L Division

67th Legislature

1	_	BILL NO		
2	INTRODUCED BY	·····		
3	(۲	rimary Sponsor)		
4	A BILL FOR AN ACT ENTITLED: "A	N ACT EXEMPTING CERTAIN AIR AND WAT	ER POLLUTION CONTROL	
5	AND CARBON CAPTURE EQUIPMENT FROM PROPERTY TAXATION; AND AMENDING SECTION 15-6-			
6	135, MCA."			
7				
8	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:			
9				
10	Section 1. Section 15-6-135	5, MCA, is amended to read:		
11	"15-6-135. Class five pro	perty description taxable percentage e	exemption. (1) Class five	
12	property includes:			
13	(a) all property used and o	wned by cooperative rural electrical and coope	rative rural telephone	
14	associations organized under the law	vs of Montana, except property owned by coop	erative organizations	
15	described in 15-6-137(1)(a);			
16	(b) air and water pollution	control and carbon capture equipment as define	ed in this section;	
17	(c) new industrial property	as defined in this section;		
18	(d) any personal or real pro	operty used primarily in the production of ethan	ol-blended gasoline during	
19	construction and for the first 3 years of its operation;			
20	(e) all land and improveme	ents and all personal property owned by a resea	arch and development firm,	
21	provided that the property is actively devoted to research and development;			
22	(f) machinery and equipme	ent used in electrolytic reduction facilities;		
23	(g) all property used and o	wned by persons, firms, corporations, or other	organizations that are	
24	engaged in the business of furnishin	g telecommunications services exclusively to re	ural areas or to rural areas	
25	and cities and towns of 1,200 permanent residents or less.			
26	(2) (a) "Air and water pollu	ution control and carbon capture equipment" m	eans that portion of	
27	identifiable property, facilities, maching	nery, devices, or equipment certified as provide	ed in subsections (2)(b) and	
28	(2)(c) and designed, constructed, un	der construction, or operated for removing, dis	posing, abating, treating,	
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eliminating, destroying, neutralizing, stabilizing, rendering inert, storing, or preventing the creation of air or
water pollutants that, except for the use of the item, would be released to the environment. This includes
machinery, devices, or equipment used to capture carbon dioxide or other greenhouse gases. Reduction in
pollutants obtained through operational techniques without specific facilities, machinery, devices, or equipment
is not eligible for certification under this section.

6 (b) Requests for certification must be made on forms available from the department of revenue.
7 Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws,
8 orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.

9 (c) The department of environmental quality shall promulgate rules specifying procedures, including 10 timeframes for certification application, and definitions necessary to identify air and water pollution control and 11 carbon capture equipment for certification and compliance. The department of revenue shall promulgate rules 12 pertaining to the valuation of qualifying air and water pollution control and carbon capture equipment. The 13 department of environmental quality shall identify and track compliance in the use of certified air and water 14 pollution control and carbon capture equipment and report continuous acts or patterns of noncompliance at a 15 facility to the department of revenue. Casual or isolated incidents of noncompliance at a facility do not affect 16 certification.

(d) To qualify for the exemption under subsection (5)(b), the air and water pollution control and carbon
capture equipment must be placed into service after January 1, 2014, for the purposes of environmental benefit
or to comply with state or federal pollution control regulations. If the air or water pollution control and carbon
capture equipment enhances the performance of existing air and water pollution control and carbon capture
equipment, only the market value of the enhancement is subject to the exemption under subsection (5)(b).

(e) Except as provided in subsection (2)(d), equipment that does not qualify for the exemption under
 subsection (5)(b) includes but is not limited to equipment placed into service to maintain, replace, or repair
 equipment installed on or before January 1, 2014.

(f) A person may appeal the certification, classification, and valuation of the property to the state tax
 appeal board. Appeals on the property certification must name the department of environmental quality as the
 respondent, and appeals on the classification or valuation of the equipment must name the department of
 revenue as the respondent.



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27	date of certification, after which the property is assessed at 100% of its taxable value."		
26	2014, and th	at satisfies the criteria in subsection (2)(d) is exempt from taxation for a period of 10 years from the	
25	(b)	Air and water pollution control and carbon capture equipment placed in service after January 1,	
24	(5)	(a) Except as provided in subsection (5)(b), class five property is taxed at 3% of its market value.	
23	(v)	earn 50% or more of their annual gross income from out-of-state sales.	
22	50% or more of an industry's gross sales or receipts are earned from outside the state; or		
21	(iv)	engage in the transportation, warehousing, or distribution of commercial products or materials if	
20	by the United States office of management and budget;		
19	in the manner defined as manufacturing in the North American Industry Classification System Manual prepared		
18	(iii)	engage in the mechanical or chemical transformation of materials or substances into new products	
17	products or materials;		
16	are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial		
15	(ii) c	do similar work, employing capital and labor, in which materials unserviceable in their natural state	
14	(i)	manufacture, mill, mine, produce, process, or fabricate materials;	
13	(b)	New industry includes only those industries that:	
12	mere expansion, reorganization, or merger of an existing industry.		
11	that establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a		
10	(4)	(a) "New industry" means any person, corporation, firm, partnership, association, or other group	
9	or longer.		
8	(iii)	property used or employed in an industrial plant that has been in operation in this state for 3 years	
7	(ii) a	a plant that will create adverse impact on existing state, county, or municipal services; or	
6	trades, or pro	ofessions unless the business or profession meets the requirements of subsection (4)(b)(v);	
5	(i)	property used by retail or wholesale merchants, commercial services of any type, agriculture,	
4	(b)	New industrial property does not include:	
3	assessed within the state of Montana prior to July 1, 1961.		
2	and fixtures,	used by new industries during the first 3 years of their operation. The property may not have been	
1	(3)	(a) "New industrial property" means any new industrial plant, including land, buildings, machinery,	

