

the use of carbon sequestration equipment and report continuous acts or patterns of noncompliance at a facility to the department of revenue. Casual or isolated incidents of noncompliance at a facility do not affect certification.

(c) A person may appeal the certification, classification, and valuation of the property to the Montana tax appeal board. Appeals on the property certification must name the board of oil and gas conservation as the respondent, and appeals on the classification or valuation of the equipment must name the department of revenue as the respondent."

Section 3. Section 15-24-3102, MCA, is amended to read:

"15-24-3102. Definitions. As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Biodiesel" has the meaning provided in 15-70-401.

(2) "Biodiesel production facility" means improvements and personal property used for the production and onsite storage of biodiesel.

(3) "Biogas" means methane gas produced through controlled biochemical processes in which bacteria digest animal, municipal, or other organic wastes in an oxygen-free environment. The term includes naturally occurring methane gas formed underground in landfills.

(4) "Biogas production facility" means improvements and personal property used for the production of biogas and the generation of electricity at the facility.

(5) "Biomass" means any renewable organic matter, including dedicated energy crops and trees, agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic plants, animal wastes, municipal wastes, and other organic waste materials.

(6) "Biomass gasification" means a technology that uses a thermochemical process to convert biomass into a low-Btu or medium-Btu gas for the purpose of producing electricity, methane gas, transportation fuels, or chemicals. The technology includes the pretreatment of biomass feedstock involving drying, pulverizing, and screening.

(7) "Biomass gasification facility" means improvements and personal property used for the production of fuel or chemicals and the generation of electricity from biomass at the facility.

(8) "Carbon sequestration" means the long-term storage of carbon dioxide from a plant or facility that produces or captures carbon dioxide, as defined in 15-6-158, in geologic formations, including but not limited to deep saline formations, basalt or oil shale formations, depleted oil and gas reservoirs, unminable coal beds, and closed-loop enhanced oil recovery operations.

(9) "Clean advanced coal research and development equipment" means equipment used primarily for research and development of emerging methods for pollution control, carbon capture, and carbon sequestration. The term includes equipment used for research and development of effective and efficient removal of various pollutants and the capture, storage, transportation, compression, and injection of carbon dioxide from coal combustion utility and industrial facilities and advanced coal conversion facilities.

(10) "Coal gasification" means a process that converts coal into a synthesis gas composed of carbon monoxide, hydrogen, and other gases. The coal gasification process includes the reaction of coal feedstock, prepared in either a dry or slurried form, with steam and oxygen at high temperature and pressure in a reducing atmosphere. The synthesis gas is then used to produce electricity, liquid fuels, methane gas, or chemicals.

(11) "Coal gasification facility" means improvements and personal property used for coal gasification that are used for the production of fuel or chemicals, the generation of electricity, or any combination of those things at the facility. The term includes a coal-to-liquid facility or an integrated gasification combined cycle facility.

(12) "Coal-to-liquid facility" means improvements and personal property used for the production of synthetic liquid fuels from coal. The term includes a facility that uses the Fischer-Tropsch process or other processes to convert synthesis gas produced by coal gasification into liquid fuel.

(13) "Commencement of construction" means initiation of onsite fabrication, erection, or installation of, but not limited to, the following:

- (a) building supports or foundations;
- (b) laying of underground pipework; or
- (c) construction of storage structures.

(14) "Ethanol" means nominally anhydrous ethyl alcohol that has been denatured as specified in 27 CFR, parts 20 and 21, and that meets the standards for ethanol adopted pursuant to 82-15-103.

(15) "Ethanol production facility" means improvements and personal property used for the production and onsite storage of ethanol made from cellulose or other nonfoodstuff materials.

(16) "Geothermal facility" means improvements and personal property used for the production of electricity from geothermal sources.

(17) "Integrated gasification combined cycle facility" means improvements and personal property of an electrical generation facility that uses a coal gasification process and routes synthesis gas to a combustion turbine to generate electricity and captures the heat from the combustion to drive a steam turbine to produce more electricity. The facility may also use incidental amounts of natural gas or other fuels in the combustion turbine.

(18) "Renewable diesel" means a biomass-derived fuel that is suitable for use in diesel engines that is hydrocarbon produced by hydrotreating and also through gasification, pyrolysis, or other biochemical and thermochemical technology, or any combination of these technologies. The term includes renewable diesel fuel that meets the ASTM D975 specification for petroleum diesel in the United States.

(19) "Renewable diesel production facility" means improvements and personal property used for the production and onsite storage of renewable diesel.

~~(18)~~(20) "Renewable energy" includes the following:

- (a) solar energy;
- (b) wind energy;
- (c) geothermal energy;
- (d) energy from the conversion of biomass;
- (e) energy from biogas;
- (f) energy from fuel cells that do not require a petroleum-based fuel;
- (g) energy from waste heat; and
- (h) cellulosic ethanol.

~~(19)~~(21) (a) "Renewable energy manufacturing facility" means improvements and personal property used by a facility with its principal business being the manufacturing of material, component parts, systems, or similar equipment for use in facilities that convert renewable energy into forms of energy useful to people, including electricity. The term includes facilities for manufacturing of electric motor vehicles or hybrid electric

1 motor vehicles.

2 (b) For purposes of subsection ~~(19)(a)~~ (21)(a), "principal business" means a renewable energy
3 manufacturing facility with at least 50%, by value, of its annual production suitable for sale as renewable energy
4 material, component parts, systems, or similar equipment.

5 ~~(20)(22)~~ "Renewable energy research and development equipment" means equipment used primarily
6 for research and development of the efficient use of renewable energy sources. The term includes equipment
7 used for research and development of electric motor vehicles or hybrid electric motor vehicles.

8 (23) "Sustainable aviation fuel" means an aviation fuel derived from renewable resources that
9 enables a reduction in net life cycle carbon dioxide emissions compared to conventional fuels. The term
10 includes fuel that meets the ASTM D7566 specification for nonpetroleum synthesized jet fuel in the United
11 States.

12 (24) "Sustainable aviation fuel production facility" means improvements and personal property used
13 for the production and onsite storage of sustainable aviation fuel."
14

15 **Section 4.** Section 15-24-3111, MCA, is amended to read:

16 **"15-24-3111. Energy production or development -- tax abatement -- eligibility.** (1) A facility listed
17 in subsection (3), clean advanced coal research and development equipment, and renewable energy research
18 and development equipment may qualify for an abatement of property tax liability pursuant to this part.

19 (2) (a) If the abatement is granted for a facility listed in subsection (3), the qualifying facility must
20 be assessed at 50% of its taxable value for the qualifying period.

21 (b) If the abatement is granted for clean advanced coal research and development equipment or
22 renewable energy research and development equipment, the qualifying equipment, up to the first \$1 million of
23 the value of equipment at a facility, must be assessed at 50% of its taxable value for the qualifying period.
24 There is no abatement for any portion of the value of equipment at a facility in excess of \$1 million.

25 (c) The abatement applies to all mills levied against the qualifying facility or equipment.

26 (3) Subject to subsections (4) and (5), the following facilities or property may qualify for the
27 abatement allowed under this part:

28 (a) biodiesel production facilities;