

HOUSE BILL NO. 3

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING PROPERTY TAX INCENTIVES FOR NEW

5 INVESTMENT IN THE CONVERSION, TRANSPORT, MANUFACTURING RELATED TO, AND RESEARCH

6 AND DEVELOPMENT OF RENEWABLE ENERGY, NEW TECHNOLOGY ENERGY, AND CLEAN COAL

7 ENERGY AND CARBON DIOXIDE EQUIPMENT AND FACILITIES; PROVIDING PROPERTY TAX

8 ABATEMENTS FOR CERTAIN RENEWABLE ENERGY, NEW TECHNOLOGY ENERGY, AND CLEAN COAL

9 ENERGY-RELATED PROPERTY; ALLOWING A PROPERTY TAX EXEMPTION, UNDER CERTAIN

10 CONDITIONS, FOR LAND ADJACENT TO TRANSMISSION LINES; CREATING A NEW CLASS OF

11 PROPERTY TAXES FOR CERTAIN PIPELINES AND CARBON DIOXIDE EQUIPMENT AND FACILITIES;

12 CREATING A NEW CLASS OF PROPERTY FOR CERTAIN DIRECT-CURRENT CONVERTER STATION

13 PROPERTY; REVISING CLASS FOURTEEN PROPERTY TO INCLUDE TAXATION OF CERTAIN

14 RENEWABLE ENERGY, NEW TECHNOLOGY ENERGY, CLEAN COAL ENERGY FACILITIES, CARBON

15 CAPTURE EQUIPMENT, AND TRANSMISSION LINES; AMENDING SECTIONS 15-6-141 AND 15-6-157, MCA;

16 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

17

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

19

20 NEW SECTION. Section 1. Short title. [This act] may be cited as the "Jobs and Energy Development

21 Incentives Act".

22

23 NEW SECTION. Section 2. Policy. It is the policy of the state of Montana that the tax classifications,

24 rates, abatements, and exemptions in [sections 2 through 8] and amendments made by [this act in 15-6-141 and

25 15-6-157] are to be strictly limited to new investments that qualify under the standards established in [sections

26 2 through 8] and amendments made by [this act in 15-6-141 and 15-6-157]. The provisions of [sections 2 through

27 8] and amendments made by [this act in 15-6-141 and 15-6-157] do not apply to any previously existing

28 properties or to any new investments or property that does not qualify under [sections 2 through 8] and

29 amendments made by [this act in 15-6-141 and 15-6-157]. It is also the policy of the state of Montana that the

30 classifications, rates, abatements, and exemptions in [sections 2 through 8] and amendments made by [this act

1 in 15-6-141 and 15-6-157] are to encourage investment in energy development that is consistent with maintaining
2 a clean and healthful environment and that may not otherwise occur without [sections 2 through 8] and
3 amendments made by [this act in 15-6-141 and 15-6-157]. [Sections 2 through 8] and amendments made by [this
4 act in 15-6-141 and 15-6-157] are not to be interpreted as a precedent for reducing the taxation of any other
5 property in the state or for affecting the use of any property valuation method for tax purposes established under
6 law to meet the standards of the Montana constitution and law. The department of environmental quality and the
7 department of revenue are directed to administer and interpret [sections 2 through 8] and amendments made by
8 [this act in 15-6-141 and 15-6-157] strictly in accordance with this policy. Any ambiguities in [sections 2 through
9 8] and amendments made by [this act in 15-6-141 and 15-6-157] are to be resolved in favor of the strict reading
10 of this policy.

11
12 **NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 6], unless the context requires
13 otherwise, the following definitions apply:

14 (1) "Biodiesel" has the meaning provided in 15-70-301.

15 (2) "Biodiesel production facility" means improvements and personal property used for the production
16 and onsite storage of biodiesel.

17 (3) "Biogas" means methane gas produced through controlled biochemical processes in which bacteria
18 digest animal, municipal, or other organic wastes in an oxygen-free environment. The term includes naturally
19 occurring methane gas formed underground in landfills.

20 (4) "Biogas production facility" means improvements and personal property used for the production of
21 biogas and the generation of electricity at the facility.

22 (5) "Biomass" means any renewable organic matter, including dedicated energy crops and trees,
23 agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic
24 plants, animal wastes, municipal wastes, and other organic waste materials.

25 (6) "Biomass gasification" means a technology that uses a thermochemical process to convert biomass
26 into a low-Btu or medium-Btu gas for the purpose of producing electricity, methane gas, transportation fuels, or
27 chemicals. The technology includes the pretreatment of biomass feedstock involving drying, pulverizing, and
28 screening.

29 (7) "Biomass gasification facility" means improvements and personal property used for the production
30 of fuel or chemicals and the generation of electricity from biomass at the facility.

1 (8) "Carbon sequestration" means the long-term storage of carbon dioxide from a plant or facility that
2 produces or captures carbon dioxide, as defined in [section 7], in geologic formations, including but not limited
3 to deep saline formations, basalt or oil shale formations, depleted oil and gas reservoirs, unmineable coal beds,
4 and closed-loop enhanced oil recovery operations.

5 (9) "Clean advanced coal research and development equipment" means equipment used primarily for
6 research and development of emerging methods for pollution control, carbon capture, and carbon sequestration.
7 The term includes equipment used for research and development of effective and efficient removal of various
8 pollutants and the capture, storage, transportation, compression, and injection of carbon dioxide from coal
9 combustion utility and industrial facilities and advanced coal conversion facilities.

10 (10) "Coal gasification" means a process that converts coal into a synthesis gas composed of carbon
11 monoxide, hydrogen, and other gases. The coal gasification process includes the reaction of coal feedstock,
12 prepared in either a dry or slurried form, with steam and oxygen at high temperature and pressure in a reducing
13 atmosphere. The synthesis gas is then used to produce electricity, liquid fuels, methane gas, or chemicals.

14 (11) "Coal gasification facility" means improvements and personal property used for coal gasification that
15 is used for the production of fuel or chemicals or the generation of electricity, or any combination of those things,
16 at the facility. The term includes a coal-to-liquid facility or an integrated gasification combined cycle facility.

17 (12) "Coal-to-liquid facility" means improvements and personal property used for the production of
18 synthetic liquid fuels from coal. The term includes a facility that uses the Fischer-Tropsch process, or other
19 processes, to convert synthesis gas produced by coal gasification into liquid fuel.

20 (13) "Commencement of construction" means initiation of onsite fabrication, erection, or installation of,
21 but not limited to, the following:

- 22 (a) building supports or foundations;
23 (b) laying of underground pipework; or
24 (c) construction of storage structures.

25 (14) "Ethanol" means nominally anhydrous ethyl alcohol that has been denatured as specified in 27 CFR,
26 parts 20 and 21, and that meets the standards for ethanol adopted pursuant to 82-15-103.

27 (15) "Ethanol production facility" means improvements and personal property used for the production and
28 onsite storage of ethanol, ~~including cellulosic ethanol~~ MADE FROM CELLULOSE OR OTHER NONFOODSTUFF
29 NONFOODSTUFF MATERIALS.

30 (16) "Geothermal facility" means improvements and personal property used for the production of

1 electricity from geothermal sources.

2 (17) "Integrated gasification combined cycle facility" means improvements and personal property of an
3 electrical generation facility that uses a coal gasification process and routes synthesis gas to a combustion turbine
4 to generate electricity and captures the heat from the combustion to drive a steam turbine to produce more
5 electricity. The facility may also use incidental amounts of natural gas or other fuels in the combustion turbine.

6 (18) "Renewable energy" includes the following:

7 (a) solar energy;

8 (b) wind energy;

9 (c) geothermal energy;

10 (d) energy from the conversion of biomass;

11 (e) energy from biogas;

12 (f) energy from fuel cells that do not require a petroleum-based fuel;

13 (g) energy from waste heat; and

14 (h) ~~ethanol, including~~ cellulosic ethanol.

15 (19) (a) "Renewable energy manufacturing facility" means improvements and personal property used by
16 a facility with its principal business being the manufacturing of material, component parts, systems, or similar
17 equipment for use in facilities that convert renewable energy into forms of energy useful to people, including
18 electricity. The term includes facilities for manufacturing of electric motor vehicles or hybrid electric motor
19 vehicles.

20 (b) For purposes of subsection (19)(a), "principal business" means a renewable energy manufacturing
21 facility with at least 50%, by value, of its annual production suitable for sale as renewable energy material,
22 component parts, systems, or similar equipment.

23 (20) "Renewable energy research and development equipment" means equipment used primarily for
24 research and development of the efficient use of renewable energy sources. The term includes equipment used
25 for research and development of electric motor vehicles or hybrid electric motor vehicles.

26
27 **NEW SECTION. Section 4. Energy production or development -- tax abatement -- eligibility.** (1)

28 A facility listed in subsection (3), clean advanced coal research and development equipment, and renewable
29 energy research and development equipment may qualify for an abatement of property tax liability pursuant to
30 [sections 2 through 6].

1 (2) (a) If the abatement is granted for a facility listed in subsection (3), the qualifying facility must be
2 assessed at 50% of its taxable value for the qualifying period.

3 (b) If the abatement is granted for clean advanced coal research and development equipment or
4 renewable energy research and development equipment, the qualifying equipment, up to the first \$1 million of
5 the value of equipment at a facility, must be assessed at 50% of its taxable value for the qualifying period. There
6 is no abatement for any portion of the value of equipment at a facility in excess of \$1 million.

7 (c) The abatement applies to all mills levied against the qualifying facility or equipment.

8 (3) Subject to subsections (4) and (5), the following facilities or property may qualify for the abatement
9 allowed under [sections 2 through 6]:

10 (a) biodiesel production facilities;

11 (b) biogas production facilities;

12 (c) biomass gasification facilities;

13 (d) coal gasification facilities ~~that sequester~~ FOR WHICH carbon dioxide from the coal gasification process
14 IS SEQUESTERED;

15 (e) ethanol production facilities;

16 (f) geothermal facilities;

17 (g) renewable energy manufacturing facilities;

18 (h) clean advanced coal research and development equipment and renewable energy research and
19 development equipment;

20 (i) a natural gas combined cycle facility that offsets a portion of the carbon dioxide produced through
21 carbon credit offsets;

22 (j) transmission lines and associated equipment and structures classified in 15-6-157; ~~and~~

23 (K) CONVERTER STATIONS CLASSIFIED UNDER 15-6-157 THAT TRANSFER ELECTRICAL ENERGY BETWEEN TWO
24 INTERCONNECTED GRIDS [SECTION 8];

25 ~~(k)(L)~~ (L) carbon sequestration equipment as defined in [section 7]; AND

26 ~~(l)(M)~~ (M) PIPELINES CLASSIFIED UNDER [SECTION 7].

27 (4) (a) In order to qualify for the abatement under [sections 2 through 6], a facility listed in subsection
28 (3) must meet the following requirements:

29 (i) commencement of construction of the facility must occur after June 1, 2007; and

30 (ii) the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), must

1 be paid during the construction phase of the facility.

2 (b) In order to qualify for the abatement under [sections 2 through 6], clean advanced coal research and
3 development equipment and renewable energy research and development equipment must be placed into service
4 after June 30, 2007.

5 (c) ~~To~~ FOR THE FACILITY TO qualify under subsection (3)(d), ~~the facility shall sequester at least the~~
6 ~~percentage of the carbon dioxide produced from the gasification process~~ MUST BE SEQUESTERED AT A RATE that
7 is practically obtainable but may not be less than 65%.

8 (d) Integrated gasification combined cycle facilities for which a permit under Title 75, chapter 2, is applied
9 for after December 31, 2014, do not qualify under subsection (3)(d).

10 (e) To qualify under subsection (3)(i), the facility shall offset carbon dioxide emissions by the percentage
11 determined in [section 6].

12 (5) To qualify for an abatement, the facility or clean advanced coal research and development equipment
13 and renewable energy research and development equipment must be certified as provided in [section 5].

14 (6) Upon termination of the qualifying period, the abatement ceases and the property for which the
15 abatement had been granted must be assessed at 100% of its taxable value.

16 (7) For the purposes of this section, "qualifying period" means the construction period and the first ~~40~~
17 15 years after the facility commences operation or the clean advanced coal research and development equipment
18 or renewable energy research and development equipment is purchased. The total time of the qualifying period
19 may not exceed ~~44~~ 19 years.

20
21 NEW SECTION. Section 5. Certification. (1) (a) Upon application by a taxpayer, the department of
22 environmental quality shall determine whether a facility or equipment qualifies for a tax abatement under [section
23 4] or rules adopted under [section 6]. If the department determines that a facility or equipment qualifies for
24 abatement or a classification, it shall issue a certification of eligibility.

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

26 (c) ~~Certification may not be granted unless the applicant is in substantial compliance with all applicable~~
27 ~~statutes, rules, orders, and permit conditions.~~ Certification remains in effect only as long as substantial
28 compliance with [sections 2 through 6] continues.

29 (2) The department of environmental quality shall identify and track compliance with [sections 2 through
30 6] in the use of certified property. The department may revoke a certification for failure to maintain substantial

1 compliance with eligibility requirements in [section 4] or with rules adopted pursuant to [section 6]. Revocation
2 of a certificate must be reported to the department of revenue within 30 days of revocation.

3 (3) If a taxpayer's certification is revoked, the taxpayer forfeits the abatement or classification under
4 15-6-157 or [section 7]. Upon revocation, the property must be assessed at 100% of its taxable value beginning
5 on January 1 of the year or years for which the certification is revoked. Any remaining abatement must be
6 forfeited. The taxpayer is immediately liable for any additional taxes, penalty, and interest resulting from the
7 revocation.

8 (4) A taxpayer that has forfeited any portion of its abatement because of revocation may not reapply for
9 an abatement under [sections 2 through 6].

10 (5) A taxpayer aggrieved by a determination made by the department of environmental quality or the
11 department of revenue has the right to the review procedures in 15-1-211 or to a hearing under Title 2, chapter
12 4, part 6.

13
14 **NEW SECTION. Section 6. Rules.** (1) The department of revenue shall adopt rules for the
15 implementation of [sections 2 through 6], including the valuation of qualifying property and administration of
16 property certified under [section 5] or classified under 15-6-157 or [section 7].

17 (2) The department of environmental quality shall adopt rules necessary for certification, compliance,
18 and revocation of certificates, as provided in [section 5], and for classification as class fourteen property, as
19 provided in 15-6-157, or class fifteen property, as provided in [section 7]. The rules may include specifying
20 procedures, including timeframes for certification application, and definitions necessary to identify property for
21 certification and compliance. The percentage of the carbon dioxide produced by a facility that is to be sequestered
22 or offset must be based on technology that is practically obtainable as determined by the department.

23
24 **NEW SECTION. Section 7. Class fifteen property -- description -- taxable percentage.** (1) Class
25 fifteen property includes:

- 26 (a) carbon dioxide pipelines certified by the department of environmental quality under [section 5] for the
27 transportation of carbon dioxide for the purposes of sequestration or for use in closed-loop enhanced oil recovery
28 operations;
- 29 (b) qualified liquid pipelines certified by the department of environmental quality under [section 5];
- 30 (c) carbon sequestration equipment;

1 (d) equipment used in closed-loop enhanced oil recovery operations; and

2 (e) all property of pipelines, including pumping and compression equipment, carrying products other than
3 carbon dioxide, that originate at facilities specified in 15-6-157(1), with at least 90% of the product carried by the
4 pipeline originating at facilities specified in 15-6-157(1) and terminating at an existing pipeline or facility.

5 (2) For the purposes of this section, the following definitions apply:

6 (a) "Carbon dioxide pipeline" means a pipeline that transports carbon dioxide from a plant or facility that
7 produces or captures carbon dioxide to a carbon sequestration point, including a closed-loop enhanced oil
8 recovery operation.

9 (b) "Carbon sequestration" means the long-term storage of carbon dioxide from a carbon dioxide pipeline
10 in geologic formations, including but not limited to deep saline formations, basalt or oil shale formations, depleted
11 oil and gas reservoirs, unmineable coal beds, and closed-loop enhanced oil recovery operations.

12 (c) "Carbon sequestration equipment" means the equipment used for carbon sequestration, including
13 equipment used to inject carbon dioxide at the carbon sequestration point and equipment used to retain carbon
14 dioxide in the sequestration location.

15 (d) "Carbon sequestration point" means the location where the carbon dioxide is to be confined for
16 sequestration.

17 (e) "Closed-loop enhanced oil recovery operation" means all oil production equipment, as described in
18 15-6-138(1)(c), owned by an entity that owns or operates an operation that, after construction, installation, and
19 testing has been completed and the full enhanced oil recovery process has been commenced, injects carbon
20 dioxide to increase the amount of crude oil that can be recovered from a well and retains as much of the injected
21 carbon dioxide as practicable, but not less than 85% of the carbon dioxide injected each year absent catastrophic
22 or unforeseen occurrences.

23 (f) "Liquid pipeline" means a pipeline that is dedicated to using 90% of its pipeline capacity for
24 transporting fuel or methane gas from a coal gasification facility, biodiesel production facility, biogas production
25 facility, or ethanol production facility.

26 (g) "Plant or facility that produces or captures carbon dioxide" means a facility that produces a flow of
27 carbon dioxide that can be sequestered or used in a closed-loop enhanced oil recovery operation. This does not
28 include wells from which the primary product is carbon dioxide.

29 (3) Class fifteen property does not include a carbon dioxide pipeline, liquid pipeline, or closed-loop
30 enhanced oil recovery operation for which, during construction, the standard prevailing wages for heavy

1 construction, as provided in 18-2-401(13)(a), were not paid during the construction phase.

2 (4) Class fifteen property is taxed at 3% of its market value.

3
4 NEW SECTION. SECTION 8. CLASS SIXTEEN PROPERTY -- DESCRIPTION -- TAXABLE PERCENTAGE. (1) CLASS
5 SIXTEEN PROPERTY INCLUDES HIGH-VOLTAGE DIRECT-CURRENT CONVERTER STATIONS THAT ARE CONSTRUCTED IN A
6 LOCATION AND MANNER SO THAT THE CONVERTER STATION CAN DIRECT POWER TO TWO DIFFERENT REGIONAL POWER
7 GRIDS.

8 (2) CLASS SIXTEEN PROPERTY DOES NOT INCLUDE PROPERTY DESCRIBED IN SUBSECTION (1) FOR WHICH THE
9 STANDARD PREVAILING RATE OF WAGES FOR HEAVY CONSTRUCTION, AS PROVIDED IN 18-2-401(13)(A), WAS NOT PAID
10 DURING THE CONSTRUCTION PHASE.

11 (3) (A) THE DEPARTMENT SHALL DETERMINE WHETHER TO CERTIFY THAT THE PROPERTY MEETS THE CRITERIA
12 OF SUBSECTION (1).

13 (B) IF THE DEPARTMENT FINDS THAT A CERTIFICATION PREVIOUSLY GRANTED WAS BASED ON AN APPLICATION
14 THAT THE APPLICANT KNEW WAS FALSE OR FRAUDULENT, THE PROPERTY MUST BE PLACED IN CLASS NINE UNDER
15 15-6-141. IF THE APPLICATION WAS FRAUDULENT, THE APPLICANT MAY BE LIABLE FOR ADDITIONAL TAXES, PENALTY, AND
16 INTEREST FROM THE TIME THAT THE CERTIFICATION WAS IN EFFECT.

17 (4) CLASS SIXTEEN PROPERTY IS TAXED AT 2.25% OF ITS MARKET VALUE.

18
19 NEW SECTION. Section 9. Exemption for land adjacent to transmission line right-of-way
20 easement -- application -- limitations. (1) Subject to the conditions of this section, for tax years beginning after
21 December 31, 2007, there is allowed an exemption from property taxes for land that is within 660 feet on either
22 side of the midpoint of a transmission line right-of-way or easement.

23 (2) (a) An owner or operator of a transmission line shall apply to the department for an exemption under
24 this section on a form provided by the department. The application must include a legal description and a digitized
25 certificate of survey prepared by a surveyor registered with the board of professional engineers and professional
26 land surveyors provided for in 2-15-1763 of the property in the county for which the exemption is sought and other
27 information required by the department. A separate application must be made for each county in which an
28 exemption is sought.

29 (b) An application for an exemption that would be in effect for the tax year and subsequent tax years
30 must be filed with the department by March 1 in the tax year that the exemption is sought.

1 (3) (a) The owner or operator of a transmission line shall inform the department of any change in
 2 ownership of the land or other circumstances that may affect the eligibility of the land for the exemption. The
 3 department shall determine whether any changes have occurred that affect the eligibility of the land for the
 4 exemption.

5 (b) The exemption allowed under this section does not apply to:

6 (i) the boundaries of an incorporated or unincorporated city or town;

7 (ii) a platted and filed subdivision;

8 (iii) tracts of land used for residential, commercial, or industrial purposes; or

9 (iv) the 1 acre of land beneath improvements on land described in 15-6-133(1)(c) and 15-7-206(2).

10 (4) For the purposes of this section, "transmission line" means an electric line with a design capacity of
 11 30 megavoltamperes or greater that is constructed after January 1, 2007.

12

13 **Section 10.** Section 15-6-141, MCA, is amended to read:

14 **"15-6-141. Class nine property -- description -- taxable percentage.** (1) Class nine property includes:

15 (a) centrally assessed allocations of an electric power company or centrally assessed allocations of an
 16 electric power company that owns or operates transmission or distribution facilities or both, including, if congress
 17 passes legislation that allows the state to tax property owned by an agency created by congress to transmit or
 18 distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created
 19 by congress to transmit or distribute electrical energy produced at privately owned generating facilities, not
 20 including rural electric cooperatives. However, rural electric cooperatives' property, except wind generation
 21 facilities classified under 15-6-157, used for the sole purpose of serving customers representing less than 95%
 22 of the electric consumers located within the incorporated limits of a city or town of more than 3,500 persons in
 23 which a centrally assessed electric power company also owns property or serving an incorporated municipality
 24 with a population that is greater than 3,500 persons formerly served by a public utility that after January 1, 1998,
 25 received service from the facilities of an electric cooperative is included. For purposes of this subsection (1)(a),
 26 "property used for the sole purpose" does not include a headquarters, office, shop, or other similar facility.

27 (b) allocations for centrally assessed natural gas companies having a major distribution system in this
 28 state; and

29 (c) centrally assessed companies' allocations except:

30 (i) electrical generation facilities classified under 15-6-156 and wind generation facilities;

- 1 (ii) all property classified under 15-6-157;
- 2 (iii) all property classified under ~~[section 7]~~ [SECTIONS 7 AND 8];
- 3 ~~(ii)~~(iv) property owned by cooperative rural electric and cooperative rural telephone associations and
- 4 classified under 15-6-135;
- 5 ~~(iii)~~(v) property owned by organizations providing telephone communications to rural areas and classified
- 6 under 15-6-135;
- 7 ~~(iv)~~(vi) railroad transportation property included in 15-6-145;
- 8 ~~(v)~~(vii) airline transportation property included in 15-6-145; and
- 9 ~~(vi)~~(viii) telecommunications property included in 15-6-156.
- 10 (2) Class nine property is taxed at 12% of market value."

11
12 **Section 11.** Section 15-6-157, MCA, is amended to read:

13 **"15-6-157. Class fourteen property -- description -- taxable percentage.** (1) Class fourteen property
14 includes:

- 15 (a) wind generation facilities of a centrally assessed electric power company;
- 16 (b) wind generation facilities owned or operated by an exempt wholesale generator or an entity certified
- 17 as an exempt wholesale generator pursuant to section 32 of the Public Utility Holding Company Act of 1935, 15
- 18 U.S.C. 79z-5a;
- 19 (c) noncentrally assessed wind generation facilities owned or operated by any electrical energy producer;
- 20 (d) wind generation facilities owned or operated by cooperative rural electric associations described
- 21 under 15-6-137;
- 22 (e) all property of a biodiesel production facility, as defined in [section 3], that has commenced
- 23 construction after June 1, 2007;
- 24 (f) all property of a biogas production facility, as defined in [section 3], that has commenced construction
- 25 after June 1, 2007;
- 26 (g) all property of a biomass gasification facility, as defined in [section 3];
- 27 (h) all property of a coal gasification facility, as defined in [section 3], except for property in subsection
- 28 (1)(k) of this section, that sequesters carbon dioxide;
- 29 (i) all property of an ethanol production facility, as defined in [section 3], that has commenced
- 30 construction after June 1, 2007;

- 1 (j) all property of a geothermal facility, as defined in [section 3];
- 2 (k) all property of an integrated gasification combined cycle facility, as defined in [section 3], that
 3 sequesters carbon dioxide, as required by [section 4(4)(c)];
- 4 (l) all property or a portion of the property of a renewable energy manufacturing facility, as defined in
 5 [section 3], that has commenced construction after June 1, 2007;
- 6 (m) all property of a natural gas combined cycle facility;
- 7 (n) equipment that is used to capture and to prepare for transport carbon dioxide that will be sequestered
 8 or injected for the purpose of enhancing the recovery of oil and gas, other than that equipment at coal combustion
 9 plants of the types that are generally in commercial use as of December 31, 2007, that commence construction
 10 after December 31, 2007;
- 11 (o) high-voltage direct-current transmission lines and associated equipment and structures, including
 12 converter stations and interconnections, OTHER THAN PROPERTY CLASSIFIED UNDER [SECTION 8], that:
- 13 (i) originate in Montana with a converter station located in Montana east of the continental divide that
 14 is constructed after July 1, 2007;
- 15 (ii) are certified under the Montana Major Facility Siting Act; and
- 16 (iii) provide access to energy markets for Montana electrical generation facilities listed in this section that
 17 commenced construction after June 1, 2007;
- 18 (p) all property of electric transmission lines, including substations, that originate at facilities specified
 19 in this subsection (1), with at least 90% of electricity carried by the line originating at facilities specified in this
 20 subsection (1) and terminating at an existing transmission line or substation that has commenced construction
 21 after June 1, 2007;
- 22 (q) the qualified portion of an alternating current transmission line and its associated equipment and
 23 structures, including interconnections, that has commenced construction after June 1, 2007;
- 24 ~~(r) CONVERTER STATIONS THAT TRANSFER ELECTRICAL ENERGY BETWEEN TWO INTERCONNECTED GRIDS THAT~~
 25 ~~ARE CONSTRUCTED AFTER JUNE 1, 2007.~~
- 26 (2) (a) The qualified portion of an alternating current transmission line in subsection (1)(q) is that
 27 percentage, as determined by the department of environmental quality, of rated transmission capacity of the line
 28 contracted for on a firm basis by buyers or sellers of electricity generated by facilities specified in subsection (1)
 29 that are located in Montana.
- 30 (b) The department of revenue shall classify the total value of an alternating current transmission line

1 in accordance with the determination made by the department of environmental quality pursuant to subsection
 2 (2)(a).

3 (c) The owner of property described under this subsection (2) shall disclose the location of the generation
 4 facilities specified in subsection (1) and information sufficient to demonstrate that there is a firm contract for
 5 transmission capacity available throughout the year. For purposes of the initial qualification, the owner is not
 6 required to disclose financial terms and conditions of contracts beyond that needed for classification.

7 ~~(2)~~(3) Class fourteen property does not include ~~wind-generation~~ facilities:

8 (a) at which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a),
 9 was not paid during the construction phase; or

10 (b) that are exempt under 15-6-225.

11 ~~(3)~~(4) For the purposes of this section, "wind generation facilities" means any combination of a physically
 12 connected wind turbine or turbines, associated prime movers, and other associated property, including
 13 appurtenant land and improvements and personal property, that are normally operated together to produce
 14 electric power from wind.

15 (5) (a) The department of environmental quality shall determine whether to certify that a transmission
 16 line meets the criteria of either subsection (1)(o), (1)(p), or (1)(q), as applicable, based on an application provided
 17 for in [section 5]. The department of environmental quality shall review the certification 10 years after the line is
 18 operational, and if the property no longer meets the requirements of either subsection (1)(o), (1)(p), or (1)(q), the
 19 certification must be revoked.

20 (b) If the department of revenue finds that a certification previously granted was based on an application
 21 that the applicant knew was false or fraudulent, the property must be placed in class nine under 15-6-141. If the
 22 application was fraudulent, the applicant may be liable for additional taxes, penalty, and interest from the time
 23 that the certification was in effect.

24 ~~(4)~~(6) Class fourteen property is taxed at 3% of its market value."
 25

26 **NEW SECTION. Section 12. Notification to tribal governments.** The secretary of state shall send
 27 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
 28 Chippewa tribe.

29
 30 **NEW SECTION. Section 13. Codification instruction.** (1) [Sections 2 through 6] are intended to be

1 codified as an integral part of Title 15, and the provisions of Title 15 apply to [sections 2 through 6].

2 (2) ~~[Section 7]~~ is [SECTIONS 7 AND 8] ARE intended to be codified as an integral part of Title 15, chapter
3 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to ~~[section 7]~~ [SECTIONS 7 AND 8].

4 (3) [Section 8 9] is intended to be codified as an integral part of Title 15, chapter 6, part 2, and the
5 provisions of Title 15, chapter 6, part 2, apply to [section 8 9].

6
7 NEW SECTION. Section 14. Severability. If a part of [this act] is invalid, all valid parts that are
8 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
9 the part remains in effect in all valid applications that are severable from the invalid applications.

10
11 NEW SECTION. Section 15. Effective date. [This act] is effective on passage and approval.

12 - END -