

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING BUSINESS EQUIPMENT TAX LAWS;
5 INCREASING THE BUSINESS EQUIPMENT TAX EXEMPTION FOR 7 YEARS AND THEN REPEALING THE
6 PROPERTY TAX ON CLASS EIGHT BUSINESS EQUIPMENT; EXEMPTING LOW-VALUE BUSINESS
7 EQUIPMENT FROM THE CLASS EIGHT BUSINESS EQUIPMENT TAX; PROVIDING A REIMBURSEMENT
8 TO LOCAL GOVERNMENTS AND TAX INCREMENT FINANCING DISTRICTS UNDER THE ENTITLEMENT
9 SHARE PROGRAM, TO SCHOOL DISTRICTS THROUGH GUARANTEED TAX BASE AID, AND TO THE
10 MONTANA UNIVERSITY SYSTEM FOR THE LOSS OF REVENUE; AMENDING SECTIONS 15-1-101, 15-1-
11 123, 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, 15-10-420,
12 15-23-101, 15-24-301, 15-24-303, 20-9-366, 30-20-204, 75-20-104, AND 76-6-109, MCA; AMENDING
13 SECTIONS 12 AND 13, CHAPTER 506, LAWS OF 2021; REPEALING SECTIONS 15-6-138 AND 15-6-220,
14 MCA; REPEALING SECTIONS 2, 6, 7, 8, AND 14, CHAPTER 506, LAWS OF 2021; AND PROVIDING
15 EFFECTIVE DATES, AN APPLICABILITY DATE, AND A TERMINATION DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18
19 **Section 1.** Section 15-1-101, MCA, is amended to read:

20 **"15-1-101. Definitions.** (1) Except as otherwise specifically provided, when terms mentioned in this
21 section are used in connection with taxation, they are defined in the following manner:

- 22 (a) The term "agricultural" refers to:
 - 23 (i) the production of food, feed, and fiber commodities, livestock and poultry, bees, biological
 - 24 control insects, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised,
 - 25 grown, or produced for commercial purposes; and
 - 26 (ii) the raising of domestic animals and wildlife in domestication or a captive environment.
- 27 (b) The term "assessed value" means the value of property as defined in 15-8-111.
- 28 (c) The term "average wholesale value" means the value to a dealer prior to reconditioning and the

1 profit margin shown in national appraisal guides and manuals or the valuation schedules of the department.

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

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

6 (A) agricultural lands;

7 (B) timberlands and forest lands;

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

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

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

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

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

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

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

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

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

21 (ii) In chapters 70 and 71, department means the department of transportation provided for in 2-
22 15-2501.

23 (h) The terms "gas" and "natural gas" are synonymous and mean gas as defined in 82-1-111(2).

24 The terms include all natural gases and all other fluid hydrocarbons, including methane gas or any other natural
25 gas found in any coal formation.

26 (i) The term "improvements" includes all buildings, structures, fences, and improvements situated
27 upon, erected upon, or affixed to land. When the department determines that the permanency of location of a
28 mobile home, manufactured home, or house trailer has been established, the mobile home, manufactured

1 home, or housetrailer is presumed to be an improvement to real property. A mobile home, manufactured home,
2 or housetrailer may be determined to be permanently located only when it is attached to a foundation that
3 cannot feasibly be relocated and only when the wheels are removed.

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

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

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

13 (m) (i) The term "manufactured home" means a residential dwelling built in a factory in accordance
14 with the United States department of housing and urban development code and the federal Manufactured
15 Home Construction and Safety Standards.

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

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

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

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

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

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

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

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

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

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

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

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

14 (u) "Research and development firm" means an entity incorporated under the laws of this state or
15 a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical
16 analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific
17 and technical nature into practical application for experimental and demonstration purposes, including the
18 experimental production and testing of models, devices, equipment, materials, and processes.

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

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

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

27 (2) The phrase "municipal corporation" or "municipality" or "taxing unit" includes a county, city,
28 incorporated town, township, school district, irrigation district, or drainage district or a person, persons, or

1 organized body authorized by law to establish tax levies for the purpose of raising public revenue.

2 (3) The term "state board", "Montana board", or "board" when used without other qualification
3 means the Montana tax appeal board."
4

5 **Section 2.** Section 15-1-123, MCA, is amended to read:

6 ~~" 15-1-123. (Temporary) Reimbursement for class eight rate reduction and exemption --~~

7 ~~distribution -- appropriations.~~ (1) Except as provided in subsection (2), for the tax rate reductions in 15-6-
8 138(3), the increased exemption amount in 15-6-138(4), the effective tax rate reductions on property under 15-
9 6-145 because of the rate reductions required by the amendments of 15-6-138 in section 2, Chapter 411, Laws
10 of 2011, and section 2, Chapter 396, Laws of 2013, and the effective tax rate reductions on property under 15-
11 6-145 because of the increased exemption amount required by the amendment of 15-6-138 in section 2,
12 Chapter 396, Laws of 2013, the department shall reimburse each local government, as defined in 15-1-121(5),
13 each tax increment financing district, and the 6-mill university levy for the purposes of 15-10-109 the difference
14 between property tax collections under 15-6-138 as amended by section 2, Chapter 411, Laws of 2011, and
15 section 2, Chapter 396, Laws of 2013, and under 15-6-145 and the property tax revenue that would have been
16 collected under 15-6-138 and 15-6-145 if 15-6-138 had not been amended by section 2, Chapter 411, Laws of
17 2011, and section 2, Chapter 396, Laws of 2013. The difference plus the amount calculated in subsection (2) is
18 the annual reimbursable amount for each local government, each tax increment financing district, and the 6-mill
19 levy for the support of the Montana university system under 15-10-109.

20 (2) ~~For the increased exemption amount in 15-6-138(4) provided for in Chapter 506, Laws of 2021,~~
21 ~~the department shall reimburse each local government, as defined in 15-1-121(5), each tax increment financing~~
22 ~~district, and the 6-mill university levy for the purposes of 15-10-109 the difference between property tax~~
23 ~~collections that would have been collected under 15-6-138 as amended by Chapter 506, Laws of 2021 and the~~
24 ~~property tax revenue that would have been collected under 15-6-138 if it had not been amended by Chapter~~
25 ~~506, Laws of 2021. The difference calculated in this subsection is added to the annual reimbursable amount for~~
26 ~~each local government, each tax increment financing district, and the 6-mill levy for the support of the Montana~~
27 ~~university system under 15-10-109 calculated in subsection (1). The department shall lower the reimbursement~~
28 ~~to compensate for an increase in property tax collections based on section 14, Chapter 506, Laws of 2021,~~

1 during any tax year in which an increase in value occurs by the termination of an exemption due to the
2 American Rescue Plan Act, Public Law 117-2, and section 14, Chapter 506, Laws of 2021.

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

4 ~~(a) for the reimbursement calculated pursuant to subsection (1), one-half of the average rate of~~
5 ~~inflation for the prior 3 years; and~~

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

7 ~~(4) The department shall distribute the reimbursements calculated in subsections (1) and (2) to local~~
8 ~~governments with the entitlement share payments under 15-1-121(7).~~

9 ~~(5) The amount determined under subsections (1) and (2) for each tax increment financing district~~
10 ~~must be added to the reimbursement amount for the tax increment financing district as provided in 15-1-~~
11 ~~121(8)(b) if the tax increment financing district is still in existence. If a tax increment financing district that is~~
12 ~~entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the reimbursement must be~~
13 ~~made to that tax increment financing district at the same time as other districts.~~

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

17 ~~(b) The department of administration shall transfer the amount determined under this subsection (6)~~
18 ~~from the general fund to the state special revenue fund for the support of the Montana university system as~~
19 ~~provided in 15-10-109. (Terminates December 31, 2025--sec. 13(5), Ch. 506, L. 2021.)~~

20 **15-1-123. (Effective January 1, 2026) Reimbursement for class eight rate reduction and**
21 **exemption -- distribution -- appropriations.** (1) Except as provided in subsection (2), for the tax rate
22 reductions in 15-6-138(3), the increased exemption amount in 15-6-138(4), the effective tax rate reductions on
23 property under 15-6-145 because of the rate reductions required by the amendments of 15-6-138 in section 2,
24 Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013, and the effective tax rate reductions on
25 property under 15-6-145 because of the increased exemption amount required by the amendment of 15-6-138
26 in section 2, Chapter 396, Laws of 2013, the department shall reimburse each local government, as defined in
27 15-1-121(5), each tax increment financing district, and the 6-mill university levy for the purposes of 15-10-109
28 the difference between property tax collections under 15-6-138 as amended by section 2, Chapter 411, Laws of

1 2011, and section 2, Chapter 396, Laws of 2013, and under 15-6-145 and the property tax revenue that would
2 have been collected under 15-6-138 and 15-6-145 if 15-6-138 had not been amended by section 2, Chapter
3 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013. The difference plus the amount calculated in
4 subsection (2) is the annual reimbursable amount for each local government, each tax increment financing
5 district, and the 6-mill levy for the support of the Montana university system under 15-10-109.

6 (2) For the increased exemption amount in 15-6-138(4) provided for in Chapter 506, Laws of 2021,
7 and [this act], the department shall reimburse each local government, as defined in 15-1-121(5), each tax
8 increment financing district, and the 6-mill university levy for the purposes of 15-10-109 the difference between
9 property tax collections that would have been collected under 15-6-138 as amended by Chapter 506, Laws of
10 2021, and [this act] and the property tax revenue that would have been collected under 15-6-138 if it had not
11 been amended by Chapter 506, Laws of 2021. The difference calculated in this subsection is added to the
12 annual reimbursable amount for each local government, each tax increment financing district, and the 6-mill
13 levy for the support of the Montana university system under 15-10-109 calculated in subsection (1).

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

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

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

18 (4) The department shall distribute the reimbursements calculated in subsections (1) and (2) to
19 local governments with the entitlement share payments under 15-1-121(7).

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

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

28 (b) The department of administration shall transfer the amount determined under this subsection

1 (6) from the general fund to the state special revenue fund for the support of the Montana university system as
2 provided in 15-10-109."

3

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

5 ~~" 15-1-123. (Temporary) Reimbursement for class eight rate reduction and exemption--~~

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

19 (2) ~~For the increased exemption amount in 15-6-138(4) provided for in Chapter 506, Laws of 2021,~~
20 ~~the department shall reimburse each local government, as defined in 15-1-121(5), each tax increment financing~~
21 ~~district, and the 6-mill university levy for the purposes of 15-10-109 the difference between property tax~~
22 ~~collections that would have been collected under 15-6-138 as amended by Chapter 506, Laws of 2021 and the~~
23 ~~property tax revenue that would have been collected under 15-6-138 if it had not been amended by Chapter~~
24 ~~506, Laws of 2021. The difference calculated in this subsection is added to the annual reimbursable amount for~~
25 ~~each local government, each tax increment financing district, and the 6-mill levy for the support of the Montana~~
26 ~~university system under 15-10-109 calculated in subsection (1). The department shall lower the reimbursement~~
27 ~~to compensate for an increase in property tax collections based on section 14, Chapter 506, Laws of 2021,~~
28 ~~during any tax year in which an increase in value occurs by the termination of an exemption due to the~~

1 American Rescue Plan Act, Public Law 117-2, and section 14, Chapter 506, Laws of 2021.

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

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

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

6 (4) ~~The department shall distribute the reimbursements calculated in subsections (1) and (2) to local~~
7 ~~governments with the entitlement share payments under 15-1-121(7).~~

8 (5) ~~The amount determined under subsections (1) and (2) for each tax increment financing district~~
9 ~~must be added to the reimbursement amount for the tax increment financing district as provided in 15-1-~~
10 ~~121(8)(b) if the tax increment financing district is still in existence. If a tax increment financing district that is~~
11 ~~entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the reimbursement must be~~
12 ~~made to that tax increment financing district at the same time as other districts.~~

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

16 (b) ~~The department of administration shall transfer the amount determined under this subsection (6)~~
17 ~~from the general fund to the state special revenue fund for the support of the Montana university system as~~
18 ~~provided in 15-10-109. (Terminates December 31, 2025--sec. 13(5), Ch. 506, L. 2021.)~~

19 **15-1-123. (Effective January 1, 2026) Reimbursement for class eight rate reduction and**
20 **exemption -- distribution -- appropriations.** (1) Except as provided in subsection (2), for the tax rate
21 reductions in the former 15-6-138(3), the increased exemption amount in the former 15-6-138(4), the effective
22 tax rate reductions on property under 15-6-145 because of the rate reductions required by the amendments of
23 the former 15-6-138 in section 2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013, and
24 the effective tax rate reductions on property under 15-6-145 because of the increased exemption amount
25 required by the amendment of the former 15-6-138 in section 2, Chapter 396, Laws of 2013, the department
26 shall reimburse each local government, as defined in 15-1-121(5), each tax increment financing district, and the
27 6-mill university levy for the purposes of 15-10-109 the difference between property tax collections under the
28 former 15-6-138 as amended by section 2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of

1 2013, and under 15-6-145 and the property tax revenue that would have been collected under the former 15-6-
2 138 and 15-6-145 if the former 15-6-138 had not been amended by section 2, Chapter 411, Laws of 2011, and
3 section 2, Chapter 396, Laws of 2013. The difference plus the amount calculated in subsection (2) is the annual
4 reimbursable amount for each local government, each tax increment financing district, and the 6-mill levy for the
5 support of the Montana university system under 15-10-109.

6 (2) For the repeal of the former 15-6-138 provided for in [this act] and the increased exemption
7 amount in the former 15-6-138(4) provided for in Chapter 506, Laws of 2021, and [this act], the department
8 shall reimburse each local government, as defined in 15-1-121(5), each tax increment financing district, and the
9 6-mill university levy for the purposes of 15-10-109 the difference between property tax collections that would
10 have been collected under the former 15-6-138 as amended by Chapter 506, Laws of 2021, and [this act], and
11 the property tax revenue that would have been collected under the former 15-6-138 if it had not been amended
12 by Chapter 506, Laws of 2021. The difference calculated in this subsection is added to the annual reimbursable
13 amount for each local government, each tax increment financing district, and the 6-mill levy for the support of
14 the Montana university system under 15-10-109 calculated in subsection (1).

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

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

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

19 (4) The department shall distribute the reimbursements calculated in subsections (1) and (2) to
20 local governments with the entitlement share payments under 15-1-121(7).

21 (5) The amount determined under subsections (1) and (2) for each tax increment financing district
22 must be added to the reimbursement amount for the tax increment financing district as provided in 15-1-
23 121(8)(b) if the tax increment financing district is still in existence. If a tax increment financing district that is
24 entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the reimbursement must be
25 made to that tax increment financing district at the same time as other districts.

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

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

5 **Section 4.** Section 15-6-138, MCA, is amended to read:

6 "~~15-6-138. (Temporary) Class eight property -- description -- taxable percentage.~~ (1) Class eight
7 property includes:

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

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

11 (c) ~~for oil and gas production, all:~~

12 (i) ~~machinery;~~

13 (ii) ~~fixtures;~~

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

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

19 (v) ~~supplies except those included in class five;~~

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

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

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

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

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

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

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

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

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

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

20 ~~(a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),~~
21 ~~4.5%; and~~

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

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

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

1 ~~affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be~~
 2 ~~aggregated for purposes of determining the 500-mile threshold. (Bracketed language is temporarily amended to~~
 3 ~~"\$100,000" on occurrence of contingency for calendar years 2022, 2023, 2024, and 2025 until July 1, 2025--~~
 4 ~~secs. 12(7) and 14, Ch. 506, L. 2021--see compiler's comment.)~~

5 **15-6-138. (Effective July 1, 2025) Class eight property -- description -- taxable percentage. (1)**

6 Class eight property includes any property described in this subsection (1) with a value of more than \$300:

- 7 (a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;
- 8 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and
- 9 supplies except those included in class five under 15-6-135;
- 10 (c) for oil and gas production, all:
 - 11 (i) machinery;
 - 12 (ii) fixtures;
 - 13 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water
 - 14 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers,
 - 15 gas metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment
 - 16 that is skidable, portable, or movable;
 - 17 (iv) tools that are not exempt under 15-6-219; and
 - 18 (v) supplies except those included in class five;
 - 19 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held
 - 20 tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk
 - 21 processors as provided in 15-6-220, and supplies except those included in class five;
 - 22 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that
 - 23 are specifically included and taxed in another class or that are rented under a purchase incentive rental
 - 24 program as defined in 15-6-202(4);
 - 25 (f) special mobile equipment as defined in 61-1-101;
 - 26 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in
 - 27 commercial establishments as defined in this section;
 - 28 (h) x-ray and medical and dental equipment;

- 1 (i) citizens band radios and mobile telephones;
- 2 (j) radio and television broadcasting and transmitting equipment;
- 3 (k) cable television systems;
- 4 (l) coal and ore haulers;
- 5 (m) theater projectors and sound equipment; and
- 6 (n) all other property that is not included in any other class in this part, except that property that is
- 7 subject to a fee in lieu of a property tax.

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

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

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

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

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

19 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection
20 (4), 1.5%; and

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

22 (4) ~~The first \$300,000 of~~ following market value of class eight property of a person or business
23 entity is exempt from taxation:

24 (a) \$400,000 in tax year 2024;

25 (b) \$500,000 in tax year 2025;

26 (c) \$600,000 in tax year 2026;

27 (d) \$700,000 in tax year 2027;

28 (e) \$800,000 in tax year 2028;

1 (f) \$900,000 in tax year 2029; and

2 (g) \$1 million in tax year 2030.

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."
9

10 **Section 5.** Section 15-6-141, MCA, is amended to read:

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

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

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

19 (c) rural electric cooperatives' property, except wind generation facilities, biomass generation
20 facilities, and energy storage facilities classified under 15-6-157 and property used for headquarters, office,
21 shop, or other similar facilities, used for the sole purpose of serving customers representing less than 95% of
22 the electric consumers located within the incorporated limits of a city or town of more than 3,500 persons in
23 which a centrally assessed electric power company also owns property or serving an incorporated municipality
24 with a population that is greater than 3,500 persons formerly served by a public utility that after January 1,
25 1998, received service from the facilities of an electric cooperative;

26 (d) allocations for centrally assessed natural gas distribution utilities, rate-regulated natural gas
27 transmission or oil transmission pipelines regulated by either the public service commission or the federal
28 energy regulatory commission, a common carrier pipeline as defined in 69-13-101, a pipeline carrier as defined

- 1 in 49 U.S.C. 15102(2), or the gas gathering facilities specified in ~~15-6-138(5)~~ 15-23-101(2)(e); and
- 2 (e) centrally assessed companies' allocations except:
 - 3 (i) electrical generation facilities classified under 15-6-156;
 - 4 (ii) all property classified under 15-6-157;
 - 5 (iii) all property classified under 15-6-158 and 15-6-159;
 - 6 (iv) property owned by cooperative rural electric and cooperative rural telephone associations and
 - 7 classified under 15-6-135;
 - 8 (v) property owned by organizations providing telephone communications to rural areas and
 - 9 classified under 15-6-135;
 - 10 (vi) railroad transportation property included in 15-6-145;
 - 11 (vii) airline transportation property included in 15-6-145;
 - 12 (viii) telecommunications property included in 15-6-156; and
 - 13 (ix) all property classified under 15-6-163.
- 14 (2) Class nine property is taxed at 12% of market value."

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

17 **"15-6-156. Class thirteen property -- description -- taxable percentage.** (1) Except as provided in
18 subsections (2)(a) through (2)(i), class thirteen property includes:

- 19 (a) electrical generation facilities, except wind generation facilities, biomass generation facilities,
20 and energy storage facilities classified under 15-6-157, of a centrally assessed electric power company;
- 21 (b) electrical generation facilities, except wind generation facilities, biomass generation facilities,
22 and energy storage facilities classified under 15-6-157, owned or operated by an exempt wholesale generator
23 or an entity certified as an exempt wholesale generator pursuant to 42 U.S.C. 16451;
- 24 (c) noncentrally assessed electrical generation facilities, except wind generation facilities, biomass
25 generation facilities, and energy storage facilities classified under 15-6-157, owned or operated by any
26 electrical energy producer;
- 27 (d) allocations of centrally assessed telecommunications services companies; and
- 28 (e) dedicated communications infrastructure described in 15-6-162(5) for which construction

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

2 (2) Class thirteen property does not include:

3 (a) property owned by cooperative rural electric cooperative associations classified under 15-6-
4 135;

5 (b) property owned by cooperative rural electric cooperative associations classified under 15-6-137
6 or 15-6-157;

7 (c) allocations of electric power company property under 15-6-141;

8 (d) electrical generation facilities included in another class of property;

9 (e) property owned by cooperative rural telephone associations and classified under 15-6-135;

10 (f) property owned by organizations providing telecommunications services and classified under
11 15-6-135;

12 (g) generation facilities that are exempt under 15-6-225;

13 (h) qualified data centers classified under 15-6-162; and

14 (i) property classified under 15-6-163.

15 (3) For the purposes of this section, the following definitions apply:

16 (a) (i) "Electrical generation facilities" means any combination of a physically connected generator
17 or generators, associated prime movers, and other associated property, including appurtenant land and
18 improvements and personal property, that are normally operated together to produce electric power. The term
19 includes but is not limited to generating facilities that produce electricity from coal-fired steam turbines, oil or
20 gas turbines, turbine generators that are driven by falling water, or solar panel systems.

21 (ii) The term does not include electrical generation facilities used for noncommercial purposes or
22 exclusively for agricultural purposes.

23 (iii) (A) The term also does not include a qualifying facility certified by the federal energy regulatory
24 commission.

25 (B) To qualify for consideration of an abatement as allowed in 15-24-1402, the requesting entity
26 must disclose, in writing, its intent to request certification as a qualifying facility to the governing body.

27 (C) If the intent is not disclosed and an abatement granted, abatement may be rescinded by the
28 governing body.

1 (D) Certified qualifying facilities are classified under 15-6-134 and ~~15-6-138~~.

2 (iv) The term also does not include a facility that is owned and operated by a person not primarily
3 engaged in the generation or sale of electricity other than power from a small power production facility and
4 classified under 15-6-134 and ~~15-6-138~~.

5 (b) (i) "Fiber optic or coaxial cable" means any fiber optic or coaxial cable, including all capitalized
6 costs associated with installing and placing in service the fiber optic or coaxial cable, and other property that is
7 normally operated when installing and placing in service fiber optic or coaxial cable to deliver digital
8 communication and access to the internet.

9 (ii) The term does not include routers, head-end equipment, central office equipment and other
10 electronics, or hardware or software not directly associated with installing and placing in service fiber optic or
11 coaxial cable or the buildings used to house equipment.

12 (4) (a) Except as provided in subsection (4)(b), class thirteen property is taxed at 6% of its market
13 value.

14 (b) (i) Except as provided in subsection (4)(b)(ii), fiber optic or coaxial cable installed and placed in
15 service on or after July 1, 2021, is exempt from taxation for a period of 5 years starting from the date the fiber
16 optic or coaxial cable was placed in service, after which the property exemption is phased out at a rate of 20%
17 a year, with the property being assessed at 100% of its taxable value after a 10-year period. In order to
18 maintain the exemption, the owner of fiber optic or coaxial cable shall reinvest the tax savings from the
19 exemption by installing and placing in service new fiber optic or coaxial cable in Montana within 2 years from
20 the date the owner first claimed the exemption provided for in this subsection (4)(b) without charging those
21 costs to the consumer. The cost of installing or placing into service fiber optic or coaxial cable with the
22 reinvested tax savings without charging those costs to the consumer must be equal to or greater than the value
23 of the tax savings received from the tax incentive.

24 (ii) Fiber optic or coaxial cable installed using federal funds received pursuant to Section 9901 of
25 the American Rescue Plan Act is not eligible for exemption from taxation under this section.

26 (iii) An entity that claims a tax exemption under this subsection (4)(b) shall maintain adequate
27 books and records demonstrating the investment the owner made when installing and placing in service fiber
28 optic or coaxial cable in Montana. The property owners shall make those records available to the department

1 for inspection upon request.

2 (5) (a) The property taxes exempted from taxation by subsection (4)(b) are subject to termination
3 or recapture if the department determines that the owner failed to install and place in service new coaxial or
4 fiber cable in Montana as provided in subsection (4)(b) or otherwise violates the provisions of this section.

5 (b) Upon notice from the department that the owner's exemption has terminated, any local
6 governing body may recapture taxes previously exempted in that jurisdiction, plus interest and penalties for
7 nonpayment of property taxes as provided in 15-16-102, during any tax year in which an exemption under the
8 provisions of this section was improper. Any recapture must occur within 10 years after the end of the calendar
9 year in which the exemption was first claimed.

10 (c) The recapture of abated taxes may be cancelled, in whole or in part, if the local governing body
11 determines that the taxpayer's failure to meet the requirements is a result of circumstances beyond the control
12 of the taxpayer."
13

14 **Section 7.** Section 15-6-158, MCA, is amended to read:

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

17 (a) carbon dioxide pipelines certified by the department of environmental quality under 15-24-3112
18 for the transportation of carbon dioxide for the purposes of sequestration or for use in closed-loop enhanced oil
19 recovery operations;

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

21 (c) carbon sequestration equipment;

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

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

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

28 (a) "Carbon dioxide pipeline" means a pipeline that transports carbon dioxide from a plant or

1 facility that produces or captures carbon dioxide to a carbon sequestration point, including a closed-loop
2 enhanced oil recovery operation.

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

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

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

12 (e) (i) "Closed-loop enhanced oil recovery operation" means all oil production equipment, as
13 described in ~~45-6-138(1)(e)~~ subsection (2)(e)(ii), owned by an entity that owns or operates an operation that,
14 after construction, installation, and testing has been completed and the full enhanced oil recovery process has
15 been commenced, injects carbon dioxide to increase the amount of crude oil that can be recovered from a well
16 and retains as much of the injected carbon dioxide as practicable, but not less than 85% of the carbon dioxide
17 injected each year absent catastrophic or unforeseen occurrences.

18 (ii) Oil production equipment for closed-loop enhanced oil recovery operations includes all
19 machinery, fixtures, and equipment, including flow lines and gathering lines, pumping units, oil field storage
20 tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units,
21 communication towers, gas metering shacks, treaters, gas separators, water flood units, and gas boosters,
22 together with equipment used for oil production that is skidable, portable, or movable.

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

27 ~~(f)(g)~~ "Liquid pipeline" means a pipeline that is dedicated to using 90% of its pipeline capacity for
28 transporting fuel or methane gas from a coal gasification facility, biodiesel production facility, biogas production

1 facility, or ethanol production facility.

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

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

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

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

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

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

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

27

28 **Section 8.** Section 15-6-202, MCA, is amended to read:

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

2 Freeport merchandise and business inventories are exempt from taxation.

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

7 (b) Stocks of merchandise do not lose their status as freeport merchandise because while in the
8 storage facility they are assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk,
9 re-labeled, or repackaged.

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

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

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

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

23 ~~(b) A purchase incentive rental program does not include a farm implement or construction equipment
24 that is:~~

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

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

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

28 ~~(c) All farm implements and construction equipment in a purchase incentive rental program must be~~

1 reported to the department no later than March 31 of each year on a form provided by the department."

2

3 **Section 9.** Section 15-6-207, MCA, is amended to read:

4 **"15-6-207. Agricultural producer exemptions -- products -- ~~unused beet equipment -- low-value~~**
5 **buildings, ~~implements, and machinery.~~** (1) The following agricultural products are exempt from taxation:

- 6 (a) all unprocessed agricultural products on the farm or in storage and owned by the producer;
- 7 (b) all producer-held grain in storage;
- 8 (c) all unprocessed agricultural products;
- 9 (d) all livestock and the unprocessed products of livestock;
- 10 (e) poultry and the unprocessed products of poultry;
- 11 (f) bees and the unprocessed product of bees; and
- 12 (g) biological control insects.

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

17 ~~(3)(2)~~ All farm buildings with a market value of less than \$500 and all agricultural implements and
18 machinery with a market value of less than \$100 are exempt from taxation."

19

20 **Section 10.** Section 15-6-219, MCA, is amended to read:

21 **"15-6-219. Personal and other property exemptions.** (1) ~~The~~ Unless the property described below
22 is subject to property taxation under a specific class in Title 15, chapter 6, part 1, the following categories of
23 personal property are exempt from taxation:

- 24 (a) harness, saddlery, and other tack equipment;
- 25 (b) ~~the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily~~
26 hand-held and that are used to:
 - 27 (i) construct, repair, and maintain improvements to real property; or
 - 28 (ii) repair and maintain machinery, equipment, appliances, or other personal property;

1 (c) all household goods and furniture, including but not limited to clocks, musical instruments,
2 sports equipment, sewing machines, and wearing apparel of members of the family, used by the owner for
3 personal and domestic purposes or for furnishing or equipping the family residence;

4 (d) a bicycle or a moped, as defined in 61-8-102, used by the owner for personal transportation
5 purposes;

6 (e) items of personal property intended for rent or lease in the ordinary course of business ~~if each~~
7 ~~item of personal property satisfies all of the following:~~

8 ~~(i) the acquired cost of the personal property is less than \$15,000;~~

9 ~~(ii) the personal property is owned by a business whose primary business income is from rental or~~
10 ~~lease of personal property to individuals and no one customer of the business accounts for more than 10% of~~
11 ~~the total rentals or leases during a calendar year; and~~

12 ~~(iii) the lease of the personal property is generally on an hourly, daily, weekly, semimonthly, or monthly~~
13 ~~basis;~~

14 (f) all mining, agricultural, and manufacturing implements, equipment, fixtures, tools, and supplies;

15 (g) all equipment, fixtures, furniture, tools, and supplies used by any hotel, motel, office, petroleum
16 marketing station, or service, wholesale, retail, or food-handling business;

17 ~~(f)(h) space vehicles and all machinery, fixtures, equipment, and tools used in the design,~~
18 ~~manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in~~
19 ~~manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of~~
20 ~~that business and that are directly used for space vehicle design, manufacture, launch, repair, and~~
21 ~~maintenance;~~

22 ~~(g)(i)~~ a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
23 33-25-105;

24 ~~(h)(j)~~ air and water pollution control and carbon capture equipment, as defined in 15-6-135, placed in
25 service after January 1, 2014;

26 (k) oil and gas production machinery, fixtures, equipment, flow lines and gathering lines, pumping
27 units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and
28 dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, and

1 gas boosters, together with equipment that is skidable, portable, or movable;

2 ~~(j)(l)~~ a house trailer, manufactured home, or mobile home that receives an exemption from the
3 department based on abandonment, as provided in 15-6-242;

4 ~~(j)(m)~~ fiber optic or coaxial cable, as defined in 15-6-156, installed and placed in service on or after
5 July 1, 2021, for a period of 5 years starting from the date placed in service as provided in 15-6-156, if the
6 owner of fiber optic or coaxial cable reinvests the tax savings from the exemption by installing and placing in
7 service new fiber optic or coaxial cable in Montana within 2 years from the date the owner first claimed the
8 exemption provided for in this subsection ~~(4)(j)~~ (1)(m) without charging those costs to the consumer. The cost of
9 installing or placing into service fiber optic or coaxial cable with the reinvested tax savings without charging
10 those costs to the consumer must be equal to or greater than the value of the tax savings received from the tax
11 incentive. An entity that claims a tax exemption under this subsection ~~(4)(j)~~ (1)(m) shall maintain adequate
12 books and records demonstrating the investment the owner made when installing and placing in service fiber
13 optic or coaxial cable in Montana. The property owners shall make those records available to the department
14 for inspection upon request.

15 ~~(k)(n)~~ personal property used in the manufacture of ammunition components as provided in 30-20-
16 204;

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

18 (p) x-ray, medical, and dental equipment;

19 (q) citizen band radios and mobile telephones;

20 (r) radio and television broadcasting and transmitting equipment;

21 (s) cable television systems;

22 (t) coal and ore haulers;

23 (u) theater projectors and sound equipment; and

24 (v) property that is subject to a fee in lieu of a property tax.

25 (2) (a) The property taxes exempted from taxation by subsection ~~(4)(j)~~ (1)(m) are subject to
26 termination or recapture if the department determines that the owner failed to install and place in service new
27 coaxial or fiber cable in Montana as provided for in subsection ~~(4)(j)~~ (1)(m) or otherwise violates the provisions
28 of this section.

1 (b) Upon notice from the department that the owner's exemption has terminated, any local
 2 governing body may recapture taxes previously exempted in that jurisdiction, plus interest and penalties for
 3 nonpayment of property taxes as provided in 15-16-102, during any tax year in which an exemption under the
 4 provisions of this section was improper. Any recapture must occur within 10 years after the end of the calendar
 5 year in which the exemption was first claimed.

6 (c) The recapture of abated taxes may be cancelled, in whole or in part, if the local governing body
 7 determines that the taxpayer's failure to meet the requirements is a result of circumstances beyond the control
 8 of the taxpayer. (Subsection ~~(4)(k)~~ (1)(n) terminates December 31, 2024--sec. 16, Ch. 440, L. 2015.)"

9

10 **Section 11.** Section 15-6-228, MCA, is amended to read:

11 **"15-6-228. Property subject to registration fee.** The following property that is subject to a
 12 registration fee in lieu of taxes is exempt from property taxation:

- 13 (1) truck canopy covers or toppers and campers;
- 14 (2) motor homes;
- 15 (3) all watercraft;
- 16 (4) all trailers, semitrailers, pole trailers, and travel trailers as those terms are defined in 61-1-101;
- 17 (5) all vehicles registered under 61-3-456;
- 18 (6) (a) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,
 19 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and
 20 (b) personal property that is attached to a bus, truck, or truck tractor that is exempt under
 21 subsection (6)(a);
- 22 (7) motorcycles and quadricycles; and
- 23 (8) light vehicles as defined in 61-1-101."

24

25 **Section 12.** Section 15-8-301, MCA, is amended to read:

26 **"15-8-301. Statement -- what to contain.** (1) The department may require from a person a statement
 27 under oath setting forth specifically all the real and personal property owned by, in possession of, or under the
 28 control of the person at midnight on January 1. The statement must be in writing, showing separately:

1 (a) all property belonging to, claimed by, or in the possession or under the control or management
2 of the person;

3 (b) all property belonging to, claimed by, or in the possession or under the control or management
4 of any firm of which the person is a member;

5 (c) all property belonging to, claimed by, or in the possession or under the control or management
6 of any corporation of which the person is president, secretary, cashier, or managing agent;

7 (d) the county in which the property is situated or in which the property is liable to taxation and, if
8 liable to taxation in the county in which the statement is made, also the city, town, school district, road district,
9 or other revenue districts in which the property is situated;

10 (e) an exact description of all lands, improvements, and personal property;

11 (f) all depots, shops, stations, buildings, and other structures erected on the space covered by the
12 right-of-way and all other property owned by any person owning or operating any railroad within the county.

13 (2) The department shall notify the taxpayer in the statement for reporting personal property
14 owned by a business or used in a business that the statement is for reporting business equipment and other
15 business personal property described in Title 15, chapter 6, part 1. A taxpayer owning exempt business
16 equipment is subject to limited reporting requirements; ~~however, all new businesses shall report their class~~
17 ~~eight property, as defined in 15-6-138, so that the department can determine the market value of the property.~~

18 The department shall by rule develop reporting requirements for business equipment to limit the annual
19 reporting of exempt business equipment to the extent feasible.

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

24 (4) The fact that a statement is not required or that a person has not made a statement, under oath
25 or otherwise, does not relieve the person's property from taxation."
26

27 **Section 13.** Section 15-10-420, MCA, is amended to read:

28 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a

1 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
2 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
3 years. The maximum number of mills that a governmental entity may impose is established by calculating the
4 number of mills required to generate the amount of property tax actually assessed in the governmental unit in
5 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half
6 of the average rate of inflation for the prior 3 years.

7 (b) A governmental entity that does not impose the maximum number of mills authorized under
8 subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between
9 the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill
10 authority carried forward may be imposed in a subsequent tax year.

11 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average
12 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,
13 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of
14 labor.

15 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any
16 additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,
17 including newly taxable property.

18 (3) (a) For purposes of this section, newly taxable property includes:

- 19 (i) annexation of real property and improvements into a taxing unit;
- 20 (ii) construction, expansion, or remodeling of improvements;
- 21 (iii) transfer of property into a taxing unit;
- 22 (iv) subdivision of real property; and
- 23 (v) transfer of property from tax-exempt to taxable status.

24 (b) Newly taxable property does not include an increase in value:

25 (i) that arises because of an increase in the incremental value within a tax increment financing
26 district; or

27 (ii) ~~caused by the termination of an exemption that occurs due to the American Rescue Plan Act,~~

28 ~~Public Law 117-2, and section 14, Chapter 506, Laws of 2021.~~

1 (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the
2 release of taxable value from the incremental taxable value of a tax increment financing district because of:

- 3 (i) a change in the boundary of a tax increment financing district;
- 4 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or
- 5 (iii) the termination of a tax increment financing district.

6 (b) If a tax increment financing district terminates prior to the certification of taxable values as
7 required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax
8 increment financing district terminates. If a tax increment financing district terminates after the certification of
9 taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the
10 following tax year.

11 (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was
12 constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current
13 year market value of that property less the previous year market value of that property.

14 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale
15 of real property that results in the property being taxable as class four property under 15-6-134 or as
16 nonqualified agricultural land as described in 15-6-133(1)(c).

17 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

- 18 (a) school district levies established in Title 20; or
- 19 (b) a mill levy imposed for a newly created regional resource authority.

20 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes
21 received under 15-6-131 and 15-6-132.

22 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

- 23 (a) may increase the number of mills to account for a decrease in reimbursements; and
- 24 (b) may not increase the number of mills to account for a loss of tax base because of legislative
25 action that is reimbursed under the provisions of 15-1-121(7).

26 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for
27 purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated
28 by the department may not exceed the mill levy limits established in those sections. The mill calculation must

1 be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
2 calculation must be rounded up to the nearest tenth of a mill.

3 (9) (a) The provisions of subsection (1) do not prevent or restrict:

4 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

5 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;

6 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;

7 (iv) a levy for the support of a study commission under 7-3-184;

8 (v) a levy for the support of a newly established regional resource authority;

9 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's
10 property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;

11 (vii) a levy for reimbursing a county for costs incurred in transferring property records to an
12 adjoining county under 7-2-2807 upon relocation of a county boundary;

13 (viii) a levy used to fund the sheriffs' retirement system under 19-7-404(2)(b); or

14 (ix) a governmental entity from levying mills for the support of an airport authority in existence prior
15 to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past.
16 The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

17 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes
18 actually assessed in a subsequent year.

19 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-
20 11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
21 authority in either of the previous 2 years and the airport or airport authority has not been appropriated
22 operating funds by a county or municipality during that time.

23 (11) The department may adopt rules to implement this section. The rules may include a method for
24 calculating the percentage of change in valuation for purposes of determining the elimination of property, new
25 improvements, or newly taxable value in a governmental unit. ~~(Subsection (3)(b)(ii) terminates December 31,~~
26 ~~2025—sec. 13(5), Ch. 506, L. 2021.)"~~

27

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

1 **"15-23-101. Properties centrally assessed.** The department shall centrally assess each year:

2 (1) the railroad transportation property of railroads and railroad car companies operating in more

3 than one county in the state or more than one state;

4 (2) property owned by a corporation or other person operating a single and continuous property

5 operated in more than one county or more than one state including but not limited to:

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

7 (b) rate-regulated natural gas transmission or oil transmission pipelines regulated by the public

8 service commission or the federal energy regulatory commission;

9 (c) common carrier pipelines as defined in 69-13-101 or a pipeline carrier as defined in 49 U.S.C.

10 15102(2);

11 (d) natural gas distribution utilities;

12 (e) the gas gathering facilities ~~specified in 15-6-138(5);~~ of a stand-alone gas gathering company

13 providing gas gathering services to third parties on a contractual basis, owning more than 500 miles of gas

14 gathering lines in the state, and centrally assessed in tax years prior to 2009. For purposes of this subsection

15 (2)(e), the gas gathering line ownership of all affiliated companies, as defined in section 1504(a) of the Internal

16 Revenue Code, 26 U.S.C. 1504(a), must be aggregated for purposes of determining the 500-mile threshold.

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

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

19 (h) if congress passes legislation that allows the state to tax property owned by an agency created

20 by congress to transmit or distribute electrical energy, property constructed, owned, or operated by a public

21 agency created by congress to transmit or distribute electrical energy produced at privately owned generating

22 facilities, not including rural electric cooperatives;

23 (3) all property of scheduled airlines;

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

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

26 (6) property described in subsections (1) and (2) that is subject to the provisions of Title 15,

27 chapter 24, part 12."

28

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

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

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

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

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

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

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

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

19 (5) Agricultural harvesting machinery ~~classified as class eight property under 15-6-138,~~ licensed in
20 another state, and operated on the land of a person other than the owner of the machinery under a contract for
21 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.
22 ~~The machinery is subject to taxation under 15-6-138 only if the machinery is sold in Montana.~~

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

27

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

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

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

8

9 **Section 17.** 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
12 school ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by
13 1,000, with the quotient divided by the total county elementary ANB count or the total county high school ANB
14 count used to calculate the elementary school districts' and high school districts' prior year total per-ANB
15 entitlement amounts.

16 (2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of
17 an eligible district means the taxable valuation in the previous year of all property in the district, except for
18 property value disregarded because of protested taxes under 15-1-409(2) or property subject to the creation of
19 a new 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
21 valuation in the previous year of all property in the district, except for property subject to the creation of a new
22 school district under 20-6-326, divided by 1,000, with the quotient divided by the ANB count of the district used
23 to 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) ~~Except as provided in subsection (6),~~ "Statewide elementary guaranteed tax base ratio" or
 11 "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the BASE budget of an
 12 eligible district, means the sum of the taxable valuation in the previous year of all property in the state,
 13 multiplied by ~~250% for fiscal year 2022 and 254% for fiscal year 2023,~~ 255% for fiscal year 2024, 256% in fiscal
 14 year 2025, 257% for fiscal year 2026, 258% for fiscal years 2027 through 2029, 259% for fiscal year 2030, and
 15 304% for fiscal year 2031 and each succeeding fiscal year and divided by the prior year statewide GTBA
 16 budget area for the state elementary school districts or the state high school districts. For fiscal year 2024 and
 17 subsequent fiscal years, the superintendent of public instruction shall increase the multiplier in this subsection
 18 (5)(a) as follows:

19 (i) for fiscal years 2024 through 2031, if the revenue transferred to the state general fund pursuant to
 20 16-12-111 in the prior fiscal year is at least \$1 million more than the revenue transferred in the fiscal year 2
 21 years prior, then:

22 (A) multiply the amount of increased revenue transferred to the state general fund pursuant to 16-
 23 12-111 in the prior fiscal year above the amount of revenue transferred in the fiscal year 2 years prior by 0.25,
 24 divide the resulting product by \$500,000, and round to the nearest whole number; and

25 (B) add the number derived in subsection (5)(a)(i)(A) as a percentage point increase to:

26 ~~(I) if the prior year was not affected by a contingency under subsection (6),~~ the multiplier used for the
 27 prior fiscal year; ~~or~~

28 ~~(II) if the prior year was affected by a contingency under subsection (6),~~ the multiplier for the prior fiscal

1 year had the prior fiscal year not been affected by a contingency under subsection (6);

2 (ii) for fiscal years 2024 through 2031, if the revenue transferred to the state general fund pursuant
3 to 16-12-111 in the prior fiscal year is less than \$1 million more than the revenue transferred in the fiscal year 2
4 years prior, then the multiplier is equal to:

5 ~~(A) if the prior year was not affected by a contingency under subsection (6), the multiplier used for the~~
6 prior fiscal year; or

7 ~~(B) if the prior year was affected by a contingency under subsection (6), the multiplier for the prior~~
8 fiscal year had the prior fiscal year not been affected by a contingency under subsection (6); and

9 (iii) for fiscal years 2032 and subsequent fiscal years, the multiplier is equal to the multiplier used
10 for fiscal year 2031.

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

16 ~~(6) The guaranteed tax base multiplier under subsection (5)(a) must be reduced by 4 percentage~~
17 ~~points following certification by the budget director of a contingency pursuant to Chapter 506, Laws of 2021:~~

18 ~~(a) for fiscal year 2023 if the certification is made during calendar year 2021;~~

19 ~~(b) for fiscal year 2024 if the certification is made during calendar year 2022;~~

20 ~~(c) for fiscal year 2025 if the certification is made during calendar year 2023; and~~

21 ~~(d) for fiscal year 2026 if the certification is made during calendar year 2024."~~

22

23 **Section 18.** 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
4 ammunition components is exempt from property taxation as provided under subsection (1) if the person's or
5 entity's business meets the following conditions:

6 (a) the products of the business are and remain available to commercial and individual consumers
7 in 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 19.** Section 75-20-104, MCA, is amended to read:

21 **"75-20-104. Definitions.** In this chapter, unless the context requires otherwise, the following
22 definitions apply:

23 (1) "Addition thereto" means the installation of new machinery and equipment that would
24 significantly change the conditions under which the facility is operated.

25 (2) "Application" means an application for a certificate submitted in accordance with this chapter
26 and the rules adopted under this chapter.

27 (3) (a) "Associated facilities" includes but is not limited to transportation links of any kind,
28 aqueducts, diversion dams, pipelines, storage ponds, reservoirs, and any other device or equipment associated

1 with the delivery of the energy form or product produced by a facility.

2 (b) The term does not include a transmission substation, a switchyard, voltage support, or other
3 control equipment or a facility or a natural gas or crude oil gathering line 25 inches or less in inside diameter.

4 (4) "Board" means the board of environmental review provided for in 2-15-3502.

5 (5) "Certificate" means the certificate of compliance issued by the department under this chapter
6 that is required for the construction or operation of a facility.

7 (6) "Commence to construct" means:

8 (a) any clearing of land, excavation, construction, or other action that would affect the environment
9 of the site or route of a facility but does not mean changes needed for temporary use of sites or routes for
10 nonutility purposes or uses in securing geological data, including necessary borings to ascertain foundation
11 conditions;

12 (b) the fracturing of underground formations by any means if the activity is related to the possible
13 future development of a gasification facility or a facility employing geothermal resources but does not include
14 the gathering of geological data by boring of test holes or other underground exploration, investigation, or
15 experimentation;

16 (c) the commencement of eminent domain proceedings under Title 70, chapter 30, for land or
17 rights-of-way upon or over which a facility may be constructed;

18 (d) the relocation or upgrading of an existing facility defined by subsection (10)(a) or (10)(b),
19 including upgrading to a design capacity covered by subsection (10)(a), except that the term does not include
20 normal maintenance or repair of an existing facility.

21 (7) (a) "Commencement of acquisition of right-of-way" means the actual, defined legal transfer of
22 property.

23 (b) The term does not mean preliminary discussions, option agreements that are not within 60
24 days of commencement of acquisition, letters of intent, or other documents that do not conclusively result in the
25 legal transfer of property.

26 (8) "Department" means the department of environmental quality provided for in 2-15-3501.

27 (9) (a) "Electrical generation facility" means any combination of a physically connected generator
28 or generators, associated prime movers, and other associated property, including appurtenant land and

1 improvements and personal property, that are normally operated together to produce 20 average megawatts or
2 more of electric power. The term is limited to generating facilities that produce electricity from coal-fired steam
3 turbines, oil or gas turbines, or turbine generators driven by falling water.

4 (b) The term does not include:

5 (i) electrical generation facilities used for noncommercial purposes or exclusively for agricultural
6 purposes; or

7 (ii) a qualifying small power production facility, as defined in 16 U.S.C. 796(17), that is owned and
8 operated by a person not primarily engaged in the generation or sale of electricity other than electric power
9 from a small power production facility that is classified under 15-6-134 and ~~15-6-138~~.

10 (10) "Facility" means:

11 (a) each electric transmission line and associated facilities of a design capacity of more than 69
12 kilovolts, except that the term:

13 (i) does not include an electric transmission line and associated facilities of a design capacity of
14 230 kilovolts or less and 10 miles or less in length;

15 (ii) does not include an electric transmission line with a design capacity of more than 69 kilovolts
16 for which the person planning to construct the line has obtained right-of-way agreements or options for a right-
17 of-way from more than 75% of the owners who collectively own more than 75% of the property along the
18 centerline;

19 (iii) does not include electric transmission lines that are collectively less than 150 miles in length
20 and are required under state or federal regulations and laws, with respect to reliability of service, for an
21 electrical generation facility, for a wind generation facility, biomass generation facility, or energy storage facility,
22 as defined in 15-6-157, or for a green hydrogen facility or green hydrogen storage system, as defined in 15-6-
23 163, to interconnect to a regional transmission grid or secure firm transmission service to use the grid for which
24 the person planning to construct the line or lines has obtained right-of-way agreements or options for a right-of-
25 way from more than 75% of the owners who collectively own more than 75% of the property along the
26 centerline or centerlines;

27 (iv) does not include an upgrade to an existing transmission line of a design capacity of 50 kilovolts
28 or more to increase that line's capacity, including construction outside the existing easement or right-of-way.

1 Except for a newly acquired easement or right-of-way necessary to comply with electromagnetic field
2 standards, a newly acquired easement or right-of-way outside the existing easement or right-of-way as
3 described in this subsection (10)(a)(iv) may not exceed a total of 10 miles in length or be more than 10% of the
4 existing transmission right-of-way, whichever is greater, and the purpose of the easement must be to avoid
5 sensitive areas or inhabited areas or conform to state or federal safety, reliability, and operational standards
6 designed to safeguard the transmission network and protect electrical workers and the public.

7 (v) does not include a transmission substation, a switchyard, voltage support, or other control
8 equipment;

9 (vi) does not include an energy storage facility, as defined in 15-6-157;

10 (vii) does not include a green hydrogen facility or green hydrogen storage system, as defined in 15-
11 6-163;

12 (b) (i) each pipeline, whether partially or wholly within the state, greater than 25 inches in inside
13 diameter and 50 miles in length, and associated facilities, except that the term does not include:

14 (A) a pipeline within the boundaries of the state that is used exclusively for the irrigation of
15 agricultural crops or for drinking water;

16 (B) a pipeline greater than 25 inches in inside diameter and 50 miles in length for which the person
17 planning to construct the pipeline has obtained right-of-way agreements or options for a right-of-way from more
18 than 75% of the owners who collectively own more than 75% of the property along the centerline; or

19 (C) a green hydrogen pipeline, as defined in 15-6-163;

20 (ii) each pipeline, whether partially or wholly within the state, greater than 17 inches in inside
21 diameter and 30 miles in length, and associated facilities used to transport coal suspended in water;

22 (c) any use of geothermal resources, including the use of underground space in existence or to be
23 created, for the creation, use, or conversion of energy, designed for or capable of producing geothermally
24 derived power equivalent to 50 megawatts or more or any addition thereto, except pollution control facilities
25 approved by the department and added to an existing plant, except that the term does not include a
26 compressed air energy storage facility, as defined in 15-6-157, or a green hydrogen facility or green hydrogen
27 storage system, as defined in 15-6-163; or

28 (d) for the purposes of 75-20-204 only, a plant, unit, or other facility capable of generating 50

1 megawatts of hydroelectric power or more or any addition thereto.

2 (11) "Person" means any individual, group, firm, partnership, corporation, limited liability company,
3 cooperative, association, government subdivision, government agency, local government, or other organization
4 or entity.

5 (12) "Sensitive areas" means government-designated areas that have been recognized for their
6 importance to Montana's wildlife, wilderness, culture, and historic heritage, including but not limited to national
7 wildlife refuges, state wildlife management areas, federal areas of critical environmental concern, state parks
8 and historic sites, designated wilderness areas, wilderness study areas, designated wild and scenic rivers, or
9 national parks, monuments, or historic sites.

10 (13) "Transmission reliability agencies" means the federal energy regulatory commission, the
11 western electricity coordinating council, the national electric reliability council, and the midwest reliability
12 organization.

13 (14) "Transmission substation" means any structure, device, or equipment assemblage, commonly
14 located and designed for voltage regulation, circuit protection, or switching necessary for the construction or
15 operation of a proposed transmission line.

16 (15) "Upgrade" means to increase the electrical carrying capacity of a transmission line by actions
17 including but not limited to:

- 18 (a) installing larger conductors;
- 19 (b) replacing insulators;
- 20 (c) replacing pole or tower structures;
- 21 (d) changing structure spacing, design, or guying; or
- 22 (e) installing additional circuits.

23 (16) "Utility" means any person engaged in any aspect of the production, storage, sale, delivery, or
24 furnishing of heat, electricity, gas, hydrocarbon products, or energy in any form for ultimate public use."

25

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

27 **"76-6-109. Powers of public bodies -- county real property acquisition procedure maintained.**

28 (1) A public body has the power to carry out the purposes and provisions of this chapter, including the following

1 powers in addition to others granted by this chapter:

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

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

4 (c) to apply for and accept and use grants and any other assistance from the federal government
5 and any other public or private sources, to give security as may be required, to enter into and carry out
6 contracts or agreements in connection with the assistance, and to include in any contract for assistance from
7 the federal government conditions imposed pursuant to federal laws as the public body may consider
8 reasonable and appropriate and that are not inconsistent with the purposes of this chapter;

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

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

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

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

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

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

24 (a) appropriate funds;

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

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

28 (d) exercise its powers under this chapter through a board or commission or through the office or

1 officers that its governing body by resolution determines or as the governor determines in the case of the state.

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

5 (a) agricultural land eligible for valuation, assessment, and taxation as agricultural land under 15-
6 7-202;

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

8 (c) all agricultural improvements on agricultural land referred to in subsection (3)(a); and

9 (d) all noncommercial improvements on forest land referred to in subsection (3)(b); and

10 (e) ~~agricultural implements and equipment described in 15-6-138(1)(a).~~

11 (4) This chapter does not supersede the provisions of Title 7, chapter 8, parts 22 and 25."

12

13 **Section 21.** Section 12, Chapter 506, Laws of 2021, is amended to read:

14 "**Section 12. Effective Dates -- applicability.** (1) Except as provided in ~~subsections (2) through (7)~~
15 subsection (2), [this act] is effective July 1, 2021.

16 ~~(2) [Section 3] is effective January 1, 2026.~~

17 ~~(3) [Section 4] is effective October 1, 2021, and applies to the tax year beginning after December 31,~~
18 ~~2021.~~

19 ~~(4)~~(2) [Section 5] is effective October 1, 2022, and applies to the tax year-years beginning after
20 December 31, 2022.

21 ~~(5) [Section 6] is effective October 1, 2023, and applies to the tax year beginning after December 31,~~
22 ~~2023.~~

23 ~~(6) [Section 7] is effective October 1, 2024, and applies to the tax year beginning after December 31,~~
24 ~~2024.~~

25 ~~(7) [Section 8] is effective July 1, 2025, and applies to the tax years beginning after December 31,~~
26 ~~2025. "~~

27

28 **Section 22.** Section 13, Chapter 506, Laws of 2021, is amended to read:

