

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 BY REQUEST OF THE DEPARTMENT OF REVENUE

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING CABLE TELEVISION PROPERTY FROM CLASS
7 EIGHT TO CLASS THIRTEEN FOR PROPERTY TAX PURPOSES; AMENDING SECTIONS 15-6-138,
8 15-6-156, AND 15-6-201, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A
9 RETROACTIVE APPLICABILITY DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12

13 **Section 1.** Section 15-6-138, MCA, is amended to read:

14 **"15-6-138. (Temporary) Class eight property -- description -- taxable percentage.** (1) Class eight
15 property includes:

16 (a) all agricultural implements and equipment that are not exempt under 15-6-201(1)(bb);

17 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and
18 supplies except those included in class five;

19 (c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field
20 storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units,
21 communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters,
22 and similar equipment that is skidable, portable, or movable, tools that are not exempt under
23 15-6-201(1)(r), and supplies except those included in class five;

24 (d) all manufacturing machinery, fixtures, equipment, tools that are not exempt under
25 15-6-201(1)(r) or (1)(bb), and supplies except those included in class five;

26 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that
27 are specifically included and taxed in another class;

28 (f) special mobile equipment as defined in 61-1-104;

29 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in
30 commercial establishments as defined in this section;

- 1 (h) x-ray and medical and dental equipment;
- 2 (i) citizens' band radios and mobile telephones;
- 3 (j) radio and television broadcasting and transmitting equipment;
- 4 ~~(k) cable television systems;~~
- 5 ~~(k)~~(k) coal and ore haulers;
- 6 ~~(m)~~(l) theater projectors and sound equipment; and
- 7 ~~(n)~~(m) all other property that is not included in any other class in this part, except that property
- 8 that is subject to a fee in lieu of a property tax.

9 (2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000

10 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material

11 in a mining or quarrying environment.

12 (3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station;

13 or service, wholesale, retail, or food-handling business.

14 (4) Class eight property is taxed at:

15 (a) 6% of its market value for tax years beginning after December 31, 1997; and

16 (b) 3% of its market value for tax years beginning after December 31, 1999.

17 (5) (a) If, in any year beginning with tax year 2004, the percentage growth in inflation-adjusted

18 Montana wage and salary income, in the last full year for which data is available, is at least 2.85% from

19 the prior year, then the tax rate for class eight property will be reduced by 1% each year until the tax rate

20 reaches zero.

21 (b) The department shall calculate the percentage growth in subsection (5)(a) by using the formula

22 $(W/CPI) - 1$, where:

23 (i) W is the Montana wage and salary income for the most current available year divided by the

24 Montana wage and salary income for the year prior to the most current available year; and

25 (ii) CPI is the consumer price index for the most current available year used in subsection (5)(b)(i)

26 divided by the consumer price index for the year prior to the most current available year as used in

27 subsection (5)(b)(i).

28 (c) For purposes of determining the percentage growth in subsection (5)(a), the department shall

29 use the wage and salary data series referred to as the bureau of economic analysis of the United States

30 department of commerce Montana wage and salary disbursements. Inflation must be measured by the

1 consumer price index, U.S. city average, all urban consumers (CPI-U), using the 1982-84 base of 100, as
2 published by the bureau of labor statistics of the United States department of labor.

3 (6) Beginning with tax year 2000, the class eight property of a person or business entity that
4 owns an aggregate of \$5,000 or less in market value of class eight property is exempt from taxation.
5 (Repealed on occurrence of contingency--secs. 27(2), 31(4), Ch. 285, L. 1999.)"

6

7 **Section 2.** Section 15-6-156, MCA, is amended to read:

8 **"15-6-156. Class thirteen property -- description -- taxable percentage.** (1) Except as provided in
9 subsections (2)(a) through (2)(f), class thirteen property includes:

10 (a) electrical generation facilities of a centrally assessed electric power company;

11 (b) electrical generation facilities owned or operated by an exempt wholesale generator or an entity
12 certified as an exempt wholesale generator pursuant to section 32 of the Public Utility Holding Company
13 Act of 1935, 15 U.S.C. 79z-5a;

14 (c) noncentrally assessed electrical generation facilities owned or operated by any electrical energy
15 producer; and

16 (d) allocations of centrally assessed telecommunications services companies and cable television
17 systems.

18 (2) Class thirteen property does not include:

19 (a) property owned by cooperative rural electric cooperative associations classified under
20 15-6-135;

21 (b) property owned by cooperative rural electric cooperative associations classified under
22 15-6-137;

23 (c) allocations of electric power company property under 15-6-141;

24 (d) electrical generation facilities included in another class of property;

25 (e) property owned by cooperative rural telephone associations and classified in class five; and

26 (f) property owned by organizations providing telecommunications services and classified in class
27 five.

28 (3) (a) For the purposes of this section, "electrical generation facilities" means any combination
29 of a physically connected generator or generators, associated prime movers, and other associated
30 property, including appurtenant land and improvements and personal property, that are normally operated

1 together to produce electric power. The term includes but is not limited to generating facilities that produce
2 electricity from coal-fired steam turbines, oil or gas turbines, or turbine generators that are driven by falling
3 water.

4 (b) The term does not include electrical generation facilities used for noncommercial purposes or
5 exclusively for agricultural purposes.

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

10 (4) Class thirteen property is taxed at 6% of its market value."
11

12 **Section 3.** Section 15-6-201, MCA, is amended to read:

13 **"15-6-201. (Temporary) Exempt categories.** (1) The following categories of property are exempt
14 from taxation:

15 (a) except as provided in 15-24-1203, the property of:

16 (i) the United States, except:

17 (A) if congress passes legislation that allows the state to tax property owned by the federal
18 government or an agency created by congress; or

19 (B) as provided in 15-24-1103;

20 (ii) the state, counties, cities, towns, and school districts;

21 (iii) irrigation districts organized under the laws of Montana and not operating for profit;

22 (iv) municipal corporations;

23 (v) public libraries; and

24 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

25 (b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a
26 church and used for actual religious worship or for residences of the clergy, together with adjacent land
27 reasonably necessary for convenient use of the buildings;

28 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,
29 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health
30 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed

1 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is
2 not exempt.

3 (d) property that is:

4 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20,
5 or 21;

6 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent
7 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

8 (iii) not maintained and operated for private or corporate profit;

9 (e) subject to subsection (2), property that is owned or property that is leased from a federal,
10 state, or local governmental entity by institutions of purely public charity if the property is directly used
11 for purely public charitable purposes;

12 (f) evidence of debt secured by mortgages of record upon real or personal property in the state
13 of Montana;

14 (g) public museums, art galleries, zoos, and observatories that are not used or held for private or
15 corporate profit;

16 (h) all household goods and furniture, including but not limited to clocks, musical instruments,
17 sewing machines, and wearing apparel of members of the family, used by the owner for personal and
18 domestic purposes or for furnishing or equipping the family residence;

19 (i) truck canopy covers or toppers and campers;

20 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

21 (k) motor homes;

22 (l) all watercraft;

23 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative
24 association or nonprofit corporation organized to furnish potable water to its members or customers for
25 uses other than the irrigation of agricultural land;

26 (n) the right of entry that is a property right reserved in land or received by mesne conveyance
27 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by
28 another to explore, prospect, or dig for oil, gas, coal, or minerals;

29 (o) (i) property that is owned and used by a corporation or association organized and operated
30 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons

1 with physical or mental impairments that constitute or result in substantial impediments to employment
2 and that is not operated for gain or profit; and

3 (ii) property that is owned and used by an organization owning and operating facilities that are for
4 the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

5 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and
6 machinery with a market value of less than \$100;

7 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for
8 training and practice for or competition in international sports and athletic events and that is not held or
9 used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation"
10 means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code
11 and incorporated and admitted under the Montana Nonprofit Corporation Act.

12 (r) (i) the first \$15,000 or less of market value of tools owned by the taxpayer that are
13 customarily hand-held and that are used to:

14 (A) construct, repair, and maintain improvements to real property; or

15 (B) repair and maintain machinery, equipment, appliances, or other personal property;

16 (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design,
17 manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged
18 in manufacturing and launching space vehicles in the state or that are owned by a contractor or
19 subcontractor of that business and that are directly used for space vehicle design, manufacture, launch,
20 repair, and maintenance;

21 (s) harness, saddlery, and other tack equipment;

22 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined
23 in 33-25-105;

24 (u) timber as defined in 15-44-102;

25 (v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined
26 in 61-1-114, and travel trailers as defined in 61-1-131;

27 (w) all vehicles registered under 61-3-456;

28 (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,
29 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

30 (ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under

- 1 subsection (1)(x)(i);
- 2 (y) motorcycles and quadricycles;
- 3 (z) the following percentage of the market value of residential property as described in
- 4 15-6-134(1)(e) and (1)(f):
- 5 (i) 16% for tax year 1999;
- 6 (ii) 23% for tax year 2000;
- 7 (iii) 27.5% for tax year 2001; and
- 8 (iv) 31% for tax year 2002 and succeeding tax years;
- 9 (aa) the following percentage of the market value of commercial property as described in
- 10 15-6-134(1)(g):
- 11 (i) 6.5% for tax year 1999;
- 12 (ii) 9% for tax year 2000;
- 13 (iii) 11% for tax year 2001; and
- 14 (iv) 13% for tax year 2002 and succeeding tax years;
- 15 (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock
- 16 used by an industrial dairy; and
- 17 (cc) light vehicles as defined in 61-1-139.
- 18 (2) (a) For the purposes of subsection (1)(e):
- 19 (i) the term "institutions of purely public charity" includes any organization that meets the
- 20 following requirements:
- 21 (A) The organization offers its charitable goods or services to persons without regard to race,
- 22 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section
- 23 501(c)(3), Internal Revenue Code, as amended.
- 24 (B) The organization accomplishes its activities through absolute gratuity or grants. However, the
- 25 organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public
- 26 performances or entertainment or by other similar types of fundraising activities.
- 27 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property
- 28 is used by the charity to produce unrelated business taxable income as that term is defined in section 512
- 29 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural
- 30 property shall file annually with the department a copy of its federal tax return reporting any unrelated

1 business taxable income received by the charity during the tax year, together with a statement indicating
2 whether the exempt property was used to generate any unrelated business taxable income.

3 (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and
4 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold
5 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property
6 includes all real and personal property reasonably necessary for use in connection with the public display
7 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit
8 organization by an individual or for-profit organization, real and personal property owned by other persons
9 is exempt if it is:

10 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

11 (ii) held for future display; or

12 (iii) used to house or store a public display.

13 (3) For the purposes of subsection (1)(bb):

14 (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and
15 includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and
16 milk products solely for export from the state, either directly by the dairy or after the milk or milk product
17 has been further processed by an industrial milk processor. After export, any unprocessed milk must be
18 further processed into other dairy products.

19 (b) "industrial milk processor" means a facility and integral machinery used solely to process milk
20 into milk products for export from the state.

21 (4) The following portions of the appraised value of a capital investment in a recognized nonfossil
22 form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102,
23 are exempt from taxation for a period of 10 years following installation of the property:

24 (a) \$20,000 in the case of a single-family residential dwelling;

25 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

26 **15-6-201. (Effective January 1, 2003) Exempt categories.** (1) The following categories of property
27 are exempt from taxation:

28 (a) except as provided in 15-24-1203, the property of:

29 (i) the United States, except:

30 (A) if congress passes legislation that allows the state to tax property owned by the federal

- 1 government or an agency created by congress; or
- 2 (B) as provided in 15-24-1103;
- 3 (ii) the state, counties, cities, towns, and school districts;
- 4 (iii) irrigation districts organized under the laws of Montana and not operating for profit;
- 5 (iv) municipal corporations;
- 6 (v) public libraries; and
- 7 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;
- 8 (b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a
- 9 church and used for actual religious worship or for residences of the clergy, together with adjacent land
- 10 reasonably necessary for convenient use of the buildings;
- 11 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,
- 12 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health
- 13 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed
- 14 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is
- 15 not exempt.
- 16 (d) property that is:
- 17 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20,
- 18 or 21;
- 19 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent
- 20 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and
- 21 (iii) not maintained and operated for private or corporate profit;
- 22 (e) subject to subsection (2), property that is owned or property that is leased from a federal,
- 23 state, or local governmental entity by institutions of purely public charity if the property is directly used
- 24 for purely public charitable purposes;
- 25 (f) evidence of debt secured by mortgages of record upon real or personal property in the state
- 26 of Montana;
- 27 (g) public museums, art galleries, zoos, and observatories that are not used or held for private or
- 28 corporate profit;
- 29 (h) all household goods and furniture, including but not limited to clocks, musical instruments,
- 30 sewing machines, and wearing apparel of members of the family, used by the owner for personal and

- 1 domestic purposes or for furnishing or equipping the family residence;
- 2 (i) truck canopy covers or toppers and campers;
- 3 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;
- 4 (k) motor homes;
- 5 (l) all watercraft;
- 6 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative
- 7 association or nonprofit corporation organized to furnish potable water to its members or customers for
- 8 uses other than the irrigation of agricultural land;
- 9 (n) the right of entry that is a property right reserved in land or received by mesne conveyance
- 10 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by
- 11 another to explore, prospect, or dig for oil, gas, coal, or minerals;
- 12 (o) (i) property that is owned and used by a corporation or association organized and operated
- 13 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons
- 14 with physical or mental impairments that constitute or result in substantial impediments to employment
- 15 and that is not operated for gain or profit; and
- 16 (ii) property that is owned and used by an organization owning and operating facilities that are for
- 17 the care of the retired, aged, or chronically ill and that are not operated for gain or profit;
- 18 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and
- 19 machinery with a market value of less than \$100;
- 20 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for
- 21 training and practice for or competition in international sports and athletic events and that is not held or
- 22 used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation"
- 23 means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code
- 24 and incorporated and admitted under the Montana Nonprofit Corporation Act.
- 25 (r) (i) the first \$15,000 or less of market value of tools owned by the taxpayer that are
- 26 customarily hand-held and that are used to:
- 27 (A) construct, repair, and maintain improvements to real property; or
- 28 (B) repair and maintain machinery, equipment, appliances, or other personal property;
- 29 (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design,
- 30 manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged

1 in manufacturing and launching space vehicles in the state or that are owned by a contractor or
2 subcontractor of that business and that are directly used for space vehicle design, manufacture, launch,
3 repair, and maintenance;

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

5 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined
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10 (w) all vehicles registered under 61-3-456;

11 (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,
12 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

13 (ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under
14 subsection (1)(x)(i);

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16 (z) the following percentage of the market value of residential property as described in
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21 (iv) 31% for tax year 2002 and succeeding tax years;

22 (aa) the following percentage of the market value of commercial property as described in
23 15-6-134(1)(g):

24 (i) 6.5% for tax year 1999;

25 (ii) 9% for tax year 2000;

26 (iii) 11% for tax year 2001; and

27 (iv) 13% for tax year 2002 and succeeding tax years;

28 (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock
29 used by an industrial dairy;

30 (cc) items of personal property intended for rent or lease in the ordinary course of business if each

1 item of personal property satisfies all of the following:

2 (i) the acquired cost of the personal property is less than \$15,000;

3 (ii) the personal property is owned by a business whose primary business income is from rental or
4 lease of personal property to individuals and no one customer of the business accounts for more than 10%
5 of the total rentals or leases during a calendar year; and

6 (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and

7 (dd) light vehicles as defined in 61-1-139.

8 (2) (a) For the purposes of subsection (1)(e):

9 (i) the term "institutions of purely public charity" includes any organization that meets the
10 following requirements:

11 (A) The organization offers its charitable goods or services to persons without regard to race,
12 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section
13 501(c)(3), Internal Revenue Code, as amended.

14 (B) The organization accomplishes its activities through absolute gratuity or grants. However, the
15 organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public
16 performances or entertainment or by other similar types of fundraising activities.

17 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property
18 is used by the charity to produce unrelated business taxable income as that term is defined in section 512
19 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural
20 property shall file annually with the department a copy of its federal tax return reporting any unrelated
21 business taxable income received by the charity during the tax year, together with a statement indicating
22 whether the exempt property was used to generate any unrelated business taxable income.

23 (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and
24 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold
25 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property
26 includes all real and personal property reasonably necessary for use in connection with the public display
27 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit
28 organization by an individual or for-profit organization, real and personal property owned by other persons
29 is exempt if it is:

30 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

1 (ii) held for future display; or

2 (iii) used to house or store a public display.

3 (3) For the purposes of subsection (1)(bb):

4 (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and
5 includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and
6 milk products solely for export from the state, either directly by the dairy or after the milk or milk product
7 has been further processed by an industrial milk processor. After export, any unprocessed milk must be
8 further processed into other dairy products.

9 (b) "industrial milk processor" means a facility and integral machinery used solely to process milk
10 into milk products for export from the state.

11 (4) The following portions of the appraised value of a capital investment in a recognized nonfossil
12 form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102,
13 are exempt from taxation for a period of 10 years following installation of the property:

14 (a) \$20,000 in the case of a single-family residential dwelling;

15 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

16 **15-6-201. (Effective on occurrence of contingency) Exempt categories.** (1) The following
17 categories of property are exempt from taxation:

18 (a) except as provided in 15-24-1203, the property of:

19 (i) the United States, except:

20 (A) if congress passes legislation that allows the state to tax property owned by the federal
21 government or an agency created by congress; or

22 (B) as provided in 15-24-1103;

23 (ii) the state, counties, cities, towns, and school districts;

24 (iii) irrigation districts organized under the laws of Montana and not operating for profit;

25 (iv) municipal corporations;

26 (v) public libraries; and

27 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

28 (b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a
29 church and used for actual religious worship or for residences of the clergy, together with adjacent land
30 reasonably necessary for convenient use of the buildings;

1 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,
2 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health
3 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed
4 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is
5 not exempt.

6 (d) property that is:

7 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20,
8 or 21;

9 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent
10 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

11 (iii) not maintained and operated for private or corporate profit;

12 (e) subject to subsection (2), property that is owned or property that is leased from a federal,
13 state, or local governmental entity by institutions of purely public charity if the property is directly used
14 for purely public charitable purposes;

15 (f) evidence of debt secured by mortgages of record upon real or personal property in the state
16 of Montana;

17 (g) public museums, art galleries, zoos, and observatories that are not used or held for private or
18 corporate profit;

19 (h) all household goods and furniture, including but not limited to clocks, musical instruments,
20 sewing machines, and wearing apparel of members of the family, used by the owner for personal and
21 domestic purposes or for furnishing or equipping the family residence;

22 (i) truck canopy covers or toppers and campers;

23 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

24 (k) motor homes;

25 (l) all watercraft;

26 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative
27 association or nonprofit corporation organized to furnish potable water to its members or customers for
28 uses other than the irrigation of agricultural land;

29 (n) the right of entry that is a property right reserved in land or received by mesne conveyance
30 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by

1 another to explore, prospect, or dig for oil, gas, coal, or minerals;

2 (o) (i) property that is owned and used by a corporation or association organized and operated
3 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons
4 with physical or mental impairments that constitute or result in substantial impediments to employment
5 and that is not operated for gain or profit; and

6 (ii) property that is owned and used by an organization owning and operating facilities that are for
7 the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

8 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and
9 machinery with a market value of less than \$100;

10 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for
11 training and practice for or competition in international sports and athletic events and that is not held or
12 used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation"
13 means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code
14 and incorporated and admitted under the Montana Nonprofit Corporation Act.

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

17 (A) construct, repair, and maintain improvements to real property; or

18 (B) repair and maintain machinery, equipment, appliances, or other personal property;

19 (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design,
20 manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged
21 in manufacturing and launching space vehicles in the state or that are owned by a contractor or
22 subcontractor of that business and that are directly used for space vehicle design, manufacture, launch,
23 repair, and maintenance;

24 (s) harness, saddlery, and other tack equipment;

25 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined
26 in 33-25-105;

27 (u) timber as defined in 15-44-102;

28 (v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined
29 in 61-1-114, and travel trailers as defined in 61-1-131;

30 (w) all vehicles registered under 61-3-456;

- 1 (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,
2 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and
3 (ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under
4 subsection (1)(x)(i);
5 (y) motorcycles and quadricycles;
6 (z) the following percentage of the market value of residential property as described in
7 15-6-134(1)(e) and (1)(f):
8 (i) 16% for tax year 1999;
9 (ii) 23% for tax year 2000;
10 (iii) 27.5% for tax year 2001; and
11 (iv) 31% for tax year 2002 and succeeding tax years;
12 (aa) the following percentage of the market value of commercial property as described in
13 15-6-134(1)(g):
14 (i) 6.5% for tax year 1999;
15 (ii) 9% for tax year 2000;
16 (iii) 11% for tax year 2001; and
17 (iv) 13% for tax year 2002 and succeeding tax years;
18 (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock
19 used by an industrial dairy;
20 (cc) items of personal property intended for rent or lease in the ordinary course of business if each
21 item of personal property satisfies all of the following:
22 (i) the acquired cost of the personal property is less than \$15,000;
23 (ii) the personal property is owned by a business whose primary business income is from rental or
24 lease of personal property to individuals and no one customer of the business accounts for more than 10%
25 of the total rentals or leases during a calendar year; and
26 (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;
27 (dd) all agricultural implements and equipment;
28 (ee) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and
29 supplies except those included in class five;
30 (ff) all manufacturing machinery, fixtures, equipment, tools that are not exempt under

1 15-6-201(1)(r), and supplies except those included in class five;

2 (gg) all goods and equipment that are intended for rent or lease, except goods and equipment that
3 are specifically included and taxed in another class;

4 (hh) special mobile equipment as defined in 61-1-104;

5 (ii) furniture, fixtures, and equipment, except that specifically included in another class, used in
6 commercial establishments as defined in this section;

7 (jj) x-ray and medical and dental equipment;

8 (kk) citizens' band radios and mobile telephones;

9 (ll) radio and television broadcasting and transmitting equipment;

10 ~~(mm) cable television systems;~~

11 ~~(nn)(mm)~~ coal and ore haulers;

12 ~~(oo)(nn)~~ theater projectors and sound equipment; and

13 ~~(pp)(oo)~~ light vehicles as defined in 61-1-139.

14 (2) (a) For the purposes of subsection (1)(e):

15 (i) the term "institutions of purely public charity" includes any organization that meets the
16 following requirements:

17 (A) The organization offers its charitable goods or services to persons without regard to race,
18 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section
19 501(c)(3), Internal Revenue Code, as amended.

20 (B) The organization accomplishes its activities through absolute gratuity or grants. However, the
21 organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public
22 performances or entertainment or by other similar types of fundraising activities.

23 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property
24 is used by the charity to produce unrelated business taxable income as that term is defined in section 512
25 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural
26 property shall file annually with the department a copy of its federal tax return reporting any unrelated
27 business taxable income received by the charity during the tax year, together with a statement indicating
28 whether the exempt property was used to generate any unrelated business taxable income.

29 (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and
30 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold

1 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property
2 includes all real and personal property reasonably necessary for use in connection with the public display
3 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit
4 organization by an individual or for-profit organization, real and personal property owned by other persons
5 is exempt if it is:

6 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

7 (ii) held for future display; or

8 (iii) used to house or store a public display.

9 (3) For the purposes of subsection (1)(bb):

10 (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and
11 includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and
12 milk products solely for export from the state, either directly by the dairy or after the milk or milk product
13 has been further processed by an industrial milk processor. After export, any unprocessed milk must be
14 further processed into other dairy products.

15 (b) "industrial milk processor" means a facility and integral machinery used solely to process milk
16 into milk products for export from the state.

17 (4) The following portions of the appraised value of a capital investment in a recognized nonfossil
18 form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102,
19 are exempt from taxation for a period of 10 years following installation of the property:

20 (a) \$20,000 in the case of a single-family residential dwelling;

21 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

22

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

24

25 NEW SECTION. **Section 5. Retroactive applicability.** [This act] applies retroactively, within the
26 meaning of 1-2-109, to tax years beginning after December 31, 2000.

27

- END -