

SENATE BILL NO. 265

INTRODUCED BY B. HAMLETT

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A TAX ABATEMENT FOR CERTAIN RESIDENTIAL GRAY WATER SYSTEMS AND COMMON GRAY WATER AND POTABLE WATER SYSTEMS; ESTABLISHING REQUIREMENTS FOR THE RESIDENCES AND FOR A MINIMUM NUMBER OF OCCUPANTS TO QUALIFY; PROVIDING FOR THE ABATEMENT DURING CONSTRUCTION AND FOR 10 YEARS FOLLOWING COMPLETION OF CONSTRUCTION; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 4], the following definitions

apply:

(1) "Common gray water and potable water system" means a gray water system and a potable water system that are common elements of a multiple dwelling project.

(2) (a) "Gray water system" means a system to treat and distribute untreated household wastewater that meets the requirements of 75-5-305(2), 75-5-325 through 75-5-327, and all administrative rules and local government regulations conforming with those provisions.

(b) Household wastewater does not include water that is or has come into contact with toilet water; wastewater from kitchen sinks, water softeners, and dishwashers; or laundry water used for washing infectious garments, including diapers.

(3) "Multiple dwelling project" means:

(a) a residential condominium on common land consisting of residential units in single or multiunit structures for at least 25 occupants; or

(b) a class four residential building as described in 15-6-134, or that portion of a class four building that is used for residential purposes, that has multiple residential units for at least 25 occupants and includes as much of the surrounding land, not exceeding 5 acres, as is reasonably necessary for its residential use.

(4) "Potable water system" means a privately owned public water supply system as defined in 75-6-102 that is used in common by all the dwellings of a multiple dwelling project.



1 (5) "Residential dwelling" means any class four residential dwelling described in 15-6-134 that is a
2 single-family dwelling unit, including a trailer, manufactured home, or mobile home and as much of the
3 surrounding land, not exceeding 5 acres, as is reasonably necessary for its use as a dwelling.

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5 **NEW SECTION. Section 2. Gray water system for newly constructed residence -- tax abatement.**

6 (1) A residential dwelling that is under construction or that is newly constructed with a residential gray water
7 system is taxed at 85% of its taxable market value during the course of the construction and for 10 years after
8 completion of construction as provided in this section.

9 (2) To receive a tax abatement under this section, a taxpayer shall apply to the department on or before
10 April 15 of the year for which the first abatement is claimed for property under construction and for the first year
11 of the completion of construction but not later than 1 year after the completion of the construction. The claimant
12 shall provide a certification from the local board of health pursuant to 50-2-116 that the residential dwelling is
13 under construction or was constructed with a gray water system that meets the requirements of this section. The
14 department may require other information that it considers necessary to determine the eligibility of the residential
15 dwelling for a property tax abatement.

16 (3) An abatement granted under this section remains in effect through the 10th year following the year
17 construction was completed.

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19 **NEW SECTION. Section 3. Common gray water and potable water systems for newly constructed**

20 **multiple dwelling projects -- tax abatement.** (1) A multiple dwelling project that is under construction or that
21 is constructed with a common gray water and potable water system is taxed at 70% of the taxable market value
22 of the project or taxable market value of each residential condominium unit during the course of the construction
23 and for 10 years after completion of construction as provided in this section.

24 (2) To receive a tax abatement, a taxpayer shall apply to the department on or before April 15 of the year
25 for which the first abatement is claimed for property under construction and for the first year of the completion
26 of construction but not later than 1 year after the completion of the construction of the residential units or, if
27 construction is to occur over a multiyear period, after the completion of the first residential unit. The claimant shall
28 provide a certification from the local board of health pursuant to 50-2-116 that the residential dwelling is under
29 construction or was constructed with a common gray water and potable water system that meets the
30 requirements of this section. The department may require other information that it considers necessary to

1 determine the eligibility of the residential dwelling for a property tax abatement.

2 (3) An abatement granted under this section remains in effect through the 10th year following the year
3 construction was completed.

4 (4) Only property with a common gray water and potable water system is eligible for the property tax
5 abatement provided in this section.

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7 **NEW SECTION. Section 4. Change in property -- fraudulent application.** (1) A taxpayer qualifying
8 for a property tax abatement under [section 2 or 3] shall report to the department any change to the subject
9 property or to the gray water system under [section 2] or common gray water and potable water system under
10 [section 3] that may affect the property's qualification for the tax abatement.

11 (2) A taxpayer who applies for a tax abatement under [section 2 or section 3] and submits a false or
12 fraudulent application for a property tax abatement is guilty of false swearing under 45-7-202.

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14 **NEW SECTION. Section 5. Codification instruction.** [Sections 1 through 4] are intended to be codified
15 as an integral part of Title 15, chapter 24, and the provisions of Title 15, chapter 24, apply to [sections 1 through
16 4].

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18 **NEW SECTION. Section 6. Effective date.** [This act] is effective July 1, 2011.

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20 **NEW SECTION. Section 7. Applicability.** [This act] applies to residential dwellings and multiple
21 dwelling projects constructed after June 30, 2011.

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