

## SENATE BILL NO. 126

INTRODUCED BY STORY

BY REQUEST OF THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE GENERAL LAW RELATING TO CATEGORIES OF PROPERTY THAT ARE EXEMPT FROM PROPERTY TAXATION BY INCORPORATING CONTINGENT AMENDMENTS INTO A SINGLE VERSION OF THE SECTION; CLARIFYING THE CATEGORIES OF PROPERTY THAT ARE EXEMPT FROM PROPERTY TAXATION; PROVIDING THAT BIOLOGICAL CONTROL INSECTS ARE AN AGRICULTURAL PRODUCT AND RECEIVE AN AGRICULTURAL PRODUCT EXEMPTION; CLARIFYING PROPERTY TAX PROVISIONS RELATING TO INSURANCE COMPANIES BY REPEALING SPECIFIC LAWS THAT ARE REDUNDANT WITH GENERAL PROPERTY TAX LAWS; AND AMENDING SECTION SECTIONS 15-1-101, 15-6-201, AND 15-6-207, MCA, AND SECTION 31, CHAPTER 285, LAWS OF 1999; AND REPEALING SECTIONS 15-24-601 AND 15-24-602, MCA."

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

**SECTION 1.** SECTION 15-1-101, MCA, IS AMENDED TO READ:

**"15-1-101. Definitions.** (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to:

(i) the production of food, feed, and fiber commodities, livestock and poultry, bees, biological control insects, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or produced for commercial purposes; and

(ii) the raising of domestic animals and wildlife in domestication or a captive environment.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and the profit margin shown in national appraisal guides and manuals or the valuation schedules of the department.

(d) (i) The term "commercial", when used to describe property, means property used or owned by a business, a trade, or a corporation as defined in 35-2-114 or used for the production of income, except property described in subsection (1)(d)(ii).

(ii) The following types of property are not commercial:

- (A) agricultural lands;
  - (B) timberlands and forest lands;
  - (C) single-family residences and ancillary improvements and improvements necessary to the function of a bona fide farm, ranch, or stock operation;
  - (D) mobile homes and manufactured homes used exclusively as a residence except when held by a distributor or dealer as stock in trade; and
  - (E) all property described in 15-6-135.
- (e) The term "comparable property" means property that:
- (i) has similar use, function, and utility;
  - (ii) is influenced by the same set of economic trends and physical, governmental, and social factors; and
  - (iii) has the potential of a similar highest and best use.
- (f) The term "credit" means solvent debts, secured or unsecured, owing to a person.
- (g) (i) "Department", except as provided in subsection (1)(g)(ii), means the department of revenue provided for in 2-15-1301.
- (ii) In chapters 70 and 71, department means the department of transportation provided for in 2-15-2501.
- (h) The terms "gas" and "natural gas" are synonymous and mean gas as defined in 82-1-111(2). The terms include all natural gases and all other fluid hydrocarbons, including methane gas or any other natural gas found in any coal formation.
- (i) The term "improvements" includes all buildings, structures, fences, and improvements situated upon, erected upon, or affixed to land. When the department determines that the permanency of location of a mobile home, manufactured home, or housetrailer has been established, the mobile home, manufactured home, or housetrailer is presumed to be an improvement to real property. A mobile home, manufactured home, or housetrailer may be determined to be permanently located only when it is attached to a foundation that cannot feasibly be relocated and only when the wheels are removed.
- (j) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification, and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on leasehold improvements are a lien only on the leasehold improvements.
- (k) The term "livestock" means cattle, sheep, swine, goats, horses, mules, asses, llamas, alpacas, bison, ostriches, rheas, emus, and domestic ungulates.
- (l) The term "manufactured home" means a residential dwelling built in a factory in accordance with the

United States department of housing and urban development code and the federal Manufactured Home Construction and Safety Standards. A manufactured home does not include a mobile home, as defined in 61-1-501 and in subsection (1)(m) of this section, a housetrailer, as defined in 61-1-501, or a mobile home or housetrailer constructed before the federal Manufactured Home Construction and Safety Standards went into effect on June 15, 1976.

(m) The term "mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any trailer, housetrailer, or trailer coach up to 8 feet in width or 45 feet in length used as a principal residence.

(n) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements" and "intangible personal property" as that term is defined in 15-6-218.

(o) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

(p) The term "property" includes money, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition may not be construed to authorize the taxation of the stocks of a company or corporation when the property of the company or corporation represented by the stocks is within the state and has been taxed.

(q) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8;

(iii) all timber belonging to individuals or corporations growing or being on the lands of the United States; and

(iv) all rights and privileges appertaining to mines, minerals, quarries, and timber.

(r) "Recreational" means hunting, fishing, swimming, boating, waterskiing, camping, biking, hiking, and winter sports, including but not limited to skiing, skating, and snowmobiling.

(s) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the

experimental production and testing of models, devices, equipment, materials, and processes.

(t) The term "stock in trade" means any mobile home, manufactured home, or house trailer that is listed by the dealer as inventory and that is offered for sale, is unoccupied, and is not located on a permanent foundation. Inventory does not have to be located at the business location of a dealer or a distributor.

(u) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15, chapter 6, part 1.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" includes a county, city, incorporated town, township, school district, irrigation district, or drainage district or a person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification means the state tax appeal board."

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

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

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

(i) the United States, except:

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

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

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

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

(iv) municipal corporations;

(v) public libraries; and

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

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

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

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

(d) property that is:

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

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

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

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

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

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

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

(i) truck canopy covers or toppers and campers;

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

(k) motor homes;

(l) all watercraft;

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

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

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

(ii) property that is owned and used by an organization owning and operating facilities that are for the care

of the retired, aged, or chronically ill and that are not operated for gain or profit;

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

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

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

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

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

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

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

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

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

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

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

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

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

(y) motorcycles and quadricycles;

(z) ~~the following percentage~~ 31% of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

(i) ~~23% for tax year 2000;~~

- ~~\_\_\_\_\_ (ii) 27.5% for tax year 2001; and~~
- ~~\_\_\_\_\_ (iii) 31% for tax year 2002 and succeeding tax years;~~
- (aa) ~~the following percentage 13%~~ of the market value of commercial property as described in 15-6-134(1)(g):
- ~~\_\_\_\_\_ (i) 9% for tax year 2000;~~
- ~~\_\_\_\_\_ (ii) 11% for tax year 2001; and~~
- ~~\_\_\_\_\_ (iii) 13% for tax year 2002 and succeeding tax years;~~
- (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy;
- (cc) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:
- (i) the acquired cost of the personal property is less than \$15,000;
- (ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and
- (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;
- (dd) all manufacturing machinery, fixtures, equipment, and tools used for the production of ethanol from grain during the course of the construction of an ethanol manufacturing facility and for 10 years after completion of construction of the manufacturing facility; ~~and~~
- (ee) light vehicles as defined in 61-1-139; ~~and~~
- (ff) the following property, EXCEPT PROPERTY INCLUDED IN 15-6-135, 15-6-137, 15-6-141, 15-6-145, AND 15-6-156, if the tax rate in 15-6-138 reaches zero:
- (i) all agricultural implements and equipment;
- (ii) all mining machinery, fixtures, equipment, tools, and supplies ~~except those included in class five;~~
- (III) ALL OIL AND GAS PRODUCTION MACHINERY, FIXTURES, EQUIPMENT, INCLUDING PUMPING UNITS, OIL FIELD STORAGE TANKS, WATER STORAGE TANKS, WATER DISPOSAL INJECTION PUMPS, GAS COMPRESSOR AND DEHYDRATOR UNITS, COMMUNICATION TOWERS, GAS METERING SHACKS, TREATERS, GAS SEPARATORS, WATER FLOOD UNITS, GAS BOOSTERS, AND SIMILAR EQUIPMENT THAT IS SKIDABLE, PORTABLE, OR MOVABLE, TOOLS, AND SUPPLIES EXCEPT THOSE INCLUDED IN CLASS FIVE;
- ~~(iii)(IV) all manufacturing machinery, fixtures, equipment, tools, and supplies ~~except those included in class five;~~~~

~~(iv)(v) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;~~

~~(v)(vi) special mobile equipment as defined in 61-1-104;~~

~~(vi)(vii) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;~~

~~(vii)(viii) x-ray and medical and dental equipment;~~

~~(viii)(ix) citizens' band radios and mobile telephones;~~

~~(ix)(x) radio and television broadcasting and transmitting equipment;~~

~~(x)(xi) cable television systems;~~

~~(xi)(xii) coal and ore haulers; and~~

~~(xii)(xiii) theater projectors and sound equipment.~~

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

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

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

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

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

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



for-profit organization, real and personal property owned by other persons is exempt if it is:

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

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

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

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

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

- (a) \$20,000 in the case of a single-family residential dwelling;
- (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

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

- ~~— (a) except as provided in 15-24-1203, the property of:~~
  - ~~— (i) the United States, except:~~
    - ~~— (A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or~~
    - ~~— (B) as provided in 15-24-1103;~~
  - ~~— (ii) the state, counties, cities, towns, and school districts;~~
  - ~~— (iii) irrigation districts organized under the laws of Montana and not operating for profit;~~
  - ~~— (iv) municipal corporations;~~
  - ~~— (v) public libraries; and~~
  - ~~— (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;~~
- ~~— (b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary~~

for convenient use of the buildings;

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

~~——— (d) property that is:~~

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

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

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

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

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

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

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

~~——— (i) truck canopy covers or toppers and campers;~~

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

~~——— (k) motor homes;~~

~~——— (l) all watercraft;~~

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

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

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

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

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

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

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

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

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

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

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

~~———(s) harness, saddlery, and other tack equipment;~~

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

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

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

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

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

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

- ~~—— (y) motorcycles and quadricycles;~~
- ~~—— (z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):~~
  - ~~—— (i) 23% for tax year 2000;~~
  - ~~—— (ii) 27.5% for tax year 2001; and~~
  - ~~—— (iii) 31% for tax year 2002 and succeeding tax years;~~
- ~~—— (aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g):~~
  - ~~—— (i) 9% for tax year 2000;~~
  - ~~—— (ii) 11% for tax year 2001; and~~
  - ~~—— (iii) 13% for tax year 2002 and succeeding tax years;~~
- ~~—— (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy;~~
- ~~—— (cc) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:~~
  - ~~—— (i) the acquired cost of the personal property is less than \$15,000;~~
  - ~~—— (ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and~~
  - ~~—— (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;~~
- ~~—— (dd) all agricultural implements and equipment;~~
- ~~—— (ee) all mining machinery, fixtures, equipment, tools, and supplies except those included in class five;~~
- ~~—— (ff) all manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;~~
- ~~—— (gg) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;~~
- ~~—— (hh) special mobile equipment as defined in 61-1-104;~~
- ~~—— (ii) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;~~
- ~~—— (jj) x-ray and medical and dental equipment;~~
- ~~—— (kk) citizens' band radios and mobile telephones;~~
- ~~—— (ll) radio and television broadcasting and transmitting equipment;~~

~~—— (mm) cable television systems;~~

~~—— (nn) coal and ore haulers;~~

~~—— (oo) theater projectors and sound equipment; and~~

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

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

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

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

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

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

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

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

~~—— (ii) held for future display; or~~

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

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

~~—— (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products~~

~~solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products:~~

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

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

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

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

**SECTION 3. SECTION 15-6-207, MCA, IS AMENDED TO READ:**

**"15-6-207. Agricultural exemptions.** (1) The following agricultural products are exempt from taxation:

(a) all unprocessed agricultural products on the farm or in storage and owned by the producer;

(b) all producer-held grain in storage;

(c) all unprocessed agricultural products;

(d) all livestock and the unprocessed products of livestock;

(e) poultry and the unprocessed products of poultry; ~~and~~

(f) bees and the unprocessed product of bees; and

(g) biological control insects.

(2) Any beet digger, beet topper, beet defoliator, beet thinner, beet cultivator, beet planter, or beet top saver designed exclusively to plant, cultivate, and harvest sugar beets is exempt from taxation if the implement has not been used to plant, cultivate, or harvest sugar beets for the 2 years immediately preceding the current assessment date and there are no available sugar beet contracts in the sugar beet grower's marketing area."

**NEW SECTION. SECTION 4. REPEALER. SECTIONS 15-24-601 AND 15-24-602, MCA, ARE REPEALED.**

**Section 5.** Section 31, Chapter 285, Laws of 1999, is amended to read:

**"Section 31. Effective dates.** (1) [Sections 1, 11, 12, 15, 22, 26, 28 through 30, and 32 and this section] are effective on passage and approval.

(2) [Sections 3 through 9 and 23] are effective July 1, 2000.

(3) [Sections 2, 10, 13, 14, 16 through 21, 24, 25, and 27(1)] are effective January 1, 2003.

(4) ~~[Sections 13(1)(aa) through (1)(ii) and 27(2)]~~ are [Section 27(2)] is effective if the tax rate in [section 12], amending 15-6-138, reaches zero."

- END -

