

HOUSE BILL NO. 440

INTRODUCED BY G. KIPP

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CERTAIN TRANSMISSION LINE AND PIPELINE
5 FACILITY TAXATION AND EMPLOYMENT LAWS; ESTABLISHING A TAX ABATEMENT FOR CERTAIN
6 FACILITIES; ESTABLISHING HIRING AND TRAINING REQUIREMENTS FOR CERTAIN FACILITIES TO
7 QUALIFY FOR AN ABATEMENT; REQUIRING THE COMMISSIONER OF LABOR AND INDUSTRY TO
8 CERTIFY FACILITIES TO RECEIVE THE ABATEMENT; GRANTING THE COMMISSIONER OF LABOR AND
9 INDUSTRY AND THE DEPARTMENT OF REVENUE RULEMAKING AUTHORITY; AND PROVIDING AN
10 IMMEDIATE EFFECTIVE DATE."

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

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14 NEW SECTION. **Section 1. Policy.** It is the policy of the state of Montana that the tax abatement in
15 [section 2] is to be strictly limited to new transmission and pipeline facilities that qualify under the standards
16 established in [sections 2 through 6]. The provisions of [sections 2 through 6] do not apply to any previously
17 existing transmission and pipeline facilities or to any new facilities that do not qualify under [sections 2 through
18 6]. [Sections 2 through 6] are not to be interpreted as a precedent for reducing the taxation of any other property
19 in the state or for affecting the use of any property valuation method for tax purposes established under law to
20 meet the standards of the Montana constitution and law. The commissioner of labor and industry and the
21 department of revenue are directed to administer and interpret [sections 2 through 6] strictly in accordance with
22 this policy. Any ambiguities in [sections 2 through 6] are to be resolved in favor of the strict reading of this policy.

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24 NEW SECTION. **Section 2. Facility development -- tax abatement -- eligibility.** (1) Subject to
25 subsections (3) and (4), a facility may qualify for an abatement of property tax liability pursuant to [sections 1
26 through 6].

27 (2) (a) Except as provided in subsection (2)(b), if the abatement is granted for a facility, the facility must
28 be assessed at 75% of its taxable value for the qualifying period.

29 (b) If the commissioner of labor and industry reduces the required percentage of workers for a facility that
30 must be U.S. residents to 50% or less in accordance with [section 4(2)(b)], then the facility must be assessed at

1 90% of its taxable value for the qualifying period.

2 (c) The abatement applies to all mills levied against the facility.

3 (3) In order to qualify for the abatement under this part, a facility must meet the following requirements:

4 (a) commencement of construction of the facility must occur after January 1, 2015;

5 (b) the standard prevailing rate of wages for heavy construction as provided in 18-2-414 must be adhered
6 to during the construction phase of the facility;

7 (c) the resident employment requirements provided for in [section 4(2)] must be adhered to during the
8 construction phase of the facility; and

9 (d) training and workforce development in accordance with [section 6] must be provided.

10 (4) To qualify for an abatement, the facility must be certified as provided in [section 3].

11 (5) Upon termination of the qualifying period, the abatement ceases and the property for which the
12 abatement was granted must be assessed at 100% of its taxable value.

13 (6) For the purposes of this section:

14 (a) "Facility" means a transmission or pipeline facility defined in 75-20-104(8)(a) or 75-20-104(8)(b) that
15 is centrally assessed as class nine property in accordance with 15-6-141. The term does not include a facility that
16 is class fourteen property pursuant to 15-6-157 or class fifteen property pursuant to 15-6-158.

17 (b) "Qualifying period" means the construction period and the first 2 years after the facility commences
18 operation. The total time for the qualifying period may not exceed 4 years.

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20 **NEW SECTION. Section 3. Certification.** (1) (a) Upon application by a taxpayer, the commissioner
21 of labor and industry shall determine whether a facility qualifies for an abatement of property tax liability under
22 [section 2(3)] and rules adopted under [sections 1 through 6]. If the commissioner determines that a facility
23 qualifies for an abatement, the commissioner shall issue a certification of eligibility.

24 (b) An application for certification must be made on forms available from the commissioner.

25 (c) Certification of eligibility remains in effect only as long as substantial compliance with [sections 1
26 through 6] continues.

27 (2) The commissioner of labor and industry shall identify and track compliance with this part. The
28 commissioner may revoke a certification for failure to maintain substantial compliance with eligibility requirements.
29 Revocation of a certificate must be reported to the department of revenue within 30 days of revocation.

30 (3) If a taxpayer's certification is revoked, the taxpayer forfeits the abatement of property tax liability

1 under [section 2]. Upon revocation, the property must be assessed at 100% of its taxable value beginning on
 2 January 1 of the year or years for which the certification is revoked. Any remaining abatement must be forfeited.
 3 The taxpayer is immediately liable for any additional taxes, penalty, and interest resulting from the revocation.

4 (4) A taxpayer that has forfeited any portion of its abatement because of revocation may not reapply for
 5 an abatement under this part.

6 (5) A taxpayer aggrieved by a determination made by the commissioner of labor and industry or the
 7 department of revenue has the right to the review procedures in 15-1-211, to mediation under 15-1-212, and to
 8 a hearing under Title 2, chapter 4, part 6.

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10 **NEW SECTION. Section 4. U.S. residents to be employed.** (1) In accordance with subsection (2) and
 11 unless a facility is partially funded with federal aid money from the United States or unless residency preference
 12 laws are specifically prohibited by federal law, each contractor that is a signatory to the construction contract for
 13 a facility eligible for a tax abatement in accordance with [section 2] shall ensure that the contractor's workers
 14 performing labor on the portion of the facility constructed in Montana are U.S. residents, with a suggested
 15 preference for bona fide Montana residents as defined in 18-2-401.

16 (2) (a) For any contract awarded for construction of a facility eligible for a tax abatement in accordance
 17 with [section 2], unless a facility is partially funded with federal aid money from the United States or residency
 18 preference laws are specifically prohibited by federal law, there must be inserted in the bid specification and the
 19 contract a provision, in language approved by the commissioner of labor and industry, implementing the
 20 requirements of subsection (1). Except as provided in subsection (2)(b), the bid specification and the contract
 21 must provide that at least 95% of the workers constructing the portion of the facility located in Montana will be
 22 U.S. residents, with a suggested preference for bona fide Montana residents.

23 (b) If due to a lack of qualified personnel each contractor cannot guarantee that at least 95% of the
 24 contractor's workers constructing the portion of the facility located in Montana will be U.S. residents, the contract
 25 must provide that the percentage that the commissioner of labor and industry believes possible will be U.S.
 26 residents, with a suggested preference for Montana residents.

27 (3) The commissioner of labor and industry shall enforce this section and investigate complaints of its
 28 violation.

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30 **NEW SECTION. Section 5. Rulemaking.** (1) The department of revenue shall adopt rules for the

1 implementation of [sections 1 through 6], including the valuation of qualifying facilities and administration of
 2 property certified under [section 3].

3 (2) The commissioner of labor and industry shall adopt rules necessary for:

4 (a) certification, compliance, and revocation of certificates as provided in [sections 3 and 4]. The rules
 5 may include specifying procedures, including timeframes for certification application, and definitions necessary
 6 to identify facilities for certification and compliance.

7 (b) certification of workforce and emergency response training required pursuant to [section 6].
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9 **NEW SECTION. Section 6. Workforce development -- training and coordination.** (1) (a) A contractor
 10 that is a signatory to the construction contract for a facility eligible for a tax abatement in accordance with [section
 11 2] shall provide training in the construction, operation, and maintenance of the facility. The training may include
 12 education or skills-based training for employees in new jobs.

13 (b) A contractor may seek workforce training grants in accordance with Title 39, chapter 11, parts 1 and
 14 2.

15 (2) The owner of a facility eligible for a tax abatement in accordance with [section 2] shall coordinate with
 16 the state emergency response commission established in 10-3-1204 to establish and maintain emergency
 17 response training for employees and public safety officials working in the area where a qualified facility will be
 18 constructed. The training must include but is not limited to:

19 (a) if necessary, information to assist local emergency managers and fire officials to understand the
 20 hazards of substances carried by the facility, as well as general strategies for hazard identification, initial isolation,
 21 and other actions to ensure public safety;

22 (b) protocols and practices for local first responders to use in protecting public safety;

23 (c) drills or exercises;

24 (d) information to facilitate cooperation between the owners and operators of facilities, county and city
 25 emergency managers, and other public safety organizations; and

26 (e) assistance to local units of government on how to incorporate emergency response information
 27 pertinent to the facility into local emergency operations plans.
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29 **NEW SECTION. Section 7. Notification to tribal governments.** The secretary of state shall send a
 30 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell

1 Chippewa tribe.

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3 **NEW SECTION. Section 8. Codification instruction.** [Sections 1 through 6] are intended to be codified
4 as an integral part of Title 15, and the provisions of Title 15 apply to [sections 1 through 6].

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6 **NEW SECTION. Section 9. Severability.** If a part of [this act] is invalid, all valid parts that are severable
7 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part
8 remains in effect in all valid applications that are severable from the invalid applications.

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10 **NEW SECTION. Section 10. Effective date.** [This act] is effective on passage and approval.

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