

1 SENATE BILL NO. 81

2 INTRODUCED BY R. TEMPEL

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DESCRIPTION OF CENTRALLY ASSESSED
6 PIPELINE PROPERTIES; AMENDING SECTIONS 15-6-138, 15-6-141, 15-23-101, AND 15-23-301, MCA;
7 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

8

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

10

11 **Section 1.** Section 15-6-138, MCA, is amended to read:

12 **"15-6-138. (Temporary) Class eight property -- description -- taxable percentage.** (1) Class eight
13 property includes:

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

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

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

18 (i) machinery;

19 (ii) fixtures;

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

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

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

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

- 1 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that
 2 are specifically included and taxed in another class or that are rented under a purchase incentive rental
 3 program as defined in 15-6-202(4);
- 4 (f) special mobile equipment as defined in 61-1-101;
- 5 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in
 6 commercial establishments as defined in this section;
- 7 (h) x-ray and medical and dental equipment;
- 8 (i) citizens band radios and mobile telephones;
- 9 (j) radio and television broadcasting and transmitting equipment;
- 10 (k) cable television systems;
- 11 (l) coal and ore haulers;
- 12 (m) theater projectors and sound equipment; and
- 13 (n) all other property that is not included in any other class in this part, except that property that is
 14 subject to a fee in lieu of a property tax.

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

- 16 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and
 17 that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying
 18 environment.
- 19 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or
 20 service, wholesale, retail, or food-handling business.
- 21 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas
 22 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,
 23 ~~a pipeline carrier as defined in 49 U.S.C. 15102(2)~~, or a rate-regulated natural gas transmission or oil
 24 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.
- 25 (3) Except as provided in 15-24-1402, class eight property is taxed at:
- 26 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection
 27 (4), 1.5%; and
- 28 (b) for all taxable market value in excess of \$6 million, 3%.

1 (4) The first [\$300,000] of market value of class eight property of a person or business entity is
2 exempt from taxation.

3 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering
4 services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana,
5 and centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject
6 to central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all
7 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be
8 aggregated for purposes of determining the 500-mile threshold. (Bracketed language is temporarily amended to
9 "\$100,000" on occurrence of contingency for calendar years 2022, 2023, 2024, and 2025 until July 1, 2025--
10 secs. 12(7) and 14, Ch. 506, L. 2021--see compiler's comment.)

11 **15-6-138. (Effective July 1, 2025) Class eight property -- description -- taxable percentage. (1)**

12 Class eight property includes:

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

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

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

17 (i) machinery;

18 (ii) fixtures;

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

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

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

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

28 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that

1 are specifically included and taxed in another class or that are rented under a purchase incentive rental
2 program as defined in 15-6-202(4);

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

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

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

7 (i) citizens band radios and mobile telephones;

8 (j) radio and television broadcasting and transmitting equipment;

9 (k) cable television systems;

10 (l) coal and ore haulers;

11 (m) theater projectors and sound equipment; and

12 (n) all other property that is not included in any other class in this part, except that property that is
13 subject to a fee in lieu of a property tax.

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

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

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

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

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

25 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection
26 (4), 1.5%; and

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

28 (4) The first \$300,000 of market value of class eight property of a person or business entity is

1 exempt from taxation.

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 2.** 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
 13 of 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
 15 by congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated
 16 by 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
 19 facilities, and energy storage facilities classified under 15-6-157 and property used for headquarters, office,
 20 shop, or other similar facilities, used for the sole purpose of serving customers representing less than 95% of
 21 the electric consumers located within the incorporated limits of a city or town of more than 3,500 persons in
 22 which a centrally assessed electric power company also owns property or serving an incorporated municipality
 23 with a population that is greater than 3,500 persons formerly served by a public utility that after January 1,
 24 1998, 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); 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
- 8 classified under 15-6-135;
- 9 (vi) railroad transportation property included in 15-6-145;
- 10 (vii) airline transportation property included in 15-6-145;
- 11 (viii) telecommunications property included in 15-6-156; and
- 12 (ix) all property classified under 15-6-163.
- 13 (2) Class nine property is taxed at 12% of market value."
- 14

15 **Section 3.** Section 15-23-101, MCA, is amended to read:

16 **"15-23-101. Properties centrally assessed.** The department shall centrally assess each year:

- 17 (1) the railroad transportation property of railroads and railroad car companies operating in more
- 18 than one county in the state or more than one state;
- 19 (2) property owned by a corporation or other person operating a single and continuous property
- 20 operated in more than one county or more than one state including but not limited to:
- 21 (a) telegraph, telephone, microwave, and electric power or transmission lines;
- 22 (b) rate-regulated natural gas transmission or oil transmission pipelines regulated by the public
- 23 service commission or the federal energy regulatory commission;
- 24 (c) common carrier pipelines as defined in 69-13-101 ~~or a pipeline carrier as defined in 49 U.S.C.~~
- 25 ~~45402(2);~~
- 26 (d) natural gas distribution utilities;
- 27 (e) the gas gathering facilities specified in 15-6-138(5);
- 28 (f) the dedicated communications infrastructure specified in 15-6-162(5);

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

2 (h) if congress passes legislation that allows the state to tax property owned by an agency created
3 by congress to transmit or distribute electrical energy, property constructed, owned, or operated by a public
4 agency created by congress to transmit or distribute electrical energy produced at privately owned generating
5 facilities, not including rural electric cooperatives;

6 (3) all property of scheduled airlines;

7 (4) the net proceeds of mines, except bentonite mines;

8 (5) the gross proceeds of coal mines; and

9 (6) property described in subsections (1) and (2) that is subject to the provisions of Title 15,
10 chapter 24, part 12."

11

12 **Section 4.** Section 15-23-301, MCA, is amended to read:

13 **"15-23-301. Officers of certain public utility companies to furnish statement to department.** The
14 president, secretary, or managing agent of a corporation or any other officer that the department may designate
15 and each person or association of persons owning or operating a telegraph, telephone, microwave, or electric
16 power or transmission line, a natural gas distribution utility, a rate-regulated natural gas transmission or oil
17 transmission pipeline regulated by the public service commission or the federal energy regulatory commission,
18 a common carrier pipeline as defined in 69-13-101, ~~a pipeline carrier as defined in 49 U.S.C. 15102(2)~~, or any
19 canal, ditch, flume, or other property, other than real estate not included in a right-of-way, that constitutes a
20 single and continuous property throughout more than one county or state, shall each year furnish the
21 department with a statement, signed and sworn to by one of the officers or by the person or one of the persons
22 forming the association, showing in detail for the year ending on December 31 immediately preceding:

23 (1) the whole number of miles of property in the state and, if the property is partly out of the state,
24 the whole number of miles outside of the state and the whole number of miles within the state owned or
25 operated by the corporation, person, or association;

26 (2) the total value of the entire property and plant, both within and outside of the state, and the
27 total value of that portion of the property and plant within the state;

28 (3) a complete description of the property within the state, giving the points of entrance into and

1 the points of exit from the state and the points of entrance into and the points of exit from each county, with a
2 statement of the total number of miles in each county in the state;
3 (4) other information regarding the property as may be required by the department."

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5 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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7 NEW SECTION. **Section 6. Retroactive applicability.** [This act] applies retroactively, within the
8 meaning of 1-2-109, to property tax years beginning after December 31, 2022.

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- END -