

## HOUSE BILL NO. 372

INTRODUCED BY B. LER, S. HINEBAUCH, J. KASSMIER, B. PHALEN, J. SCHILLINGER

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO THE ELIMINATION OF THE PROPERTY TAX ON CLASS EIGHT BUSINESS EQUIPMENT TAX; INCREASING THE EXEMPTION AMOUNT FOR 8 YEARS AND THEN REPEALING THE PROPERTY TAX ON CLASS EIGHT BUSINESS EQUIPMENT; PROVIDING A REIMBURSEMENT TO LOCAL GOVERNMENTS AND TAX INCREMENT FINANCING DISTRICTS UNDER THE ENTITLEMENT SHARE PROGRAM, TO SCHOOL DISTRICTS THROUGH ~~THE BLOCK GRANT PROGRAM~~ GUARANTEED TAX BASE AID, AND TO THE MONTANA UNIVERSITY SYSTEM FOR THE LOSS OF REVENUE; REVISING A STATUTORY APPROPRIATION; AMENDING SECTIONS 15-1-101, 15-1-121, 15-1-123, 15-6-138, 15-6-141, 15-6-156, 15-6-158, 15-6-202, 15-6-207, 15-6-219, 15-6-228, 15-8-301, 15-23-101, 15-24-301, 15-24-303, 15-24-3001, 20-9-366, 30-20-204, AND 76-6-109, MCA; REPEALING SECTIONS 15-6-138 AND 15-6-220, MCA; AND PROVIDING EFFECTIVE DATES, AN APPLICABILITY DATE, AND A TERMINATION DATE."

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

~~NEW SECTION. Section 1. School district block grants.~~ (1) (a) The office of public instruction shall provide a block grant to each school district based on the reimbursement to be made to a school district pursuant to 15-1-123.

(b) ~~Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate the block grant amount into each district's budget as an anticipated revenue source by fund.~~

(2) (a) ~~The reimbursement made under 15-1-123 must be added to all other distributions to the school district in the fiscal year to determine the distribution for the subsequent fiscal year.~~

(b) ~~If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section, the office of public instruction shall determine the reimbursement amount as provided in the enactment and add the appropriate amount to block grant distributions under this section.~~

1           ~~(3) Each year, 70% of each district's block grant must be distributed in November and 30% of each~~  
 2 ~~district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.~~

3           ~~(4) The school districts shall deposit the block grant into a budgeted fund of the district.~~

4

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

6           **"15-1-101. Definitions.** (1) Except as otherwise specifically provided, when terms mentioned in this  
 7 section are used in connection with taxation, they are defined in the following manner:

8           (a) The term "agricultural" refers to:

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

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

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

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

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

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

20           (A) agricultural lands;

21           (B) timberlands and forest lands;

22           (C) single-family residences and ancillary improvements and improvements necessary to the function  
 23 of a bona fide farm, ranch, or stock operation;

24           (D) mobile homes and manufactured homes used exclusively as a residence except when held by a  
 25 distributor or dealer as stock in trade; and

26           (E) all property described in 15-6-135.

27           (e) The term "comparable property" means property that:

28           (i) has similar use, function, and utility;

1 (ii) is influenced by the same set of economic trends and physical, governmental, and social factors;

2 and

3 (iii) has the potential of a similar highest and best use.

4 (f) The term "credit" means solvent debts, secured or unsecured, owing to a person.

5 (g) (i) "Department", except as provided in subsection (1)(g)(ii), means the department of revenue  
6 provided for in 2-15-1301.

7 (ii) In chapters 70 and 71, department means the department of transportation provided for in 2-15-  
8 2501.

9 (h) The terms "gas" and "natural gas" are synonymous and mean gas as defined in 82-1-111(2). The  
10 terms include all natural gases and all other fluid hydrocarbons, including methane gas or any other natural gas  
11 found in any coal formation.

12 (i) The term "improvements" includes all buildings, structures, fences, and improvements situated  
13 upon, erected upon, or affixed to land. When the department determines that the permanency of location of a  
14 mobile home, manufactured home, or housetrailer has been established, the mobile home, manufactured  
15 home, or housetrailer is presumed to be an improvement to real property. A mobile home, manufactured home,  
16 or housetrailer may be determined to be permanently located only when it is attached to a foundation that  
17 cannot feasibly be relocated and only when the wheels are removed.

18 (j) "Industrial property" for purposes of this section includes all land used for industrial purposes,  
19 improvements, and buildings used to house the industrial process and all storage facilities. Under this section,  
20 industrial property does not include personal property classified and taxed under 15-6-135 ~~or 15-6-138~~.

21 (k) The term "leasehold improvements" means improvements to mobile homes and mobile homes  
22 located on land owned by another person. This property is assessed under the appropriate classification, and  
23 the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on leasehold  
24 improvements are a lien only on the leasehold improvements.

25 (l) The term "livestock" means cattle, sheep, swine, goats, horses, mules, asses, llamas, alpacas,  
26 bison, ostriches, rheas, emus, and domestic ungulates.

27 (m) (i) The term "manufactured home" means a residential dwelling built in a factory in accordance  
28 with the United States department of housing and urban development code and the federal Manufactured

1 Home Construction and Safety Standards.

2 (ii) A manufactured home does not include a mobile home, as defined in subsection (1)(o), or a mobile  
3 home or housetrailer constructed before the federal Manufactured Home Construction and Safety Standards  
4 went into effect on June 15, 1976.

5 (n) The term "market value" means the value of property as provided in 15-8-111.

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

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

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

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

19 (s) The term "real estate" includes:

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

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

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

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

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

28 (u) "Research and development firm" means an entity incorporated under the laws of this state or a

1 foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical  
2 analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific  
3 and technical nature into practical application for experimental and demonstration purposes, including the  
4 experimental production and testing of models, devices, equipment, materials, and processes.

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

8 (w) The term "taxable value" means the market value multiplied by the classification tax rate as  
9 provided for in Title 15, chapter 6, part 1.

10 (x) The term "taxes" in relation to property under 15-6-133, 15-6-134, or 15-6-143 is the amount owed  
11 by a taxpayer that is the market value multiplied by the tax rate multiplied by the applicable mills, exclusive of  
12 local fees and assessments.

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

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

18

19 **Section 2.** Section 15-1-121, MCA, is amended to read:

20 **"15-1-121. Entitlement share payment -- purpose -- appropriation.** (1) As described in 15-1-  
21 120(3), each local government is entitled to an annual amount that is the replacement for revenue received by  
22 local governments for diminishment of property tax base and various earmarked fees and other revenue that,  
23 pursuant to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and  
24 later enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections,  
25 and other revenue in the state treasury with each local government's share. The reimbursement under this  
26 section is provided by direct payment from the state treasury rather than the ad hoc system that offset certain  
27 state payments with local government collections due the state and reimbursements made by percentage splits,  
28 with a local government remitting a portion of collections to the state, retaining a portion, and in some cases

1 sending a portion to other local governments.

2 (2) The sources of dedicated revenue that were relinquished by local governments in exchange for an  
3 entitlement share of the state general fund were:

4 (a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6),  
5 Chapter 584, Laws of 1999;

6 (b) vehicle, boat, and aircraft taxes and fees pursuant to:

7 (i) Title 23, chapter 2, part 5;

8 (ii) Title 23, chapter 2, part 6;

9 (iii) Title 23, chapter 2, part 8;

10 (iv) 61-3-317;

11 (v) 61-3-321;

12 (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment  
13 of 61-3-509 in 2001;

14 (vii) Title 61, chapter 3, part 7;

15 (viii) 5% of the fees collected under 61-10-122;

16 (ix) 61-10-130;

17 (x) 61-10-148; and

18 (xi) 67-3-205;

19 (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);

20 (d) district court fees pursuant to:

21 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);

22 (ii) 25-1-202;

23 (iii) 25-9-506; and

24 (iv) 27-9-103;

25 (e) certificate of title fees for manufactured homes pursuant to 15-1-116;

26 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;

27 (g) all beer, liquor, and wine taxes pursuant to:

28 (i) 16-1-404;

- 1 (ii) 16-1-406; and  
2 (iii) 16-1-411;  
3 (h) late filing fees pursuant to 61-3-220;  
4 (i) title and registration fees pursuant to 61-3-203;  
5 (j) veterans' cemetery license plate fees pursuant to 61-3-459;  
6 (k) county personalized license plate fees pursuant to 61-3-406;  
7 (l) special mobile equipment fees pursuant to 61-3-431;  
8 (m) single movement permit fees pursuant to 61-4-310;  
9 (n) state aeronautics fees pursuant to 67-3-101; and  
10 (o) department of natural resources and conservation payments in lieu of taxes pursuant to former  
11 Title 77, chapter 1, part 5.

12 (3) Except as provided in subsection (7)(b), the total amount received by each local government in the  
13 prior fiscal year as an entitlement share payment under this section is the base component for the subsequent  
14 fiscal year distribution, and in each subsequent year the prior year entitlement share payment, including any  
15 reimbursement payments received pursuant to subsection (7), is each local government's base component.  
16 The sum of all local governments' base components is the fiscal year entitlement share pool.

17 (4) (a) Except as provided in subsections (4)(b)(iv) and (7)(b), the base entitlement share pool must  
18 be increased annually by an entitlement share growth rate as provided for in this subsection (4). The amount  
19 determined through the application of annual growth rates is the entitlement share pool for each fiscal year.

20 (b) By October 1 of each year, the department shall calculate the growth rate of the entitlement share  
21 pool for the next fiscal year in the following manner:

22 (i) The department shall calculate the entitlement share growth rate based on the ratio of two factors  
23 of state revenue sources for the first, second, and third most recently completed fiscal years as recorded on the  
24 statewide accounting, budgeting, and human resource system. The first factor is the sum of the revenue for the  
25 first and second previous completed fiscal years received from the sources referred to in subsections (2)(b),  
26 (2)(c), and (2)(g) divided by the sum of the revenue for the second and third previous completed fiscal years  
27 received from the same sources multiplied by 0.75. The second factor is the sum of the revenue for the first and  
28 second previous completed fiscal years received from individual income tax as provided in Title 15, chapter 30,

1 and corporate income tax as provided in Title 15, chapter 31, divided by the sum of the revenue for the second  
 2 and third previous completed fiscal years received from the same sources multiplied by 0.25.

3 (ii) Except as provided in subsections (4)(b)(iii) and (4)(b)(iv), the entitlement share growth rate is the  
 4 lesser of:

5 (A) the sum of the first factor plus the second factor; or

6 (B) 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns.

7 (iii) In no instance can the entitlement growth factor be less than 1. Subject to subsection (4)(b)(iv), the  
 8 entitlement share growth rate is applied to the most recently completed fiscal year entitlement payment to  
 9 determine the subsequent fiscal year payment.

10 (iv) The entitlement share growth rate, as described in this subsection (4), is:

11 (A) for fiscal year 2018, 1.005;

12 (B) for fiscal year 2019, 1.0187;

13 (C) for fiscal year 2020 and thereafter, determined as provided in subsection (4)(b)(ii). The rate must  
 14 be applied to the entitlement payment for the previous fiscal year as if the payment had been calculated using  
 15 entitlement share growth rates for fiscal years 2018 and 2019 as provided in subsection (4)(b)(ii).

16 (5) As used in this section, "local government" means a county, a consolidated local government, an  
 17 incorporated city, and an incorporated town. A local government does not include a tax increment financing  
 18 district provided for in subsection (8). The county or consolidated local government is responsible for making an  
 19 allocation from the county's or consolidated local government's share of the entitlement share pool to each  
 20 special district within the county or consolidated local government in a manner that reasonably reflects each  
 21 special district's loss of revenue sources for which reimbursement is provided in this section. The allocation for  
 22 each special district that existed in 2002 must be based on the relative proportion of the loss of revenue in  
 23 2002.

24 (6) (a) The entitlement share pools calculated in this section, the amounts ~~determined~~ distributed  
 25 under ~~45-1-123(2)~~ 15-1-123(4) for local governments, the funding provided for in subsection (8) of this section,  
 26 and the amounts ~~determined~~ distributed under ~~45-1-123(3)~~ 15-1-123(6)(5) for tax increment financing districts  
 27 are statutorily appropriated, as provided in 17-7-502, from the general fund to the department for distribution to  
 28 local governments.



1 (b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal  
2 year and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must  
3 be calculated separately for:

4 (A) counties;

5 (B) consolidated local governments; and

6 (C) incorporated cities and towns.

7 (ii) In each fiscal year, the growth amount for counties must be allocated as follows:

8 (A) 50% of the growth amount must be allocated based upon each county's percentage of the prior  
9 fiscal year entitlement share pool for all counties; and

10 (B) 50% of the growth amount must be allocated based upon the percentage that each county's  
11 population bears to the state population not residing within consolidated local governments as determined by  
12 the latest interim year population estimates from the Montana department of commerce as supplied by the  
13 United States bureau of the census.

14 (iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as  
15 follows:

16 (A) 50% of the growth amount must be allocated based upon each consolidated local government's  
17 percentage of the prior fiscal year entitlement share pool for all consolidated local governments; and

18 (B) 50% of the growth amount must be allocated based upon the percentage that each consolidated  
19 local government's population bears to the state's total population residing within consolidated local  
20 governments as determined by the latest interim year population estimates from the Montana department of  
21 commerce as supplied by the United States bureau of the census.

22 (iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as  
23 follows:

24 (A) 50% of the growth amount must be allocated based upon each incorporated city's or town's  
25 percentage of the prior fiscal year entitlement share pool for all incorporated cities and towns; and

26 (B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's  
27 population bears to the state's total population residing within incorporated cities and towns as determined by  
28 the latest interim year population estimates from the Montana department of commerce as supplied by the

1 United States bureau of the census.

2 (v) In each fiscal year, the amount of the entitlement share pool before the growth amount or  
3 adjustments made under subsection (7) are applied is to be distributed to each local government in the same  
4 manner as the entitlement share pool was distributed in the prior fiscal year.

5 (7) (a) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this  
6 section, the department shall determine the reimbursement amount as provided in the enactment and add the  
7 appropriate amount to the entitlement share distribution under this section. The total entitlement share  
8 distributions in a fiscal year, including distributions made pursuant to this subsection, equal the local fiscal year  
9 entitlement share pool. The ratio of each local government's distribution from the entitlement share pool must  
10 be recomputed to determine each local government's ratio to be used in the subsequent year's distribution  
11 determination under subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

12 (b) For fiscal year 2018 and thereafter, the growth rate provided for in subsection (4) does not apply  
13 to the portion of the entitlement share pool attributable to the ~~reimbursement~~ reimbursements provided for in  
14 ~~45-1-123(2)~~ 15-1-123(1) and (2). The department shall calculate the portion of the entitlement share pool  
15 attributable to the ~~reimbursement~~ reimbursements in ~~45-1-123(2)~~ 15-1-123(1) and (2), including the application  
16 of the growth rate in previous fiscal years, for counties, consolidated local governments, and cities and, for  
17 fiscal year 2018 and thereafter, apply the growth rate for that portion of the entitlement share pool as provided  
18 in ~~45-1-123(2)~~ 15-1-123(3).

19 (c) The growth amount resulting from the application of the growth rate in ~~45-1-123(2)~~ 15-1-123(3)  
20 must be allocated as provided in subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A) of this section.

21 (8) (a) Except for a tax increment financing district entitled to a reimbursement under ~~15-1-123(3)(5)~~,  
22 if a tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the  
23 tax increment financing district is not entitled to any funding. If a tax increment financing district referred to in  
24 subsection (8)(b) terminates, then the funding for the district provided for in subsection (8)(b) terminates.

25 (b) One-half of the payments provided for in this subsection (8)(b) must be made by November 30  
26 and the other half by May 31 of each year. Subject to subsection (8)(a), the entitlement share for tax increment  
27 financing districts is as follows:

Flathead	Kalispell - District 2	\$4,638
Flathead	Kalispell - District 3	37,231
Flathead	Whitefish District	148,194
Gallatin	Bozeman - downtown	31,158
Missoula	Missoula - 1-1C	225,251
Missoula	Missoula - 4-1C	30,009

1

2 (9) The estimated fiscal year entitlement share pool and any subsequent entitlement share pool for  
3 local governments do not include revenue received from tax increment financing districts.

4 (10) When there has been an underpayment of a local government's share of the entitlement share  
5 pool, the department shall distribute the difference between the underpayment and the correct amount of the  
6 entitlement share. When there has been an overpayment of a local government's entitlement share, the local  
7 government shall remit the overpaid amount to the department.

8 (11) A local government may appeal the department's estimation of the base component, the  
9 entitlement share growth rate, or a local government's allocation of the entitlement share pool, according to the  
10 uniform dispute review procedure in 15-1-211.

11 (12) (a) Except as provided in 2-7-517, a payment required pursuant to this section may not be offset  
12 by a debt owed to a state agency by a local government in accordance with Title 17, chapter 4, part 1.

13 (b) A payment required pursuant to this section must be withheld if a local government:

14 (i) fails to meet a deadline established in 2-7-503(1), 7-6-611(2), 7-6-4024(3), or 7-6-4036(1); and  
15 (ii) fails to remit any amounts collected on behalf of the state as required by 15-1-504 or as otherwise  
16 required by law within 45 days of the end of a month.

17 (c) A payment required pursuant to this section may be withheld if, for more than 90 days, a local  
18 government fails to:

19 (i) file a financial report required by 15-1-504;

20 (ii) remit any amounts collected on behalf of the state as required by 15-1-504; or

21 (iii) remit any other amounts owed to the state or another taxing jurisdiction."  
22

1           **Section 3.** Section 15-1-123, MCA, is amended to read:

2           "**15-1-123. Reimbursement for class eight rate reduction and exemption -- distribution --**  
3           **appropriations.** (1) ~~For~~ Except as provided in subsection (2), for the tax rate reductions in the former 15-6-  
4           138(3), the increased exemption amount in the former 15-6-138(4), the effective tax rate reductions on property  
5           under 15-6-145 because of the rate reductions required by the amendments of the former 15-6-138 in section  
6           2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013, and the effective tax rate reductions  
7           on property under 15-6-145 because of the increased exemption amount required by the amendment of the  
8           former 15-6-138 in section 2, Chapter 396, Laws of 2013, the department shall reimburse each local  
9           government, as defined in 15-1-121(5), each tax increment financing district, and the 6-mill university levy for  
10          the purposes of 15-10-109 the difference between property tax collections under the former 15-6-138 as  
11          amended by section 2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013, and under 15-6-  
12          145 and the property tax revenue that would have been collected under the former 15-6-138 and 15-6-145 if the  
13          former 15-6-138 had not been amended by section 2, Chapter 411, Laws of 2011, and section 2, Chapter 396,  
14          Laws of 2013. The difference plus the amount calculated in subsection (2) is the annual reimbursable amount  
15          for each local government, each tax increment financing district, and the 6-mill levy for the support of the  
16          Montana university system under 15-10-109.

17           (2) For the repeal of the former 15-6-138 provided in [this act], the department shall reimburse each  
18          local government, as defined in 15-1-121(5), each school district, each tax increment financing district, and the  
19          6-mill university levy for the purposes of 15-10-109 the difference between property tax collections that would  
20          have been collected under the former 15-6-138 as amended by section 8, Chapter 361, Laws of 2015, and [this  
21          act]. The difference calculated in this subsection is added to the annual reimbursable amount for each local  
22          government, each tax increment financing district, and the 6-mill levy for the support of the Montana university  
23          system under 15-10-109 calculated in subsection (1).

24           (3) The growth rate applied to the reimbursements is:

25           (a) for the reimbursement calculated pursuant to subsection (1), one-half of the average rate of  
26          inflation for the prior 3 years;

27           (b) for the reimbursement calculated pursuant to subsection (2), 0%.

28           ~~(2)~~(4) The department shall distribute the reimbursements calculated in ~~subsection~~ subsections (1)

1 and (2) to local governments with the entitlement share payments under 15-1-121(7). ~~The growth rate applied~~  
 2 ~~to the reimbursement is one-half of the average rate of inflation for the prior 3 years.~~

3 ~~(5) The office of public instruction shall distribute the reimbursement calculated in subsection (2) to~~  
 4 ~~school districts with the block grants provided for in section 11.~~

5 ~~(3) (6) (5)~~ The amount determined under ~~subsection~~ subsections (1) and (2) for each tax increment  
 6 financing district must be added to the reimbursement amount for the tax increment financing district as  
 7 provided in 15-1-121(8)(b) if the tax increment financing district is still in existence. If a tax increment financing  
 8 district that is entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the  
 9 reimbursement must be made to that tax increment financing district at the same time as other districts.

10 ~~(4) (7) (6)~~ (a) The amount determined under ~~subsection~~ subsections (1) and (2) for the 6-mill university  
 11 levy must be added to current collections and reimbursements for the support of the Montana university system  
 12 as provided in 15-10-109.

13 (b) The department of administration shall transfer the amount determined under this subsection ~~(4)~~  
 14 ~~(7) (6)~~ from the general fund to the state special revenue fund for the support of the Montana university system  
 15 as provided in 15-10-109."

16

17 **SECTION 4. SECTION 15-1-123, MCA, IS AMENDED TO READ:**

18 **"15-1-123. Reimbursement for class eight rate reduction and exemption -- distribution --**

19 **appropriations.** (1) ~~For~~ Except as provided in subsection (2), for the tax rate reductions in 15-6-138(3), the  
 20 increased exemption amount in 15-6-138(4), the effective tax rate reductions on property under 15-6-145  
 21 because of the rate reductions required by the amendments of 15-6-138 in section 2, Chapter 411, Laws of  
 22 2011, and section 2, Chapter 396, Laws of 2013, and the effective tax rate reductions on property under 15-6-  
 23 145 because of the increased exemption amount required by the amendment of 15-6-138 in section 2, Chapter  
 24 396, Laws of 2013, the department shall reimburse each local government, as defined in 15-1-121(5), each tax  
 25 increment financing district, and the 6-mill university levy for the purposes of 15-10-109 the difference between  
 26 property tax collections under 15-6-138 as amended by section 2, Chapter 411, Laws of 2011, and section 2,  
 27 Chapter 396, Laws of 2013, and under 15-6-145 and the property tax revenue that would have been collected  
 28 under 15-6-138 and 15-6-145 if 15-6-138 had not been amended by section 2, Chapter 411, Laws of 2011, and

1 section 2, Chapter 396, Laws of 2013. The difference plus the amount calculated in subsection (2) is the annual  
 2 reimbursable amount for each local government, each tax increment financing district, and the 6-mill levy for the  
 3 support of the Montana university system under 15-10-109.

4 (2) For the increased exemption amount in 15-6-138(4) as amended by [this act], the department shall  
 5 reimburse each local government, as defined in 15-1-121(5), each tax increment financing district, and the 6-  
 6 mill university levy for the purposes of 15-10-109 the difference between property tax collections that would  
 7 have been collected under 15-6-138(4) as amended by section 8, Chapter 361, Laws of 2015, and [this act].  
 8 The difference calculated in this subsection is added to the annual reimbursable amount for each local  
 9 government, each tax increment financing district, and the 6-mill levy for the support of the Montana university  
 10 system under 15-10-109 calculated in subsection (1).

11 (3) The growth rate applied to the reimbursements is:

12 (a) for the reimbursement calculated pursuant to subsection (1), one-half of the average rate of  
 13 inflation for the prior 3 years;

14 (b) for the reimbursement calculated pursuant to subsection (2), 0%.

15 ~~(3)(4)~~ The department shall distribute the reimbursements calculated in ~~subsection-subsections~~ (1)  
 16 and (2) to local governments with the entitlement share payments under 15-1-121(7). ~~The growth rate applied~~  
 17 ~~to the reimbursement is one-half of the average rate of inflation for the prior 3 years.~~

18 ~~(4)(5)~~ The amount determined under ~~subsection-subsections~~ (1) and (2) for each tax increment  
 19 financing district must be added to the reimbursement amount for the tax increment financing district as  
 20 provided in 15-1-121(8)(b) if the tax increment financing district is still in existence. If a tax increment financing  
 21 district that is entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the  
 22 reimbursement must be made to that tax increment financing district at the same time as other districts.

23 ~~(5)(6)~~ (a) The amount determined under ~~subsection-subsections~~ (1) and (2) for the 6-mill university  
 24 levy must be added to current collections and reimbursements for the support of the Montana university system  
 25 as provided in 15-10-109.

26 (b) The department of administration shall transfer the amount determined under this subsection ~~(4)~~  
 27 ~~(6)~~ from the general fund to the state special revenue fund for the support of the Montana university system as  
 28 provided in 15-10-109."

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**SECTION 5. SECTION 15-6-138, MCA, IS AMENDED TO READ:**

**"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property

includes:

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

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

(c) for oil and gas production, all:

(i) machinery;

(ii) fixtures;

(iii) equipment, including flow lines and gathering lines, 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, and gas boosters, together with equipment that is skidable, portable, or movable;

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

(v) supplies except those included in class five;

(d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors as provided in 15-6-220, and supplies except those included in class five;

(e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class or that are rented under a purchase incentive rental program as defined in 15-6-202(4);

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

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

(h) x-ray and medical and dental equipment;

(i) citizens band radios and mobile telephones;

(j) radio and television broadcasting and transmitting equipment;

- 1 (k) cable television systems;
- 2 (l) coal and ore haulers;
- 3 (m) theater projectors and sound equipment; and
- 4 (n) all other property that is not included in any other class in this part, except that property that is
- 5 subject to a fee in lieu of a property tax.

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

7 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that

8 are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying

9 environment.

10 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or

11 service, wholesale, retail, or food-handling business.

12 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas

13 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,

14 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil

15 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

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

17 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),

18 1.5%; and

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

20 (4) ~~The first \$100,000 of following~~ market value of class eight property of a person or business entity

21 is exempt from taxation;

22 (a) \$300,000 in tax year 2022;

23 (b) \$400,000 in tax year 2023;

24 (c) \$500,000 in tax year 2024;

25 (d) \$600,000 in tax year 2025;

26 (e) \$700,000 in tax year 2026;

27 (f) \$800,000 in tax year 2027;

28 (g) \$900,000 in tax year 2028; and



1            (h) \$1 million in tax year 2029.

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

8

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

10           **"15-6-141. Class nine property -- description -- taxable percentage.** (1) Class nine property  
11 includes:

12           (a) centrally assessed allocations of an electric power company or centrally assessed allocations of  
13 an electric power company that owns or operates transmission or distribution facilities or both;

14           (b) if congress passes legislation that allows the state to tax property owned by an agency created by  
15 congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated by  
16 a public agency created by congress to transmit or distribute electrical energy produced at privately owned  
17 generating facilities, not including rural electric cooperatives;

18           (c) rural electric cooperatives' property, except wind generation facilities, biomass generation facilities,  
19 and energy storage facilities classified under 15-6-157 and property used for headquarters, office, shop, or  
20 other similar facilities, used for the sole purpose of serving customers representing less than 95% of the electric  
21 consumers located within the incorporated limits of a city or town of more than 3,500 persons in which a  
22 centrally assessed electric power company also owns property or serving an incorporated municipality with a  
23 population that is greater than 3,500 persons formerly served by a public utility that after January 1, 1998,  
24 received service from the facilities of an electric cooperative;

25           (d) allocations for centrally assessed natural gas distribution utilities, rate-regulated natural gas  
26 transmission or oil transmission pipelines regulated by either the public service commission or the federal  
27 energy regulatory commission, a common carrier pipeline as defined in 69-13-101, a pipeline carrier as defined  
28 in 49 U.S.C. 15102(2), or the gas gathering facilities specified in ~~15-6-138(5)~~ 15-23-101(2)(e); and

- 1 (e) centrally assessed companies' allocations except:
- 2 (i) electrical generation facilities classified under 15-6-156;
- 3 (ii) all property classified under 15-6-157;
- 4 (iii) all property classified under 15-6-158 and 15-6-159;
- 5 (iv) property owned by cooperative rural electric and cooperative rural telephone associations and
- 6 classified under 15-6-135;
- 7 (v) property owned by organizations providing telephone communications to rural areas and classified
- 8 under 15-6-135;
- 9 (vi) railroad transportation property included in 15-6-145;
- 10 (vii) airline transportation property included in 15-6-145; and
- 11 (viii) telecommunications property included in 15-6-156.
- 12 (2) Class nine property is taxed at 12% of market value."
- 13

14 **Section 7.** Section 15-6-156, MCA, is amended to read:

15 **"15-6-156. Class thirteen property -- description -- taxable percentage.** (1) Except as provided in

16 subsections (2)(a) through (2)(h), class thirteen property includes:

17 (a) electrical generation facilities, except wind generation facilities, biomass generation facilities, and

18 energy storage facilities classified under 15-6-157, of a centrally assessed electric power company;

19 (b) electrical generation facilities, except wind generation facilities, biomass generation facilities, and

20 energy storage facilities classified under 15-6-157, owned or operated by an exempt wholesale generator or an

21 entity certified as an exempt wholesale generator pursuant to 42 U.S.C. 16451;

22 (c) noncentrally assessed electrical generation facilities, except wind generation facilities, biomass

23 generation facilities, and energy storage facilities classified under 15-6-157, owned or operated by any

24 electrical energy producer;

25 (d) allocations of centrally assessed telecommunications services companies; and

26 (e) dedicated communications infrastructure described in 15-6-162(5) for which construction

27 commenced after June 30, 2027, or for which the 15-year period provided for in 15-6-162(5)(c) has expired.

28 (2) Class thirteen property does not include:

- 1 (a) property owned by cooperative rural electric cooperative associations classified under 15-6-135;
- 2 (b) property owned by cooperative rural electric cooperative associations classified under 15-6-137 or
- 3 15-6-157;
- 4 (c) allocations of electric power company property under 15-6-141;
- 5 (d) electrical generation facilities included in another class of property;
- 6 (e) property owned by cooperative rural telephone associations and classified under 15-6-135;
- 7 (f) property owned by organizations providing telecommunications services and classified under 15-6-
- 8 135;
- 9 (g) generation facilities that are exempt under 15-6-225; and
- 10 (h) qualified data centers classified under 15-6-162.

11 (3) (a) For the purposes of this section, "electrical generation facilities" means any combination of a

12 physically connected generator or generators, associated prime movers, and other associated property,

13 including appurtenant land and improvements and personal property, that are normally operated together to

14 produce electric power. The term includes but is not limited to generating facilities that produce electricity from

15 coal-fired steam turbines, oil or gas turbines, or turbine generators that are driven by falling water.

16 (b) The term does not include electrical generation facilities used for noncommercial purposes or

17 exclusively for agricultural purposes.

18 (c) The term also does not include a qualifying small power production facility, as that term is defined

19 in 16 U.S.C. 796(17), that is owned and operated by a person not primarily engaged in the generation or sale of

20 electricity other than electric power from a small power production facility and classified under 15-6-134 ~~and 15-~~

21 ~~6-138.~~

22 (4) Class thirteen property is taxed at 6% of its market value."

23

24 **Section 8.** Section 15-6-158, MCA, is amended to read:

25 **"15-6-158. Class fifteen property -- description -- taxable percentage.** (1) Class fifteen property

26 includes:

27 (a) carbon dioxide pipelines certified by the department of environmental quality under 15-24-3112 for

28 the transportation of carbon dioxide for the purposes of sequestration or for use in closed-loop enhanced oil

1 recovery operations;

2 (b) qualified liquid pipelines certified by the department of environmental quality under 15-24-3112;

3 (c) carbon sequestration equipment;

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

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

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

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

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

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

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

21 (e) (i) "Closed-loop enhanced oil recovery operation" means all oil production equipment, as  
22 described in ~~15-6-138(4)(e)~~ subsection (2)(e)(ii), owned by an entity that owns or operates an operation that,  
23 after construction, installation, and testing has been completed and the full enhanced oil recovery process has  
24 been commenced, injects carbon dioxide to increase the amount of crude oil that can be recovered from a well  
25 and retains as much of the injected carbon dioxide as practicable, but not less than 85% of the carbon dioxide  
26 injected each year absent catastrophic or unforeseen occurrences.

27 (ii) Oil production equipment for closed-loop enhanced oil recovery operations includes flow lines and  
28 gathering lines, pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas

1 compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water  
2 flood units, and gas boosters, together with equipment used for oil production that is skidable, portable, or  
3 movable.

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

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

10 (3) Class fifteen property does not include a carbon dioxide pipeline, liquid pipeline, or closed-loop  
11 enhanced oil recovery operation for which, during construction, the standard prevailing wages for heavy  
12 construction, as provided in 18-2-414, were not paid during the construction phase.

13 (4) (a) Except as provided in subsection (4)(b), class fifteen property is taxed at 3% of its market  
14 value.

15 (b) Carbon sequestration equipment placed in service after January 1, 2014, that is certified as  
16 provided in subsection (5) and that has a current granted tax abatement under 15-24-3111 is taxed at 1.5% of  
17 its reduced market value during the qualifying period provided for in 15-24-3111(7).

18 (5) (a) Requests for certification must be made on forms available from the department of revenue.  
19 Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws,  
20 orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.

21 (b) The board of oil and gas conservation shall promulgate rules specifying procedures, including  
22 timeframes for certification application, and definitions necessary to identify carbon sequestration equipment for  
23 certification and compliance. The department of revenue shall promulgate rules pertaining to the valuation of  
24 carbon sequestration equipment. The board of oil and gas conservation shall identify and track compliance in  
25 the use of carbon sequestration equipment and report continuous acts or patterns of noncompliance at a facility  
26 to the department of revenue. Casual or isolated incidents of noncompliance at a facility do not affect  
27 certification.

28 (c) A person may appeal the certification, classification, and valuation of the property to the state tax

1 appeal board. Appeals on the property certification must name the board of oil and gas conservation as the  
 2 respondent, and appeals on the classification or valuation of the equipment must name the department of  
 3 revenue as the respondent."

4

5 **Section 9.** Section 15-6-202, MCA, is amended to read:

6 **"15-6-202. Freeport merchandise and business inventories exemption -- definitions. (1)**

7 Freeport merchandise and business inventories are exempt from taxation.

8 (2) (a) "Freeport merchandise" means stocks of merchandise manufactured or produced outside this  
 9 state that are in transit through this state and consigned to a warehouse or other storage facility, public or  
 10 private, within this state for storage in transit prior to shipment to a final destination outside the state and that  
 11 have acquired a taxable situs within the state.

12 (b) Stocks of merchandise do not lose their status as freeport merchandise because while in the  
 13 storage facility they are assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk,  
 14 relabeled, or repackaged.

15 (c) A person seeking to qualify the person's property as freeport merchandise shall make application  
 16 to the department in the manner prescribed by the department.

17 (3) ~~(a)~~ "Business inventories" include goods primarily intended for sale and not for lease in the  
 18 ordinary course of business and raw materials and work in progress with respect to those goods. ~~Except for~~  
 19 ~~farm implements and construction equipment described in subsection (3)(b), business inventories do not~~  
 20 ~~include goods that are leased or rented.~~

21 ~~(b) Business inventories include farm implements as defined in 30-11-801 or construction equipment~~  
 22 ~~as defined in 30-11-901 that are held pursuant to a purchase incentive rental program.~~

23 ~~(4) (a) For the purpose of subsection (3)(b), "purchase incentive rental program" means a program~~  
 24 ~~operated by a dealer of farm implements as defined in 30-11-801 or a dealer of construction equipment as~~  
 25 ~~defined in 30-11-901 under which the farm implement or construction equipment is owned by the dealership,~~  
 26 ~~held for sale, and rented to a single user of the farm implement or construction equipment as an incentive for~~  
 27 ~~the purchase of the property.~~

28 ~~(b) A purchase incentive rental program does not include a farm implement or construction equipment~~

1 that is:

2 (i) ~~rented to a person for more than 9 months;~~

3 (ii) ~~rented more than once to the same person; or~~

4 (iii) ~~not owned by a farm implement dealership or construction equipment dealership.~~

5 (c) ~~All farm implements and construction equipment in a purchase incentive rental program must be~~  
6 ~~reported to the department each calendar quarter on a form provided by the department."~~

7

8 **Section 10.** Section 15-6-207, MCA, is amended to read:

9 **"15-6-207. Agricultural producer exemptions -- products -- ~~unused beet equipment -- low-value~~**  
10 **buildings, ~~implements, and machinery.~~** (1) The following agricultural products are exempt from taxation:

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

12 (b) all producer-held grain in storage;

13 (c) all unprocessed agricultural products;

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

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

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

17 (g) biological control insects.

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

22 (3) ~~(2) All farm buildings with a market value of less than \$500 and all agricultural implements and~~  
23 ~~machinery with a market value of less than \$100 are exempt from taxation."~~

24

25 **Section 11.** Section 15-6-219, MCA, is amended to read:

26 **"15-6-219. Personal and other property exemptions.** The ~~Unless the property described below is~~  
27 subject to property taxation under a specific class in Title 15, chapter 6, part 1, the following categories of  
28 personal property are exempt from taxation:

- 1 (1) harness, saddlery, and other tack equipment;
- 2 (2) ~~the first \$15,000 or less of market value of~~ tools owned by the taxpayer that are customarily hand-
- 3 held and that are used to:
- 4 (a) construct, repair, and maintain improvements to real property; or
- 5 (b) repair and maintain machinery, equipment, appliances, or other personal property;
- 6 (3) all household goods and furniture, including but not limited to clocks, musical instruments, sports
- 7 equipment, sewing machines, and wearing apparel of members of the family, used by the owner for personal
- 8 and domestic purposes or for furnishing or equipping the family residence;
- 9 (4) a bicycle or a moped, as defined in 61-8-102, used by the owner for personal transportation
- 10 purposes;
- 11 (5) items of personal property intended for rent or lease in the ordinary course of business ~~if each~~
- 12 ~~item of personal property satisfies all of the following:~~
- 13 ~~(a) the acquired cost of the personal property is less than \$15,000;~~
- 14 ~~(b) the personal property is owned by a business whose primary business income is from rental or~~
- 15 ~~lease of personal property to individuals and no one customer of the business accounts for more than 10% of~~
- 16 ~~the total rentals or leases during a calendar year; and~~
- 17 ~~(c) the lease of the personal property is generally on an hourly, daily, weekly, semimonthly, or~~
- 18 ~~monthly basis;~~
- 19 (6) all mining, agricultural, and manufacturing implements, equipment, fixtures, tools, and supplies;
- 20 (7) all equipment, fixtures, furniture, tools, and supplies used by any hotel, motel, office, petroleum
- 21 marketing station, or service, wholesale, retail, or food-handling business;
- 22 ~~(6)(8)~~ space vehicles and all machinery, fixtures, equipment, and tools used in the design,
- 23 manufacture, launch, repair, and maintenance of space vehicles ~~that are owned by businesses engaged in~~
- 24 ~~manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of~~
- 25 ~~that business and that are directly used for space vehicle design, manufacture, launch, repair, and~~
- 26 ~~maintenance;~~
- 27 ~~(7)(9)~~ a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
- 28 33-25-105;



1           ~~(8)~~(10) air and water pollution control and carbon capture equipment, as defined in 15-6-135, placed  
2 in service after January 1, 2014;

3           (11) oil and gas production machinery, fixtures, equipment, flow lines and gathering lines, pumping  
4 units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and  
5 dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, and  
6 gas boosters, together with equipment that is skidable, portable, or movable;

7           ~~(9)~~(12) a houstrailer, manufactured home, or mobile home that receives an exemption from the  
8 department based on abandonment, as provided in 15-6-242; ~~and~~

9           ~~(40)~~(13) personal property used in the manufacture of ammunition components as provided in 30-20-  
10 204;

11           (14) special mobile equipment as defined in 61-1-101;

12           (15) medical and dental equipment;

13           (16) two-way personal radios and mobile telephones;

14           (17) radio and television broadcasting and transmitting equipment;

15           (18) cable television systems;

16           (19) coal and ore haulers;

17           (20) theater projectors and sound equipment; and

18           (21) property that is subject to a fee in lieu of a property tax. (Subsection ~~(40)~~ (13) terminates  
19 December 31, 2024--sec. 16, Ch. 440, L. 2015.)"

20

21           **Section 12.** Section 15-6-228, MCA, is amended to read:

22           "**15-6-228. Property subject to registration fee.** The following property that is subject to a  
23 registration fee in lieu of tax is exempt from property taxation:

24           (1) truck canopy covers or toppers and campers;

25           (2) motor homes;

26           (3) all watercraft;

27           (4) all trailers, semitrailers, pole trailers, and travel trailers as those terms are defined in 61-1-101;

28           (5) all vehicles registered under 61-3-456;

- 1           (6) (a) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,  
 2 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and  
 3           (b) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection  
 4 (6)(a);  
 5           (7) motorcycles and quadricycles; and  
 6           (8) light vehicles as defined in 61-1-101."

- 7  
 8           **Section 13.** Section 15-8-301, MCA, is amended to read:  
 9           "**15-8-301. Statement -- what to contain.** (1) The department may require from a person a statement  
 10 under oath setting forth specifically all the real and personal property owned by, in possession of, or under the  
 11 control of the person at midnight on January 1. The statement must be in writing, showing separately:  
 12           (a) all property belonging to, claimed by, or in the possession or under the control or management of  
 13 the person;  
 14           (b) all property belonging to, claimed by, or in the possession or under the control or management of  
 15 any firm of which the person is a member;  
 16           (c) all property belonging to, claimed by, or in the possession or under the control or management of  
 17 any corporation of which the person is president, secretary, cashier, or managing agent;  
 18           (d) the county in which the property is situated or in which the property is liable to taxation and, if  
 19 liable to taxation in the county in which the statement is made, also the city, town, school district, road district,  
 20 or other revenue districts in which the property is situated;  
 21           (e) an exact description of all lands, improvements, and personal property;  
 22           (f) all depots, shops, stations, buildings, and other structures erected on the space covered by the  
 23 right-of-way and all other property owned by any person owning or operating any railroad within the county.  
 24           (2) The department shall notify the taxpayer in the statement for reporting personal property owned by  
 25 a business or used in a business that the statement is for reporting business equipment and other business  
 26 personal property described in Title 15, chapter 6, part 1. A taxpayer owning exempt business equipment is  
 27 subject to limited reporting requirements; ~~however, all new businesses shall report their class eight property, as~~  
 28 ~~defined in 15-6-138, so that the department can determine the market value of the property.~~ The department

1 shall by rule develop reporting requirements for business equipment to limit the annual reporting of exempt  
2 business equipment to the extent feasible.

3 (3) Whenever one member of a firm or one of the proper officers of a corporation has made a  
4 statement showing the property of the firm or corporation, another member of the firm or another officer is not  
5 required to include the property in that person's statement but the statement must show the name of the person  
6 or officer who made the statement in which the property is included.

7 (4) The fact that a statement is not required or that a person has not made a statement, under oath or  
8 otherwise, does not relieve the person's property from taxation."

9

10 **Section 14.** Section 15-23-101, MCA, is amended to read:

11 **"15-23-101. Properties centrally assessed.** The department shall centrally assess each year:

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

14 (2) property owned by a corporation or other person operating a single and continuous property  
15 operated in more than one county or more than one state including but not limited to:

16 (a) telegraph, telephone, microwave, and electric power or transmission lines;

17 (b) rate-regulated natural gas transmission or oil transmission pipelines regulated by the public  
18 service commission or the federal energy regulatory commission;

19 (c) common carrier pipelines as defined in 69-13-101 or a pipeline carrier as defined in 49 U.S.C.  
20 15102(2);

21 (d) natural gas distribution utilities;

22 (e) the gas gathering facilities specified in 15-6-138(5) of a stand-alone gas gathering company  
23 providing gas gathering services to third parties on a contractual basis, owning more than 500 miles of gas  
24 gathering lines in the state, and centrally assessed in tax years prior to 2009. For purposes of this subsection,  
25 the gas gathering line ownership of all affiliated companies, as defined in section 1504(a) of the Internal  
26 Revenue Code, 26 U.S.C. 1504(a), must be aggregated for purposes of determining the 500-mile threshold;

27 (f) the dedicated communications infrastructure specified in 15-6-162(5);

28 (g) canals, ditches, flumes, or like properties; and

- 1 (h) if congress passes legislation that allows the state to tax property owned by an agency created by  
2 congress to transmit or distribute electrical energy, property constructed, owned, or operated by a public  
3 agency created by congress to transmit or distribute electrical energy produced at privately owned generating  
4 facilities, not including rural electric cooperatives;
- 5 (3) all property of scheduled airlines;
- 6 (4) the net proceeds of mines, except bentonite mines;
- 7 (5) the gross proceeds of coal mines; and
- 8 (6) property described in subsections (1) and (2) that is subject to the provisions of Title 15, chapter  
9 24, part 12."

10

11 **Section 15.** Section 15-24-301, MCA, is amended to read:

12 **"15-24-301. Personal property brought into state -- assessment -- exceptions -- custom**  
13 **combine equipment.** (1) Except as provided in subsections (2) through ~~(6)~~ (5), the following property, except  
14 property exempt from taxation as provided in Title 15, chapter 6, part 2, is subject to taxation and assessment  
15 for all taxes levied that year in the county in which it is located:

16 (a) personal property, excluding livestock, brought into this state at any time during the year that is  
17 used in the state for hire, compensation, or profit;

18 (b) property belonging to an owner or user who is engaged in a gainful occupation or business  
19 enterprise in the state; or

20 (c) property that becomes a part of the general property of the state.

21 (2) The taxes on this property are levied in the same manner, except as otherwise provided, as  
22 though the property had been in the county on the regular assessment date, provided that the property has not  
23 been regularly assessed for the year in another county of the state.

24 (3) This section does not levy a tax against a merchant or dealer within this state on goods, wares, or  
25 merchandise brought into the county to replenish the stock of the merchant or dealer.

26 (4) Except as provided in 15-6-217, a motor vehicle that is brought into this state by a nonresident  
27 person temporarily employed in Montana and used exclusively for transportation of the person is subject to  
28 registration under 61-3-701.

1           (5) Agricultural harvesting machinery ~~classified as class eight property under 15-6-138~~, licensed in  
 2 another state, and operated on the land of a person other than the owner of the machinery under a contract for  
 3 hire is subject to a fee in lieu of tax of \$35 for each machine for the calendar year in which the fee is collected.  
 4 ~~The machinery is subject to taxation under 15-6-138 only if the machinery is sold in Montana.~~

5           ~~(6) This section does not levy a tax on farm implements as defined in 30-11-801 or construction  
 6 equipment as defined in 30-11-901 that is brought into the state under a purchase incentive rental program as  
 7 defined in 15-6-202(4). The property is subject to taxation under 15-6-138 only if the property is sold in Montana  
 8 or otherwise disposed of in the state."~~

9

10           **Section 16.** Section 15-24-303, MCA, is amended to read:

11           "**15-24-303. Proration of tax on personal property -- refund.** (1) The tax on personal property  
 12 subject to taxation that is brought, driven, ~~coming~~ comes into, or otherwise becomes located in the state on or  
 13 after the assessment date must be prorated according to the ratio that the remaining number of months in the  
 14 year bears to the total number of months in the year. This section does not apply to motor vehicles taxed under  
 15 Title 61, chapter 3, part 5, or to livestock subject to the per capita fee under 15-24-921.

16           (2) If property upon which taxes have been paid is removed from the state, the taxpayer may obtain a  
 17 refund of a prorated portion of the taxes, subject to the requirements of 15-16-613."

18

19           **Section 17.** Section 15-24-3001, MCA, is amended to read:

20           "**15-24-3001. Electrical generation and transmission facility exemption -- definitions.** (1) (a)  
 21 Except as provided in subsections (1)(b) and (3), an electrical generation facility and related delivery facilities  
 22 constructed in the state of Montana after May 5, 2001, and before January 1, 2006, may be exempt from  
 23 property taxation for a 10-year period beginning on the date that an owner or operator of an electrical  
 24 generation facility and related delivery facilities commences to construct the facility as defined in 75-20-  
 25 104(6)(a) and (6)(b). In order to be exempt from property taxation, an owner and operator of an electrical  
 26 generation facility and related delivery facilities shall offer contracts to sell 50% of that facility's net generating  
 27 output at a cost-based rate, which includes a rate of return not to exceed 12%, to customers for a 20-year  
 28 period from the date of the facility's completion.

1 (b) The property tax exemption allowed under subsection (1)(a) is limited to a 5-year period for  
2 generation facilities powered by oil or gas turbines.

3 (2) To the extent that 50% of the net generating output of the facility is not contracted for delivery to  
4 consumers for a contract term extending 5 years to 20 years from the completion of the facility, as determined  
5 by the owner, surplus capacity must be offered on a declining contract term basis for the remainder of the  
6 contract period at a cost-based rate that includes a rate of return not to exceed 12%. Surplus capacity that is  
7 not contracted for in this fashion may be sold at market rates.

8 (3) (a) Except as provided in subsection (3)(c), if an owner or operator of property exempt from  
9 taxation under subsection (1)(a) signs a contract to sell power as required in subsection (1) and then fails to  
10 perform the contract during the first 10-year period, the 10-year property tax exemption in subsection (1) is void  
11 and the property is subject to a rollback tax as provided in 15-24-3002.

12 (b) Except as provided in subsection (3)(c), if an owner or operator of property exempt from taxation  
13 under subsection (1)(b) signs a contract to sell power as required in subsection (1) and then fails to perform the  
14 contract during the first 5-year period, the 5-year property tax exemption in subsection (1) is void and the  
15 property is subject to a rollback tax as provided in 15-24-3002.

16 (c) If an owner or operator fails to perform the contract due to earthquakes or other acts of God, theft,  
17 sabotage, acts of war, other social instabilities, or equipment failure, the property tax exemption in subsection  
18 (1)(a) or (1)(b) is not void and the owner or operator is not subject to the rollback tax as provided in 15-24-3002.

19 (4) For the purposes of this section, the following definitions apply:

20 (a) (i) "Electrical generation facility" means any combination of a physically connected generator or  
21 generators, associated prime movers, and other associated property, including appurtenant land and  
22 improvements and personal property, that are normally operated together to produce 20 average megawatts or  
23 more of electric power. The term is limited to generating facilities that produce electricity from coal-fired steam  
24 turbines, oil or gas turbines, or turbine generators that are driven by falling water.

25 (ii) The term does not include:

26 (A) electrical generation facilities used for noncommercial purposes or exclusively for agricultural  
27 purposes; or

28 (B) a qualifying small power production facility, as that term is defined in 16 U.S.C. 796(17), that is

1 owned and operated by a person not primarily engaged in the generation or sale of electricity other than electric  
2 power from a small power production facility and that is classified under 15-6-134 ~~and 15-6-138~~.

3 (b) "Related delivery facilities" means transmission facilities necessary to deliver the energy from the  
4 electrical generation facility to the existing network transmission system.

5 (c) "Surplus capacity" means that portion of the 50% of net generating output not contracted for use.

6 (5) The department shall appraise exempt electrical generation facilities for each year that the  
7 property is exempt and determine the taxable value of the property as if it were subject to property taxation."  
8

9 **SECTION 18. SECTION 20-9-366, MCA, IS AMENDED TO READ:**

10 **"20-9-366. Definitions.** As used in 20-9-366 through 20-9-371, the following definitions apply:

11 (1) "County retirement mill value per elementary ANB" or "county retirement mill value per high school  
12 ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000,  
13 with the quotient divided by the total county elementary ANB count or the total county high school ANB count  
14 used to calculate the elementary school districts' and high school districts' prior year total per-ANB entitlement  
15 amounts.

16 (2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an  
17 eligible district means the taxable valuation in the previous year of all property in the district, except for property  
18 value disregarded because of protested taxes under 15-1-409(2) or property subject to the creation of a new  
19 school district under 20-6-326, divided by the district's prior year GTBA budget area.

20 (b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation  
21 in the previous year of all property in the district, except for property subject to the creation of a new school  
22 district under 20-6-326, divided by 1,000, with the quotient divided by the ANB count of the district used to  
23 calculate the district's prior year total per-ANB entitlement amount.

24 (3) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base  
25 purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by  
26 140% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state  
27 high school ANB count used to calculate the elementary school districts' and high school districts' prior year  
28 total per-ANB entitlement amounts.

1 (4) "Guaranteed tax base aid budget area" or "GTBA budget area" means the portion of a district's

2 BASE budget after the following payments are subtracted:

3 (a) direct state aid;

4 (b) the total data-for-achievement payment;

5 (c) the total quality educator payment;

6 (d) the total at-risk student payment;

7 (e) the total Indian education for all payment;

8 (f) the total American Indian achievement gap payment; and

9 (g) the state special education allowable cost payment.

10 (5) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax  
11 base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the  
12 taxable valuation in the previous year of all property in the state, multiplied by ~~193% for fiscal year 2018, 216%~~  
13 ~~for fiscal year 2019, 224% for fiscal year 2020, and 232% for fiscal year 2021, 236% for fiscal years 2022 and~~  
14 ~~2023, 237% for fiscal years 2024 and 2025, 238% for fiscal years 2026 through 2028, and 239% for fiscal year~~  
15 ~~2029~~ and each succeeding fiscal year and divided by the prior year statewide GTBA budget area for the state  
16 elementary school districts or the state high school districts.

17 (b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for  
18 school retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year  
19 of all property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state  
20 elementary ANB count or the total state high school ANB amount used to calculate the elementary school  
21 districts' and high school districts' prior year total per-ANB entitlement amounts."

22

23 **Section 19.** Section 30-20-204, MCA, is amended to read:

24 **"30-20-204. (Temporary) Property tax exemption for manufacturing of ammunition components**

25 **-- conditions -- real property exemption applies to safety zone.** (1) A person or entity in this state engaged  
26 in the primary business of the manufacture of ammunition components that meets the conditions in subsections  
27 (2) through (4) is exempt from:

28 (a) ~~—~~ property taxes levied for state educational purposes under 15-10-109, 20-9-331, 20-9-333, 20-9-



1 360, and 20-25-439; and

2 ~~(b) business equipment tax levied pursuant to 15-6-138.~~

3 (2) A person or entity in this state engaged in the primary business of the manufacture of ammunition  
4 components is exempt from property taxation as provided under subsection (1) if the person's or entity's  
5 business meets the following conditions:

6 (a) the products of the business are and remain available to commercial and individual consumers in  
7 the state;

8 (b) the business sells its products to in-state commercial and individual consumers for a price no  
9 greater than that for out-of-state purchasers, including any products that leave the state regardless of  
10 destination or purchaser; and

11 (c) the business does not enter into any agreement or contract that could actually or potentially  
12 command or commit all of its production to out-of-state consumers or interfere with or prohibit sales and  
13 provision of products to in-state consumers.

14 (3) The exemptions allowed under subsection (1) apply only to the property and business activity  
15 attributable to the manufacture of ammunition components.

16 (4) The real property exemption allowed under subsection (1)(a) encompasses any property within  
17 500 yards of a structure used for the manufacture of ammunition components or of any structure used for  
18 storage of products manufactured onsite. (Terminates December 31, 2024--sec. 16, Ch. 440, L. 2015.)"

19

20 **Section 20.** Section 76-6-109, MCA, is amended to read:

21 **"76-6-109. Powers of public bodies -- county real property acquisition procedure maintained.**

22 (1) A public body has the power to carry out the purposes and provisions of this chapter, including the following  
23 powers in addition to others granted by this chapter:

24 (a) to borrow funds and make expenditures necessary to carry out the purposes of this chapter;

25 (b) to advance or accept advances of public funds;

26 (c) to apply for and accept and use grants and any other assistance from the federal government and  
27 any other public or private sources, to give security as may be required, to enter into and carry out contracts or  
28 agreements in connection with the assistance, and to include in any contract for assistance from the federal

1 government conditions imposed pursuant to federal laws as the public body may consider reasonable and  
2 appropriate and that are not inconsistent with the purposes of this chapter;

3 (d) to make and execute contracts and other instruments necessary or convenient to the exercise of  
4 its powers under this chapter;

5 (e) in connection with the real property acquired or designated for the purposes of this chapter, to  
6 provide or to arrange or contract for the provision, construction, maintenance, operation, or repair by any  
7 person or agency, public or private, of services, privileges, works, streets, roads, public utilities, or other  
8 facilities or structures that may be necessary to the provision, preservation, maintenance, and management of  
9 the property as open-space land;

10 (f) to insure or provide for the insurance of any real or personal property or operations of the public  
11 body against any risks or hazards, including the power to pay premiums on the insurance;

12 (g) to demolish or dispose of any structures or facilities that may be detrimental to or inconsistent with  
13 the use of real property as open-space land; and

14 (h) to exercise any of its functions and powers under this chapter jointly or cooperatively with public  
15 bodies of one or more states, if they are authorized by state law, and with one or more public bodies of this  
16 state and to enter into agreements for joint or cooperative action.

17 (2) For the purposes of this chapter, the state, a city, town, or other municipality, or a county may:

18 (a) appropriate funds;

19 (b) subject to 15-10-420, levy taxes and assessments according to existing codes and statutes;

20 (c) issue and sell its general obligation bonds in the manner and within the limitations prescribed by  
21 the applicable laws of the state, subject to subsection (3); and

22 (d) exercise its powers under this chapter through a board or commission or through the office or  
23 officers that its governing body by resolution determines or as the governor determines in the case of the state.

24 (3) Property taxes levied to pay the principal and interest on general obligation bonds issued by a city,  
25 town, other municipality, or county pursuant to this chapter may not be levied against the following property:

26 (a) agricultural land eligible for valuation, assessment, and taxation as agricultural land under 15-7-  
27 202;

28 (b) forest land as defined in 15-44-102;

- 1 (c) all agricultural improvements on agricultural land referred to in subsection (3)(a); and  
 2 (d) all noncommercial improvements on forest land referred to in subsection (3)(b); ~~and~~  
 3 ~~(e) agricultural implements and equipment described in 15-6-138(1)(a).~~  
 4 (4) This chapter does not supersede the provisions of Title 7, chapter 8, parts 22 and 25."

5  
 6 **NEW SECTION. Section 21. Repealer.** The following sections of the Montana Code Annotated are  
 7 repealed:

8 15-6-138. Class eight property -- description -- taxable percentage.

9 15-6-220. Agricultural processing facilities exemption.

10  
 11 ~~**NEW SECTION. Section 20. Codification instruction.** [Section 1] is intended to be codified as an  
 12 integral part of Title 20, chapter 9, part 6, and the provisions of Title 20, chapter 9, part 6, apply to [section 1].~~

13  
 14 **NEW SECTION. SECTION 22. EFFECTIVE DATES.** (1) EXCEPT AS PROVIDED IN SUBSECTION (2), [THIS ACT]  
 15 IS EFFECTIVE OCTOBER 1, 2021.

16 (2) [SECTIONS 1, 3, 6 THROUGH 17, AND 19 THROUGH 21] ARE EFFECTIVE JANUARY 1, 2030.

17  
 18 **NEW SECTION. Section 23. Applicability.** [This act] applies [SECTIONS 2, 4, 5, AND 18] APPLY to  
 19 property tax years beginning after December 31, 2021.

20  
 21 **NEW SECTION. SECTION 24. TERMINATION.** [SECTION 4] TERMINATES DECEMBER 31, 2029.

22 - END -