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As of: April 28, 2006 (3:29pm)

LC8000

\*\*\*\* Bill No. \*\*\*\*

Introduced By \*\*\*\*\*

By Request of the \*\*\*\*\*

A Bill for an Act entitled: "An Act providing that a legal entity that is primarily an oil or gas producer is not centrally assessed; providing a declining 3-year reimbursement for property tax loss to local governments that is statutorily appropriated; amending sections 15-23-101 and 17-7-502, MCA; providing an immediate effective date; and providing a retroactive applicability date."

Be it enacted by the Legislature of the State of Montana:

**Section 1.** Section 15-23-101, MCA, is amended to read:

**"15-23-101. Properties centrally assessed. (1) The Except as provided in subsection (2), the department shall centrally assess each year:**

~~(1)~~(a) the railroad transportation property of railroads and railroad car companies operating in more than one county in the state or more than one state;

~~(2)~~(b) property owned by a corporation or other person operating a single and continuous property operated in more than one county or more than one state, including but not limited to telegraph, telephone, microwave, and electric power or transmission lines; natural gas or oil pipelines; canals, ditches, flumes, or like properties and including, if congress

passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, property constructed, owned, or operated by a public agency created by congress to transmit or distribute electrical energy produced at privately owned generating facilities, not including rural electric cooperatives;

~~(3)~~ (c) all property of scheduled airlines;

~~(4)~~ (d) the net proceeds of mines, except bentonite mines;

~~(5)~~ (e) the gross proceeds of coal mines; and

~~(6)~~ (f) property described in subsections (1) (a) and ~~(2)~~ (1) (b) that is subject to the provisions of Title 15, chapter 24, part 12.

(2) (a) The department may not centrally assess legal entities that are primarily oil or gas producers even if their production facilities include flow lines, gathering lines, or injection lines that cross a county or state line.

(b) For the purposes of this chapter:

(i) "Flow lines" or "gathering lines" are facilities used to move oil or gas from the wellhead to:

(A) an interconnection with either an intrastate or interstate transmission pipeline; or

(B) an interconnection with either a local distribution company or storage facility; and

(ii) "Injection lines" are any facility used by the producer to inject water, air, or other substances into the ground for the purposes of producing oil."

{ Internal References to 15-23-101:

15-1-402 a!      15-1-402a!      15-1-402a!      15-1-402a!  
15-1-402a!      15-23-105 x      15-23-807\* x }

NEW SECTION.    **Section 2.    Reimbursement payment.** (1) The department shall determine the amount of property tax revenue lost by each local government as a result of the amendments to 15-23-101 contained in [section 1]. The department shall use calendar year 2006 as its base year for each determination.

(2) (a) The department shall determine the amount of revenue due each local government for calendar year 2006 from the taxation of legal entities that produce oil or gas as 15-23-101 read for tax year 2006.

(b) The department shall then calculate for each local government for calendar year 2006 the amount of revenue that would have been due from property taxes if [section 1] had been in effect for calendar year 2006.

(3) (a) For the calendar year ending December 31, 2007, the amount of reimbursement is equal to the difference between the amounts calculated under subsection (2).

(b) For the calendar year ending December 31, 2008, the reimbursement is two-thirds the amount calculated in subsection (2).

(c) For the calendar year ending December 31, 2009, the reimbursement is one-third the amount calculated in subsection (2).

(4) The department shall distribute one-half of the reimbursement payment to county treasurers on November 30 of the

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calendar year for which it is calculated and the remaining one-half on May 31 of the following calendar year. Upon receipt of payment from the department, the county treasurer shall distribute the reimbursement to each local government based upon the relative proportions of the local government's 2006 mill levy to the total county 2006 mill levies.

(5) As used in this section, "local government" means jurisdiction levying property taxes against personal property and includes a county, consolidated local government, incorporated city, incorporated town, or school district but does not include county or state school equalization levies provided for in 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, and 20-25-439.

(6) The local government reimbursements calculated in this section are statutorily appropriated, as provided in 17-7-502, from the general fund to the department for distribution to local governments.

**Section 3.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be

listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-15-151; 2-17-105; 5-11-407; 5-13-403; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; [section 2], 15-1-111; 15-1-113; 15-1-121; 15-23-706; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105; 23-4-202; 23-4-204; 23-4-302; 23-4-304; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-1-504; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-6-703; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-2-362; 80-2-222; 80-4-416; 80-5-510; 80-11-518; 82-11-161; 87-1-513; 90-1-115; 90-1-205; 90-3-1003; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state

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treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 3 and 6, Ch. 481, L. 2003, the inclusion of 15-35-108 terminates June 30, 2010; pursuant to sec. 13(1), Ch. 223, L. 2005, the inclusion of 2-15-151 terminates December 31, 2006, and the inclusion of 90-1-115 becomes effective December 31, 2006; pursuant to sec. 7, Ch. 314, L. 2005, the inclusion of 23-4-105, 23-4-202, 23-4-204, 23-4-302, and 23-4-304 becomes effective July 1, 2007; and pursuant to sec. 17, Ch. 593, L. 2005, the inclusion of 15-31-906 terminates January 1, 2010.)"

{ Internal References to 17-7-502:

2-15-151	2-17-105	5-11-407	5-13-403
10-2-603	10-3-203	10-3-310	10-3-312
10-3-312	10-3-314	10-4-301	15-1-111
15-1-113	15-1-121	15-23-706	15-31-906
15-35-108	15-36-332	15-37-117	15-38-202
15-38-202	15-65-121	15-65-121	15-70-101
15-70-369	15-70-601	16-11-509	17-1-508
17-3-106	17-3-212	17-3-222	17-3-241
17-6-101	17-7-304	17-7-501	18-11-112
19-3-319	19-6-404	19-6-410	19-9-702
19-13-604	19-17-301	19-18-512	19-19-305
19-19-506	19-20-604	20-8-107	20-9-534
20-9-622	20-26-1503	22-3-1004	23-4-105
23-4-202	23-4-204	23-4-302	23-4-304
23-5-306	23-5-409	23-5-612	23-7-301
23-7-402	37-43-204	37-51-501	39-71-503

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41-5-2011	42-2-105	44-1-504	44-12-206
44-13-102	50-4-623	53-1-109	53-6-703
53-24-108	53-24-108	53-24-206	60-11-115
61-3-415	69-3-870	75-1-1101	75-5-1108
75-6-214	75-10-622	75-11-313	77-2-362
80-2-222	80-4-416	80-5-510	80-11-518
82-11-161	87-1-513	90-1-115	90-1-115
90-1-205	90-3-1003	90-9-306 }	

NEW SECTION. **Section 4. {standard} Codification instruction.** [Section 2] is intended to be codified as an integral part of Title 7, chapter 1, and the provisions of Title 7, chapter 1, apply to [section 2].

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

NEW SECTION. **Section 6. {standard} Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

- END -

{Drafted by: John Alke, added to by Lee Heiman}