95% of the electric consumers located within the incorporated limits of a city

1 or town of more than 3,500 persons in which a centrally assessed electric power company also owns property  
 2 or serving an incorporated municipality with a population that is greater than 3,500 persons formerly served by  
 3 a public utility that after January 1, 1998, received service from the facilities of an electric cooperative is included.  
 4 For purposes of this subsection (1)(a), "property used for the sole purpose" does not include a headquarters,  
 5 office, shop, or other similar facility.

6 (b) allocations for centrally assessed natural gas distribution utilities, rate-regulated natural gas  
 7 transmission or oil transmission pipelines regulated by either the public service commission or the federal energy  
 8 regulatory commission, a common carrier pipeline as defined in 69-13-101, a pipeline carrier as defined in 49  
 9 U.S.C. 15102(2), or the gas gathering facilities specified in ~~15-6-138(5)~~ 15-23-101(2)(e); and

10 (c) centrally assessed companies' allocations except:

11 (i) electrical generation facilities classified under 15-6-156;

12 (ii) all property classified under 15-6-157;

13 (iii) all property classified under 15-6-158 and 15-6-159;

14 (iv) property owned by cooperative rural electric and cooperative rural telephone associations and  
 15 classified under 15-6-135;

16 (v) property owned by organizations providing telephone communications to rural areas and classified  
 17 under 15-6-135;

18 (vi) railroad transportation property included in 15-6-145;

19 (vii) airline transportation property included in 15-6-145; and

20 (viii) telecommunications property included in 15-6-156.

21 (2) Class nine property is taxed at 12% of market value."  
 22

23 **Section 3.** Section 15-6-156, MCA, is amended to read:

24 **"15-6-156. Class thirteen property -- description -- taxable percentage.** (1) Except as provided in  
 25 subsections (2)(a) through (2)(g), class thirteen property includes:

26 (a) electrical generation facilities, except wind generation facilities and biomass generation facilities  
 27 classified under 15-6-157, of a centrally assessed electric power company;

28 (b) electrical generation facilities, except wind generation facilities and biomass generation facilities  
 29 classified under 15-6-157, owned or operated by an exempt wholesale generator or an entity certified as an  
 30 exempt wholesale generator pursuant to 42 U.S.C. 16451;

- 1 (c) noncentrally assessed electrical generation facilities, except wind generation facilities and biomass  
 2 generation facilities classified under 15-6-157, owned or operated by any electrical energy producer; and  
 3 (d) allocations of centrally assessed telecommunications services companies.
- 4 (2) Class thirteen property does not include:  
 5 (a) property owned by cooperative rural electric cooperative associations classified under 15-6-135;  
 6 (b) property owned by cooperative rural electric cooperative associations classified under 15-6-137 or  
 7 15-6-157;  
 8 (c) allocations of electric power company property under 15-6-141;  
 9 (d) electrical generation facilities included in another class of property;  
 10 (e) property owned by cooperative rural telephone associations and classified under 15-6-135;  
 11 (f) property owned by organizations providing telecommunications services and classified under  
 12 15-6-135; and  
 13 (g) generation facilities that are exempt under 15-6-225.
- 14 (3) (a) For the purposes of this section, "electrical generation facilities" means any combination of a  
 15 physically connected generator or generators, associated prime movers, and other associated property, including  
 16 appurtenant land and improvements and personal property, that are normally operated together to produce  
 17 electric power. The term includes but is not limited to generating facilities that produce electricity from coal-fired  
 18 steam turbines, oil or gas turbines, or turbine generators that are driven by falling water.
- 19 (b) The term does not include electrical generation facilities used for noncommercial purposes or  
 20 exclusively for agricultural purposes.
- 21 (c) The term also does not include a qualifying small power production facility, as that term is defined  
 22 in 16 U.S.C. 796(17), that is owned and operated by a person not primarily engaged in the generation or sale of  
 23 electricity other than electric power from a small power production facility and classified under 15-6-134 and  
 24 ~~15-6-138~~.
- 25 (4) Class thirteen property is taxed at 6% of its market value."

26

27 **Section 4.** Section 15-6-158, MCA, is amended to read:  
 28 **"15-6-158. Class fifteen property -- description -- taxable percentage.** (1) Class fifteen property  
 29 includes:  
 30 (a) carbon dioxide pipelines certified by the department of environmental quality under 15-24-3112 for

1 the transportation of carbon dioxide for the purposes of sequestration or for use in closed-loop enhanced oil  
2 recovery operations;

3 (b) qualified liquid pipelines certified by the department of environmental quality under 15-24-3112;

4 (c) carbon sequestration equipment;

5 (d) equipment used in closed-loop enhanced oil recovery operations; and

6 (e) all property of pipelines, including pumping and compression equipment, carrying products other than  
7 carbon dioxide, that originate at facilities specified in 15-6-157(1), with at least 90% of the product carried by the  
8 pipeline originating at facilities specified in 15-6-157(1) and terminating at an existing pipeline or facility.

9 (2) For the purposes of this section, the following definitions apply:

10 (a) "Carbon dioxide pipeline" means a pipeline that transports carbon dioxide from a plant or facility that  
11 produces or captures carbon dioxide to a carbon sequestration point, including a closed-loop enhanced oil  
12 recovery operation.

13 (b) "Carbon sequestration" means the long-term storage of carbon dioxide from a carbon dioxide pipeline  
14 in geologic formations, including but not limited to deep saline formations, basalt or oil shale formations, depleted  
15 oil and gas reservoirs, unminable coal beds, and closed-loop enhanced oil recovery operations.

16 (c) "Carbon sequestration equipment" means the equipment used for carbon sequestration, including  
17 equipment used to inject carbon dioxide at the carbon sequestration point and equipment used to retain carbon  
18 dioxide in the sequestration location.

19 (d) "Carbon sequestration point" means the location where the carbon dioxide is to be confined for  
20 sequestration.

21 (e) (i) "Closed-loop enhanced oil recovery operation" means all oil production equipment, as described  
22 in ~~15-6-138(1)(e)~~ subsection (2)(e)(ii), owned by an entity that owns or operates an operation that, after  
23 construction, installation, and testing has been completed and the full enhanced oil recovery process has been  
24 commenced, injects carbon dioxide to increase the amount of crude oil that can be recovered from a well and  
25 retains as much of the injected carbon dioxide as practicable, but not less than 85% of the carbon dioxide injected  
26 each year absent catastrophic or unforeseen occurrences.

27 (ii) Oil production equipment for closed-loop oil recovery operations includes flow lines and gathering  
28 lines, pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor  
29 and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units,  
30 and gas boosters, together with equipment that is skidable, portable, or movable used for oil production.

1 (f) "Liquid pipeline" means a pipeline that is dedicated to using 90% of its pipeline capacity for  
 2 transporting fuel or methane gas from a coal gasification facility, biodiesel production facility, biogas production  
 3 facility, or ethanol production facility.

4 (g) "Plant or facility that produces or captures carbon dioxide" means a facility that produces a flow of  
 5 carbon dioxide that can be sequestered or used in a closed-loop enhanced oil recovery operation. This does not  
 6 include wells from which the primary product is carbon dioxide.

7 (3) Class fifteen property does not include a carbon dioxide pipeline, liquid pipeline, or closed-loop  
 8 enhanced oil recovery operation for which, during construction, the standard prevailing wages for heavy  
 9 construction, as provided in 18-2-414, were not paid during the construction phase.

10 (4) Class fifteen property is taxed at 3% of its market value."  
 11

12 **Section 5.** Section 15-6-202, MCA, is amended to read:

13 **"15-6-202. Freeport merchandise and business inventories exemption -- definitions.** (1) Freeport  
 14 merchandise and business inventories are exempt from taxation.

15 (2) (a) "Freeport merchandise" means stocks of merchandise manufactured or produced outside this  
 16 state that are in transit through this state and consigned to a warehouse or other storage facility, public or private,  
 17 within this state for storage in transit prior to shipment to a final destination outside the state and that have  
 18 acquired a taxable situs within the state.

19 (b) Stocks of merchandise do not lose their status as freeport merchandise because while in the storage  
 20 facility they are assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled, or  
 21 repackaged.

22 (c) A person seeking to qualify the person's property as freeport merchandise shall make application to  
 23 the department in the manner prescribed by the department.

24 (3) ~~(a)~~ "Business inventories" include goods primarily intended for sale and not for lease in the ordinary  
 25 course of business and raw materials and work in progress with respect to those goods. ~~Except for farm~~  
 26 ~~implements and construction equipment described in subsection (3)(b), business inventories do not include goods~~  
 27 ~~that are leased or rented.~~

28 ~~————(b) Business inventories include farm implements as defined in 30-11-801 or construction equipment~~  
 29 ~~as defined in 30-11-901 that are held pursuant to a purchase incentive rental program.~~

30 ~~————(4) (a) For the purpose of subsection (3)(b), "purchase incentive rental program" means a program~~

1 operated by a dealer of farm implements as defined in 30-11-801 or a dealer of construction equipment as  
 2 defined in 30-11-901 under which the farm implement or construction equipment is owned by the dealership, held  
 3 for sale, and rented to a single user of the farm implement or construction equipment as an incentive for the  
 4 purchase of the property.

5 ~~\_\_\_\_\_ (b) A purchase incentive rental program does not include a farm implement or construction equipment~~  
 6 ~~that is:~~

7 ~~\_\_\_\_\_ (i) rented to a person for more than 9 months;~~

8 ~~\_\_\_\_\_ (ii) rented more than once to the same person; or~~

9 ~~\_\_\_\_\_ (iii) not owned by a farm implement dealership or construction equipment dealership.~~

10 ~~\_\_\_\_\_ (c) All farm implements and construction equipment in a purchase incentive rental program must be~~  
 11 ~~reported to the department each calendar quarter on a form provided by the department."~~

12

13 **Section 6.** Section 15-6-207, MCA, is amended to read:

14 **"15-6-207. Agricultural producer exemptions -- products -- ~~unused beet equipment -- low-value~~**  
 15 **~~buildings; -- implements; and machinery.~~** (1) The following agricultural products are exempt from taxation:

16 (a) all unprocessed agricultural products on the farm or in storage and owned by the producer;

17 (b) all producer-held grain in storage;

18 (c) all unprocessed agricultural products;

19 (d) all livestock and the unprocessed products of livestock;

20 (e) poultry and the unprocessed products of poultry;

21 (f) bees and the unprocessed product of bees; and

22 (g) biological control insects.

23 ~~\_\_\_\_\_ (2) Any beet digger, beet toppler, beet defoliator, beet thinner, beet cultivator, beet planter, or beet top~~  
 24 ~~saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if the implement~~  
 25 ~~has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately preceding the current~~  
 26 ~~assessment date and there are no available sugar beet contracts in the sugar beet grower's marketing area.~~

27 ~~(3)(2)~~ All farm buildings with a market value of less than \$500 and all agricultural implements and  
 28 machinery with a market value of less than \$100 are exempt from taxation."

29

30 **Section 7.** Section 15-6-219, MCA, is amended to read:

1           **"15-6-219. Personal and other property exemptions.** ~~The~~ Unless the property is described as subject  
 2 to property taxation under a specific class in Title 15, chapter 6, part 1, the following categories of personal  
 3 property are exempt from taxation:

4           (1) harness, saddlery, and other tack equipment;

5           (2) ~~the first \$15,000 or less of market value of~~ tools owned by the taxpayer that are customarily  
 6 hand-held and that are used to:

7           (a) construct, repair, and maintain improvements to real property; or

8           (b) repair and maintain machinery, equipment, appliances, or other personal property;

9           (3) all household goods and furniture, including but not limited to clocks, musical instruments, sports  
 10 equipment, sewing machines, and wearing apparel of members of the family, used by the owner for personal and  
 11 domestic purposes or for furnishing or equipping the family residence;

12 ~~—— (4) a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;~~

13 ~~(5)(4) items of personal property intended for rent or lease in the ordinary course of business if each item~~  
 14 ~~of personal property satisfies all of the following:~~

15 ~~—— (a) the acquired cost of the personal property is less than \$15,000;~~

16 ~~—— (b) the personal property is owned by a business whose primary business income is from rental or lease~~  
 17 ~~of personal property to individuals and no one customer of the business accounts for more than 10% of the total~~  
 18 ~~rentals or leases during a calendar year; and~~

19 ~~—— (c) the lease of the personal property is generally on an hourly, daily, weekly, semimonthly, or monthly~~  
 20 ~~basis;~~

21           (5) all mining, agricultural, and manufacturing implements, equipment, fixtures, tools, and supplies;

22           (6) all equipment, fixtures, furniture, tools, and supplies used by any hotel, motel, office, petroleum  
 23 marketing station, or service, wholesale, retail, or food-handling business;

24 ~~(6)(7) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture,~~  
 25 ~~launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and~~  
 26 ~~launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that~~  
 27 ~~are directly used for space vehicle design, manufacture, launch, repair, and maintenance; and~~

28           (7)(8) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in  
 29 33-25-105;

30           (9) oil and gas production machinery, fixtures, equipment, flow lines and gathering lines, pumping units,



1 oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units,  
 2 communication towers, gas metering shacks, treaters, gas separators, water flood units, and gas boosters,  
 3 together with equipment that is skidable, portable, or movable;  
 4 (10) special mobile equipment as defined in 61-1-101;  
 5 (11) medical and dental equipment;  
 6 (12) two-way personal radios and mobile telephones;  
 7 (13) radio and television broadcasting and transmitting equipment;  
 8 (14) cable television systems;  
 9 (15) coal and ore haulers;  
 10 (16) theater projectors and sound equipment; and  
 11 (17) property that is subject to a fee in lieu of a property tax."

12  
 13 **Section 8.** Section 15-6-228, MCA, is amended to read:  
 14 **"15-6-228. Property subject to registration fee.** The following property that is subject to a registration  
 15 fee in lieu of tax is exempt from property taxation:

16 (1) truck canopy covers or toppers and campers;  
 17 (2) motor homes;  
 18 (3) all watercraft;  
 19 (4) all trailers, semitrailers, pole trailers, and travel trailers as those terms are defined in 61-1-101;  
 20 (5) all vehicles registered under 61-3-456;  
 21 (6) (a) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,  
 22 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and  
 23 (b) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection  
 24 (6)(a);  
 25 (7) motorcycles and quadricycles; and  
 26 (8) light vehicles as defined in 61-1-101."

27  
 28 **Section 9.** Section 15-8-301, MCA, is amended to read:  
 29 **"15-8-301. Statement -- what to contain.** (1) The department may require from a person a statement  
 30 under oath setting forth specifically all the real and personal property owned by, in possession of, or under the

1 control of the person at midnight on January 1. The statement must be in writing, showing separately:

2 (a) all property belonging to, claimed by, or in the possession or under the control or management of the  
3 person;

4 (b) all property belonging to, claimed by, or in the possession or under the control or management of any  
5 firm of which the person is a member;

6 (c) all property belonging to, claimed by, or in the possession or under the control or management of any  
7 corporation of which the person is president, secretary, cashier, or managing agent;

8 (d) the county in which the property is situated or in which the property is liable to taxation and, if liable  
9 to taxation in the county in which the statement is made, also the city, town, school district, road district, or other  
10 revenue districts in which the property is situated;

11 (e) an exact description of all lands, improvements, and personal property;

12 (f) all depots, shops, stations, buildings, and other structures erected on the space covered by the  
13 right-of-way and all other property owned by any person owning or operating any railroad within the county.

14 (2) The department shall notify the taxpayer in the statement for reporting personal property owned by  
15 a business or used in a business that the statement is for reporting business equipment and other business  
16 personal property described in Title 15, chapter 6, part 1. A taxpayer owning exempt business equipment is  
17 subject to limited reporting requirements; ~~however, all new businesses shall report their class eight property, as~~  
18 ~~defined in 15-6-138, so that the department can determine the market value of the property.~~ The department shall  
19 by rule develop reporting requirements for business equipment to limit the annual reporting of exempt business  
20 equipment to the extent feasible.

21 (3) Whenever one member of a firm or one of the proper officers of a corporation has made a statement  
22 showing the property of the firm or corporation, another member of the firm or another officer is not required to  
23 include the property in that person's statement but the statement must show the name of the person or officer  
24 who made the statement in which the property is included.

25 (4) The fact that a statement is not required or that a person has not made a statement, under oath or  
26 otherwise, does not relieve the person's property from taxation."

27

28 **Section 10.** Section 15-23-101, MCA, is amended to read:

29 **"15-23-101. Properties centrally assessed.** The department shall centrally assess each year:

30 (1) the railroad transportation property of railroads and railroad car companies operating in more than

1 one county in the state or more than one state;

2 (2) property owned by a corporation or other person operating a single and continuous property operated  
3 in more than one county or more than one state including but not limited to:

4 (a) telegraph, telephone, microwave, and electric power or transmission lines;

5 (b) rate-regulated natural gas transmission or oil transmission pipelines regulated by the public service  
6 commission or the federal energy regulatory commission;

7 (c) common carrier pipelines as defined in 69-13-101 or a pipeline carrier as defined in 49 U.S.C.  
8 15102(2);

9 (d) natural gas distribution utilities;

10 (e) the gas gathering facilities specified in 15-6-138(5) of a stand-alone gas gathering company providing  
11 gas gathering services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines  
12 in Montana, and centrally assessed in tax years prior to 2009. For purposes of this subsection, the gas gathering  
13 line ownership of all affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C.  
14 1504(a), must be aggregated for purposes of determining the 500-mile threshold;

15 (f) canals, ditches, flumes, or like properties; and

16 (g) if congress passes legislation that allows the state to tax property owned by an agency created by  
17 congress to transmit or distribute electrical energy, property constructed, owned, or operated by a public agency  
18 created by congress to transmit or distribute electrical energy produced at privately owned generating facilities,  
19 not including rural electric cooperatives;

20 (3) all property of scheduled airlines;

21 (4) the net proceeds of mines, except bentonite mines;

22 (5) the gross proceeds of coal mines; and

23 (6) property described in subsections (1) and (2) that is subject to the provisions of Title 15, chapter 24,  
24 part 12."

25

26 **Section 11.** Section 15-24-301, MCA, is amended to read:

27 **"15-24-301. Personal property brought into state -- assessment -- exceptions -- custom combine**  
28 **equipment.** (1) Except as provided in subsections (2) through ~~(6)~~ (5), the following property, except property  
29 exempt from taxation as provided in Title 15, chapter 6, part 2, is subject to taxation and assessment for all taxes  
30 levied that year in the county in which it is located:

1 (a) personal property, excluding livestock, brought into this state at any time during the year that is used  
2 in the state for hire, compensation, or profit;

3 (b) property belonging to an owner or user who is engaged in a gainful occupation or business enterprise  
4 in the state; or

5 (c) property that becomes a part of the general property of the state.

6 (2) The taxes on this property are levied in the same manner, except as otherwise provided, as though  
7 the property had been in the county on the regular assessment date, provided that the property has not been  
8 regularly assessed for the year in another county of the state.

9 (3) This section does not levy a tax against a merchant or dealer within this state on goods, wares, or  
10 merchandise brought into the county to replenish the stock of the merchant or dealer.

11 (4) Except as provided in 15-6-217, a motor vehicle that is brought into this state by a nonresident person  
12 temporarily employed in Montana and used exclusively for transportation of the person is subject to registration  
13 under 61-3-701.

14 (5) Agricultural harvesting machinery ~~classified as class eight property under 15-6-138~~, licensed in  
15 another state; and operated on the land of a person other than the owner of the machinery under a contract for  
16 hire is subject to a fee in lieu of tax of \$35 for each machine for the calendar year in which the fee is collected.  
17 ~~The machinery is subject to taxation under 15-6-138 only if the machinery is sold in Montana.~~

18 ~~——(6) This section does not levy a tax on farm implements as defined in 30-11-801 or construction  
19 equipment as defined in 30-11-901 that is brought into the state under a purchase incentive rental program as  
20 defined in 15-6-202(4). The property is subject to taxation under 15-6-138 only if the property is sold in Montana  
21 or otherwise disposed of in the state."~~

22

23 **Section 12.** Section 15-24-303, MCA, is amended to read:

24 **"15-24-303. Proration of tax on personal property -- refund.** (1) The tax on personal property subject  
25 to taxation that is brought, is driven, coming comes into, or otherwise becomes located in the state on or after the  
26 assessment date must be prorated according to the ratio that the remaining number of months in the year bears  
27 to the total number of months in the year. This section does not apply to motor vehicles taxed under Title 61,  
28 chapter 3, part 5, or to livestock subject to the per capita fee under 15-24-921.

29 (2) If property upon which taxes have been paid is removed from the state, the taxpayer may obtain a  
30 refund of a prorated portion of the taxes, subject to the requirements of 15-16-613."

1

2           **Section 13.** Section 15-24-2101, MCA, is amended to read:

3           **"15-24-2101. Purpose.** The purpose of this part is to facilitate the reopening and continued operation  
4 of a commercial or industrial property by reducing the taxable value of property subject to taxation under 15-6-134  
5 and 15-6-138."  
6

6

7           **Section 14.** Section 15-24-2102, MCA, is amended to read:

8           **"15-24-2102. Reduction in assessment of taxable value of commercial and industrial property --**

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

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

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

21           (c) For the purposes of 15-24-2103 and this section, a local governing body includes the board of  
22 trustees of a school district.

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

1 meeting.

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

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

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

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

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

19 (5) The reduction in taxable value granted by the joint resolution may be only for the current tax year.  
20 The governing bodies may grant a reduction in taxable value for the same owner of the property in the  
21 subsequent tax year under the provisions of this section, but they may not grant a reduction in taxable value for  
22 more than 3 tax years as provided in this section. The tax benefit granted under this section applies for the entire  
23 tax year.

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

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

29 (b) The benefit described in subsection (1) does not apply to levies or assessments required under Title  
30 15, chapter 10, 20-9-331, 20-9-333, or 20-9-360 or otherwise required under state law.

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

7

8 **Section 15.** Section 15-24-3001, MCA, is amended to read:

9 **"15-24-3001. Electrical generation and transmission facility exemption -- definitions.** (1) (a) Except  
10 as provided in subsections (1)(b) and (3), an electrical generation facility and related delivery facilities constructed  
11 in the state of Montana after May 5, 2001, and before January 1, 2006, may be exempt from property taxation  
12 for a 10-year period beginning on the date that an owner or operator of an electrical generation facility and related  
13 delivery facilities commences to construct the facility as defined in 75-20-104(6)(a) and (6)(b). In order to be  
14 exempt from property taxation, an owner and operator of an electrical generation facility and related delivery  
15 facilities shall offer contracts to sell 50% of that facility's net generating output at a cost-based rate, which includes  
16 a rate of return not to exceed 12%, to customers for a 20-year period from the date of the facility's completion.

17 (b) The property tax exemption allowed under subsection (1)(a) is limited to a 5-year period for  
18 generation facilities powered by oil or gas turbines.

19 (2) To the extent that 50% of the net generating output of the facility is not contracted for delivery to  
20 consumers for a contract term extending 5 years to 20 years from the completion of the facility, as determined  
21 by the owner, surplus capacity must be offered on a declining contract term basis for the remainder of the contract  
22 period at a cost-based rate that includes a rate of return not to exceed 12%. Surplus capacity that is not  
23 contracted for in this fashion may be sold at market rates.

24 (3) (a) Except as provided in subsection (3)(c), if an owner or operator of property exempt from taxation  
25 under subsection (1)(a) signs a contract to sell power as required in subsection (1) and then fails to perform the  
26 contract during the first 10-year period, the 10-year property tax exemption in subsection (1) is void and the  
27 property is subject to a rollback tax as provided in 15-24-3002.

28 (b) Except as provided in subsection (3)(c), if an owner or operator of property exempt from taxation  
29 under subsection (1)(b) signs a contract to sell power as required in subsection (1) and then fails to perform the  
30 contract during the first 5-year period, the 5-year property tax exemption in subsection (1) is void and the property

1 is subject to a rollback tax as provided in 15-24-3002.

2 (c) If an owner or operator fails to perform the contract due to earthquakes or other acts of God, theft,  
3 sabotage, acts of war, other social instabilities, or equipment failure, the property tax exemption in subsection  
4 (1)(a) or (1)(b) is not void and the owner or operator is not subject to the rollback tax as provided in 15-24-3002.

5 (4) For the purposes of this section, the following definitions apply:

6 (a) (i) "Electrical generation facility" means any combination of a physically connected generator or  
7 generators, associated prime movers, and other associated property, including appurtenant land and  
8 improvements and personal property, that are normally operated together to produce 20 average megawatts or  
9 more of electric power. The term is limited to generating facilities that produce electricity from coal-fired steam  
10 turbines, oil or gas turbines, or turbine generators that are driven by falling water.

11 (ii) The term does not include:

12 (A) electrical generation facilities used for noncommercial purposes or exclusively for agricultural  
13 purposes; or

14 (B) a qualifying small power production facility, as that term is defined in 16 U.S.C. 796(17), that is owned  
15 and operated by a person not primarily engaged in the generation or sale of electricity other than electric power  
16 from a small power production facility and that is classified under 15-6-134 and ~~15-6-138~~.

17 (b) "Related delivery facilities" means transmission facilities necessary to deliver the energy from the  
18 electrical generation facility to the existing network transmission system.

19 (c) "Surplus capacity" means that portion of the 50% of net generating output not contracted for use.

20 (5) The department shall appraise exempt electrical generation facilities for each year that the property  
21 is exempt and determine the taxable value of the property as if it were subject to property taxation. The taxable  
22 value determined by the department must be included as taxable valuation for the purposes of county  
23 classification under 7-1-2111."

24

25 **Section 16.** Section 76-6-109, MCA, is amended to read:

26 **"76-6-109. Powers of public bodies -- county real property acquisition procedure maintained.** (1)

27 A public body has the power to carry out the purposes and provisions of this chapter, including the following  
28 powers in addition to others granted by this chapter:

29 (a) to borrow funds and make expenditures necessary to carry out the purposes of this chapter;

30 (b) to advance or accept advances of public funds;



1 (c) to apply for and accept and use grants and any other assistance from the federal government and  
2 any other public or private sources, to give security as may be required, to enter into and carry out contracts or  
3 agreements in connection with the assistance, and to include in any contract for assistance from the federal  
4 government conditions imposed pursuant to federal laws as the public body may consider reasonable and  
5 appropriate and that are not inconsistent with the purposes of this chapter;

6 (d) to make and execute contracts and other instruments necessary or convenient to the exercise of its  
7 powers under this chapter;

8 (e) in connection with the real property acquired or designated for the purposes of this chapter, to provide  
9 or to arrange or contract for the provision, construction, maintenance, operation, or repair by any person or  
10 agency, public or private, of services, privileges, works, streets, roads, public utilities, or other facilities or  
11 structures that may be necessary to the provision, preservation, maintenance, and management of the property  
12 as open-space land;

13 (f) to insure or provide for the insurance of any real or personal property or operations of the public body  
14 against any risks or hazards, including the power to pay premiums on the insurance;

15 (g) to demolish or dispose of any structures or facilities that may be detrimental to or inconsistent with  
16 the use of real property as open-space land; and

17 (h) to exercise any of its functions and powers under this chapter jointly or cooperatively with public  
18 bodies of one or more states, if they are authorized by state law, and with one or more public bodies of this state  
19 and to enter into agreements for joint or cooperative action.

20 (2) For the purposes of this chapter, the state, a city, town, or other municipality, or a county may:

21 (a) appropriate funds;

22 (b) subject to 15-10-420, levy taxes and assessments according to existing codes and statutes;

23 (c) issue and sell its general obligation bonds in the manner and within the limitations prescribed by the  
24 applicable laws of the state, subject to subsection (3); and

25 (d) exercise its powers under this chapter through a board or commission or through the office or officers  
26 that its governing body by resolution determines or as the governor determines in the case of the state.

27 (3) Property taxes levied to pay the principal and interest on general obligation bonds issued by a city,  
28 town, other municipality, or county pursuant to this chapter may not be levied against the following property:

29 (a) agricultural land eligible for valuation, assessment, and taxation as agricultural land under 15-7-202;

30 (b) forest land as defined in 15-44-102;

1 (c) all agricultural improvements on agricultural land referred to in subsection (3)(a); and

2 (d) all noncommercial improvements on forest land referred to in subsection (3)(b); ~~and~~

3 ~~(e) agricultural implements and equipment described in 15-6-138(1)(a).~~

4 (4) This chapter does not supersede the provisions of 7-8-2202."

5

6 **NEW SECTION. Section 17. Repealer.** The following sections of the Montana Code Annotated are

7 repealed:

8 15-1-112. Business equipment tax rate reduction reimbursement to local government taxing jurisdictions.

9 15-6-138. Class eight property -- description -- taxable percentage.

10 15-6-220. Agricultural processing facilities exemption -- canola -- malting barley -- industrial dairy -- ethanol.

11 15-24-2401. Purpose.

12 15-24-2402. Definitions.

13 15-24-2403. Expanding industry taxable value decrease -- application -- approval -- reports.

14 15-24-2404. Exclusion from other property tax reductions or exemptions -- recapture.

15 15-24-2405. Rules.

16

17 **NEW SECTION. Section 18. Applicability.** [This act] applies to property tax years beginning after

18 December 31, 2011.

19

- END -