

HOUSE BILL NO. 507

INTRODUCED BY E. BUTTREY, M. BLASDEL, R. LYNCH, J. SESSO, J. SMALL

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROPERTY TAXATION AND CLASSIFICATION OF QUALIFIED DATA CENTERS AND RELATED PROPERTY; REVISING THE DEFINITION OF A QUALIFIED DATA CENTER; AMENDING SECTION 15-6-162, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-6-162, MCA, is amended to read:

"15-6-162. Class seventeen property -- description -- taxable percentage. (1) Class seventeen property includes the land, improvements, furniture, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies except those included in class five under 15-6-135 of a qualified data center.

(2) (a) "Qualified data center" means the land, improvements, and personal property of a facility designed or modified to house networked computers or equipment supporting computing, networking, or data storage that is:

~~(i)~~ composed of one or more buildings under single ownership on contiguous parcels of land that consist of at least:

(i) 300,000 square feet, where the total cost of land, improvements, personal property, and software is at least \$150 million;~~and~~

~~(ii) commences with construction commencing after June 30, 2017; or~~

(ii) 25,000 square feet of new or expanded area, where the total cost of land, improvements, personal property, and software is at least \$50 million invested during a 48-month period with construction commencing after January 1, 2019.

(b) The term includes but is not limited to:

(i) cooling systems, cooling towers, and other temperature infrastructure;

(ii) power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of the facility, such as exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and

1 (iii) any other equipment necessary for the maintenance and operation of the facility.

2 (3) During construction, property not meeting the requirements of subsection (2) must be classified as
3 class seventeen property if, prior to March 1 of the first tax year for which the classification will be applied, the
4 taxpayer certifies to the department that the facility under construction will meet the requirements of subsection
5 (2) within 2 years of the date of the certification.

6 (4) The taxable property of a qualified data center must be locally assessed.

7 (5) (a) Class seventeen property includes centrally assessed interstate or intrastate dedicated
8 communications infrastructure that is owned or leased by the owner of a qualified data center and is composed
9 of telecommunication or data lines, equipment, and services, including but not limited to copper or fiber optic lines
10 or microwave, satellite, or other wireless communication systems.

11 (b) To qualify under this subsection (5), construction of the owned or leased interstate or intrastate
12 communications infrastructure must commence after June 30, 2017, and before July 1, 2027, and must satisfy
13 the criteria of this section.

14 (c) Dedicated communications infrastructure provided for in this subsection (5) is taxed at the rate
15 provided for in subsection (6) for a period of 15 years from the time that construction commences. After the
16 15-year period, the dedicated communications infrastructure is taxed as class thirteen property at the rate
17 provided in 15-6-156.

18 (6) Class seventeen property is taxed at 0.9% of its market value."
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20 **NEW SECTION. Section 2. Severability.** If a part of [this act] is invalid, all valid parts that are severable
21 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part
22 remains in effect in all valid applications that are severable from the invalid applications.
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24 **NEW SECTION. Section 3. Effective date.** [This act] is effective on passage and approval.
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26 **NEW SECTION. Section 4. Retroactive applicability.** [This act] applies retroactively, within the
27 meaning of 1-2-109, to property tax years beginning after December 31, 2018.
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