

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROPERTY TAXATION; REVISING THE PROPERTY  
5 TAX EXEMPTION FOR CLASS FOUR PROPERTY; EXEMPTING THE FIRST \$24,500 OF MARKET VALUE  
6 OF RESIDENTIAL PROPERTY, EXCLUSIVE OF LAND AND CERTAIN OTHER IMPROVEMENTS; CLARIFYING  
7 PROPERTY TAX EXEMPTIONS OF BUSINESS EQUIPMENT FOR TAX YEARS IN WHICH CLASS EIGHT  
8 PROPERTY IS EXEMPT; AMENDING SECTIONS 15-6-134, 15-6-201, AND 15-32-405, MCA; AND  
9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

12

13 **Section 1.** Section 15-6-134, MCA, is amended to read:

14 **"15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property  
15 includes:

16 (a) subject to ~~15-6-201(1)(z)~~ and 15-6-201(1)(aa) and subsections (1)(f) and (1)(g) of this section,  
17 all land, except that specifically included in another class;

18 (b) subject to 15-6-201(1)(z) and (1)(aa) and subsections (1)(f) and (1)(g) of this section, all  
19 improvements, including trailers, manufactured homes, or mobile homes used as a residence, except those  
20 specifically included in another class;

21 (c) the first \$100,000 or less of the taxable market value of any improvement on real property,  
22 including trailers, manufactured homes, or mobile homes, and appurtenant land not exceeding 5 acres  
23 owned or under contract for deed and actually occupied for at least 7 months a year as the primary  
24 residential dwelling of any person whose total income from all sources, including net business income and  
25 otherwise tax-exempt income of all types but not including social security income paid directly to a nursing  
26 home, is not more than \$15,000 for a single person or \$20,000 for a married couple or a head of  
27 household, as adjusted according to subsection (2)(b)(ii). For the purposes of this subsection (1)(c), net  
28 business income is gross income less ordinary operating expenses but before deducting depreciation or  
29 depletion allowance, or both.

30 (d) all golf courses, including land and improvements actually and necessarily used for that

1 purpose, that consist of at least nine holes and not less than 700 lineal yards;

2 (e) ~~subject to 15-6-201(1)(z)~~, all improvements on land that is eligible for valuation, assessment,  
3 and taxation as agricultural land under 15-7-202, including 1 acre of real property beneath improvements  
4 on land described in 15-6-133(1)(c). The 1 acre must be valued at market value.

5 (f) (i) single-family residences, including trailers, manufactured homes, or mobile homes;

6 (ii) rental multifamily dwelling units; and

7 (iii) appurtenant improvements to the residences or dwelling units, including ~~the parcels of land~~  
8 ~~upon which the residences and dwelling units are located and~~ any leasehold improvements; ~~and~~

9 ~~(iv) vacant residential lots; and~~

10 (g) (i) commercial buildings and the parcels of land upon which they are situated; and

11 (ii) vacant commercial lots.

12 (2) Class four property is taxed as follows:

13 (a) (i) Except as provided in 15-24-1402 or 15-24-1501 and subsection (2)(a)(ii) of this section,  
14 property described in subsections (1)(a), (1)(b), (1)(e), (1)(f), and (1)(g) of this section is taxed at 3.794%  
15 of its taxable market value in tax year 1999.

16 (ii) The taxable percentage rate in subsection (2)(a)(i) must be adjusted downward by subtracting  
17 0.0835 percentage points each year until the tax rate is equal to or less than 3.46%.

18 (b) (i) Property qualifying under the property tax assistance program in subsection (1)(c) is taxed  
19 at the rate provided in subsection (2)(a)(ii) of its market value multiplied by a percentage figure based on  
20 income and determined from the following table:

21	Income	Income	Percentage
22	Single Person	Married Couple	Multiplier
23		Head of Household	
24	\$0 - \$ 6,000	\$0 -\$ 8,000	20%
25	6,001 - 9,200	8,001 - 14,000	50%
26	9,201 - 15,000	14,001 - 20,000	70%

27 (ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation  
28 annually by the department. The adjustment to the income levels is determined by:

29 (A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of  
30 the PCE for the second quarter of the year prior to the year of application to the PCE for the second

1 quarter of 1995; and

2 (B) rounding the product thus obtained to the nearest whole dollar amount.

3 (iii) "PCE" means the implicit price deflator for personal consumption expenditures as published  
4 quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department  
5 of commerce.

6 (c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate  
7 established in subsection (2)(a)(i).

8 (3) Within the meaning of comparable property, as defined in 15-1-101, property assessed as  
9 commercial property is comparable only to other property assessed as commercial property and property  
10 assessed as other than commercial property is comparable only to other property assessed as other than  
11 commercial property."

12

13 **Section 2.** Section 15-6-201, MCA, is amended to read:

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

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

17 (i) the United States, except:

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

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

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

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

23 (iv) municipal corporations;

24 (v) public libraries; and

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

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

29 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,  
30 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health

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

4 (d) property that is:

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

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

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

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

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

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

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

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

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

22 (k) motor homes;

23 (l) all watercraft;

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

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

30 (o) (i) property that is owned and used by a corporation or association organized and operated

1 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons  
2 with physical or mental impairments that constitute or result in substantial impediments to employment  
3 and that is not operated for gain or profit; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (y) motorcycles and quadricycles;

4 (z) the ~~following percentage~~ first \$24,500 of the market value of residential property as described  
5 in ~~15-6-134(1)(e) and 15-6-134(1)(f);~~

6 ~~—— (i) 16% for tax year 1999;~~

7 ~~—— (ii) 23% for tax year 2000;~~

8 ~~—— (iii) 27.5% for tax year 2001; and~~

9 ~~—— (iv) 31% for tax year 2002 and succeeding tax years;~~

10 (aa) the following percentage of the market value of commercial property as described in  
11 15-6-134(1)(g):

12 ~~(i) 6.5% for tax year 1999;~~

13 ~~—— (ii) 9% for tax year 2000;~~

14 ~~(iii)(i)~~ (i) 11% for tax year 2001; and

15 ~~(iv)(ii)~~ (ii) 13% for tax year 2002 and succeeding tax years;

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

18 (cc) light vehicles as defined in 61-1-139.

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

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

22 (A) The organization offers its charitable goods or services to persons without regard to race,  
23 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section  
24 501(c)(3), Internal Revenue Code, as amended.

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

28 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property  
29 is used by the charity to produce unrelated business taxable income as that term is defined in section 512  
30 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural

1 property shall file annually with the department a copy of its federal tax return reporting any unrelated  
2 business taxable income received by the charity during the tax year, together with a statement indicating  
3 whether the exempt property was used to generate any unrelated business taxable income.

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

- 11 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;  
12 (ii) held for future display; or  
13 (iii) used to house or store a public display.

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

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

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

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

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

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

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

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

30 (i) the United States, except:

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

1 sewing machines, and wearing apparel of members of the family, used by the owner for personal and  
2 domestic purposes or for furnishing or equipping the family residence;

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

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

5 (k) motor homes;

6 (l) all watercraft;

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

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

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

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

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

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

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

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

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

30 (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design,

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

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

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

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

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

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

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

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

16 (y) motorcycles and quadricycles;

17 (z) the following percentage first \$24,000 of the market value of residential property as described  
 18 in ~~15-6-134(1)(e)~~ and 15-6-134(1)(f);

19 ~~—— (i) 16% for tax year 1999;~~

20 ~~—— (ii) 23% for tax year 2000;~~

21 ~~—— (iii) 27.5% for tax year 2001; and~~

22 ~~—— (iv) 31% for tax year 2002 and succeeding tax years;~~

23 (aa) the following percentage 13% of the market value of commercial property as described in  
 24 15-6-134(1)(g);

25 ~~—— (i) 6.5% for tax year 1999;~~

26 ~~—— (ii) 9% for tax year 2000;~~

27 ~~—— (iii) 11% for tax year 2001; and~~

28 ~~—— (iv) 13% for tax year 2002 and succeeding tax years;~~

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

1 (cc) items of personal property intended for rent or lease in the ordinary course of business if each  
2 item of personal property satisfies all of the following:

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

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

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

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

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

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

12 (A) The organization offers its charitable goods or services to persons without regard to race,  
13 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section  
14 501(c)(3), Internal Revenue Code, as amended.

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

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

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

- 1 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;  
 2 (ii) held for future display; or  
 3 (iii) used to house or store a public display.

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

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

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

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

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

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

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

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

20 (i) the United States, except:

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

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

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

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

26 (iv) municipal corporations;

27 (v) public libraries; and

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

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

1 reasonably necessary for convenient use of the buildings;

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

7 (d) property that is:

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

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

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

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

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

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

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

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

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

25 (k) motor homes;

26 (l) all watercraft;

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

30 (n) the right of entry that is a property right reserved in land or received by mesne conveyance

1 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by  
2 another to explore, prospect, or dig for oil, gas, coal, or minerals;

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

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

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

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

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

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

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

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

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

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

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

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

- 1 (w) all vehicles registered under 61-3-456;
- 2 (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,  
3 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and
- 4 (ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under  
5 subsection (1)(x)(i);
- 6 (y) motorcycles and quadricycles;
- 7 (z) the following percentage first \$24,500 of the market value of residential property as described  
8 in ~~15-6-134(1)(e)~~ and 15-6-134(1)(f)±;
- 9 ~~—— (i) 16% for tax year 1999;~~
- 10 ~~—— (ii) 23% for tax year 2000;~~
- 11 ~~—— (iii) 27.5% for tax year 2001; and~~
- 12 ~~—— (iv) 31% for tax year 2002 and succeeding tax years;~~
- 13 (aa) the following percentage 13% of the market value of commercial property as described in  
14 15-6-134(1)(g)±;
- 15 ~~—— (i) 6.5% for tax year 1999;~~
- 16 ~~—— (ii) 9% for tax year 2000;~~
- 17 ~~—— (iii) 11% for tax year 2001; and~~
- 18 ~~—— (iv) 13% for tax year 2002 and succeeding tax years;~~
- 19 (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock  
20 used by an industrial dairy;
- 21 (cc) items of personal property intended for rent or lease; ~~in the ordinary course of business if each~~  
22 ~~item of personal property satisfies all of the following:~~
- 23 ~~—— (i) the acquired cost of the personal property is less than \$15,000;~~
- 24 ~~—— (ii) the personal property is owned by a business whose primary business income is from rental or~~  
25 ~~lease of personal property to individuals and no one customer of the business accounts for more than 10%~~  
26 ~~of the total rentals or leases during a calendar year; and~~
- 27 ~~—— (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;~~
- 28 (dd) all agricultural implements and equipment;
- 29 (ee) all mining machinery, fixtures, equipment, tools ~~that are not exempt under 15-6-201(1)(r)~~, and  
30 supplies except those included in class five;

1 (ff) all manufacturing machinery, fixtures, equipment, tools ~~that are not exempt under~~  
2 ~~15-6-201(1)(r)~~, and supplies except those included in class five;

3 (gg) ~~all goods and equipment that are intended for rent or lease, except goods and equipment that~~  
4 ~~are specifically included and taxed in another class~~ all oil and gas production machinery, fixtures,  
5 equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection  
6 pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas  
7 separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable,  
8 tools, and supplies except those included in class five;

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

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

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

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

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

15 (mm) cable television systems;

16 (nn) coal and ore haulers;

17 (oo) theater projectors and sound equipment; and

18 (pp) light vehicles as defined in 61-1-139.

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

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

22 (A) The organization offers its charitable goods or services to persons without regard to race,  
23 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section  
24 501(c)(3), Internal Revenue Code, as amended.

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

28 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property  
29 is used by the charity to produce unrelated business taxable income as that term is defined in section 512  
30 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural

1 property shall file annually with the department a copy of its federal tax return reporting any unrelated  
2 business taxable income received by the charity during the tax year, together with a statement indicating  
3 whether the exempt property was used to generate any unrelated business taxable income.

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

11 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;  
12 (ii) held for future display; or  
13 (iii) used to house or store a public display.

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

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

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

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

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

26 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."  
27

28 **Section 3.** Section 15-32-405, MCA, is amended to read:

29 **"15-32-405. Exclusion from other tax incentives.** If a credit is claimed for an investment pursuant  
30 to this part, no other state energy or investment tax credit, including but not limited to the tax credits

1 allowed by 15-30-162 and 15-31-123 through 15-31-125, may be claimed for the investment. Property  
2 tax reduction allowed by 15-6-201~~(3)~~(4) may not be applied to a facility for which a credit is claimed  
3 pursuant to this part."

4

5 NEW SECTION. **Section 4. Saving clause.** [This act] does not affect rights and duties that  
6 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this  
7 act].

8

9 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

10

11 NEW SECTION. **Section 6. Retroactive applicability.** [This act] applies retroactively, within the  
12 meaning of 1-2-109, to tax years beginning after December 31, 2000.

13

- END -