

## 1 HOUSE BILL NO. 213

2 INTRODUCED BY M. MILLER

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4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE CLASS EIGHT BUSINESS EQUIPMENT TAX  
5 EXEMPTION; AMENDING SECTION 15-6-138, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

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

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9 **Section 1.** Section 15-6-138, MCA, is amended to read:10 **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property  
11 includes:

12 (a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;

13 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies  
14 except those included in class five under 15-6-135;

15 (c) for oil and gas production, all:

16 (i) machinery;

17 (ii) fixtures;

18 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water  
19 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas  
20 metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment that is  
21 skidable, portable, or movable;

22 (iv) tools that are not exempt under 15-6-219; and

23 (v) supplies except those included in class five;

24 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and  
25 personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors  
26 as provided in 15-6-220, and supplies except those included in class five;27 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are  
28 specifically included and taxed in another class or that are rented under a purchase incentive rental program as  
29 defined in 15-6-202(4);

30 (f) special mobile equipment as defined in 61-1-101;

1 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in  
2 commercial establishments as defined in this section;  
3 (h) x-ray and medical and dental equipment;  
4 (i) citizens' band radios and mobile telephones;  
5 (j) radio and television broadcasting and transmitting equipment;  
6 (k) cable television systems;  
7 (l) coal and ore haulers;  
8 (m) theater projectors and sound equipment; and  
9 (n) all other property that is not included in any other class in this part, except that property that is subject  
10 to a fee in lieu of a property tax.

11 (2) As used in this section, the following definitions apply:

12 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are  
13 primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

14 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service,  
15 wholesale, retail, or food-handling business.

16 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas  
17 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,  
18 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil  
19 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

20 (3) Except as provided in 15-24-1402 and 15-24-2102, class eight property is taxed at:

21 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),  
22 1.5%; and

23 (b) for all taxable market value in excess of \$6 million, 3%.

24 (4) The first ~~\$100,000~~ \$500,000 of market value of class eight property of a person or business entity  
25 is exempt from taxation.

26 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering services  
27 to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana, and  
28 centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject to  
29 central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all  
30 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be

1 aggregated for purposes of determining the 500-mile threshold."

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3 NEW SECTION. **Section 2. Effective date.** [This act] is effective January 1, 2016.

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