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SENATE BILL NO. 97

INTRODUCED BY K. REGIER

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO PROVIDING FOR A RENEWABLE RESOURCE ELECTRICAL PRODUCTION TAX TO REDUCE PROPERTY TAXES THAT FUND EDUCATION; PROVIDING FOR ADMINISTRATION AND DISTRIBUTION OF TAX REVENUE; INCREASING SCHOOL TRANSPORTATION REIMBURSEMENTS; ESTABLISHING A STATE SPECIAL REVENUE ACCOUNT WITH GENERAL FUND TRANSFERS; PROVIDING RULEMAKING AUTHORITY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO DETERMINE DISTRIBUTION AMOUNTS AND TIMELINES; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-51-101, 15-51-102, 15-51-103, 15-51-113, 17-2-124, 20-10-144, 20-10-145, AND 20-10-146, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. School transportation property tax relief state special revenue

account -- rulemaking. (1) There is an account in the state special revenue fund known as the school transportation property tax relief account for use by the superintendent of public instruction for the purpose of decreasing property taxes by increasing the state share of school transportation expenses while decreasing the county share of school transportation expenses.

(2) The account is made up of tax revenue received from the renewable resource electrical production tax pursuant to 15-51-101(2)(b) that is deposited in this account pursuant to 15-51-103.

(3) The superintendent of public instruction shall administer the account. Beginning in calendar year 2024, the state treasurer shall transfer money from the account on July 1 of each year to the state general fund based on rules adopted by the superintendent of public instruction pursuant to subsection (4).

(4) The superintendent of public instruction shall annually, beginning in calendar year 2024 and no later than July 15, adopt rules that:

(a) increase the state contribution percentage amount in 20-10-144(2)(a)(i) and 20-10-145(1) and

1 decrease the county contribution percentage amount in 20-10-144(2)(a)(ii) and 20-10-146(1) by July 30 in order
2 to account for the revenue transferred to the general fund;

3 (b) fully utilize the amount of money deposited in the account for property tax relief during each
4 general fund transfer to ensure that the account balance after each transfer is limited to the amount necessary
5 to maintain an account; and

6 (c) provide the state treasurer with a dollar amount or percentage of the general fund transfers
7 from the account by July 1 of each year beginning in calendar year 2024.

8

9 **Section 2.** Section 15-51-101, MCA, is amended to read:

10 **"15-51-101. Rate of tax -- electrical energy producers -- license tax -- renewable resource**

11 **electrical production tax -- definitions.** (1) In addition to the license tax now provided by law, each person or
12 other organization now engaged in the generation, manufacture, or production of electricity and electrical
13 energy in the state of Montana, either through water power or by any other means, for barter, sale, or exchange
14 (and hereinafter referred to as the "producer") producer, eligible renewable resource producer, or both, shall, on
15 or before the 30th day after each calendar quarter, quarterly periods ending March 31, June 30, September 30,
16 and December 31, render a statement to the department of revenue showing the gross amount, except for
17 actual and necessary plant use, required to produce the energy of electricity and electrical energy produced,
18 manufactured, or generated during the preceding calendar quarter without any deduction and ~~shall pay a~~
19 license tax thereon in the sum of \$.0002 per kilowatt hour on all such ~~pay the applicable taxes in subsection (2)~~
20 on the electricity and electrical energy generated, manufactured, or produced, measured at the place of
21 production and as shown on the statement ~~required in the manner and within the time hereinafter provided by~~
22 this chapter.

23 (2) (a) An electrical energy producer's license tax must be paid by each producer at a rate of 0.02
24 cent a kilowatt hour.

25 (b) A renewable resource electrical production tax must be paid by each eligible renewable
26 resource producer of electrical energy at a rate of 0.1 cent a kilowatt hour. An eligible renewable resource
27 producer ~~of with a total nameplate capacity for all facilities of~~ 25 megawatts or less is exempt from the tax in
28 this subsection (2)(b).

1 (3) As used in this section, the following definitions apply:

2 (a) (i) "Eligible renewable resource producer" means a person or organization engaged in the
3 generation, manufacture, or production of electricity and electrical energy in the state by an eligible renewable
4 resource as defined in 90-4-1005(5)(a) through (5)(c) and (5)(e) through (5)(i) that is located in the state,
5 regardless of ownership.

6 (ii) The term does not include a facility producing electricity from water power in the case of a
7 hydroelectric project provided for in 90-4-1005(5)(d).

8 (b) "Producer" means each person or organization engaged in the generation, manufacture, or
9 production of electricity and electrical energy in the state either through water power or by any other means, for
10 barter, sale, or exchange."

11

12 **Section 3.** Section 15-51-102, MCA, is amended to read:

13 **"15-51-102. Payment of tax -- may be itemized on customers' bills.** The license tax and the
14 renewable resource electrical production tax must be remitted with the statement and paid on or before the 30th
15 day of the month after each calendar quarter. A customer's bill or statement may contain an itemized amount of
16 the tax taxes imposed by 15-51-101."

17

18 **Section 4.** Section 15-51-103, MCA, is amended to read:

19 **"15-51-103. Disposition of revenue -- penalty and interest on delinquency.** The department shall,
20 in accordance with the provisions of 17-2-124, promptly remit the collected taxes to the state treasurer. Taxes
21 not paid on the due date are delinquent, and penalty and interest must be added to the delinquent taxes as
22 provided in 15-1-216. The state treasurer shall deposit revenue received from the renewable resource electrical
23 production tax in the state special revenue account established pursuant to [section 1] for the purpose of
24 property tax relief."

25

26 **Section 5.** Section 15-51-113, MCA, is amended to read:

27 **"15-51-113. Penalty for violation -- enforcement.** Any producer referred to in 15-51-101 who shall
28 ~~violate~~ that violates any of the provisions of this chapter or ~~who shall fail~~ fails to pay the license tax ~~herein~~