

HOUSE BILL NO. 7

INTRODUCED BY A. REDFIELD

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING CERTAIN INDIVIDUAL INCOME AND CORPORATE
5 INCOME TAX CREDITS; PROVIDING THAT CERTAIN TAX CREDITS MAY NOT BE CLAIMED IN TAX YEAR
6 2018 AND TAX YEAR 2019; AMENDING SECTIONS ~~15-30-2618, 15-31-511, 15-32-104, 15-32-105, 15-32-106,~~
7 ~~15-32-107, 15-32-502, 15-32-510, 15-32-610, 17-6-316, 75-2-103, 75-5-103, 76-17-102, 76-17-104, AND~~
8 ~~87-1-294, MCA; REPEALING SECTIONS 7-21-3710, 15-1-230, 15-30-2301, 15-30-2318, 15-30-2319,~~
9 ~~15-30-2320, 15-30-2326, 15-30-2327, 15-30-2328, 15-30-2329, 15-30-2342, 15-30-2356, 15-30-2357,~~
10 ~~15-30-2358, 15-30-2364, 15-30-2365, 15-30-2367, 15-30-2380, 15-30-2319, 15-30-2320, 15-30-2342,~~
11 ~~15-30-2356, 15-30-2358, 15-30-2365, 15-30-2367, 15-31-125, 15-31-132, 15-31-133, 15-31-134, 15-31-150,~~
12 ~~15-31-151, 15-32-109, 15-32-115, 15-32-201, 15-32-202, 15-32-402, 15-32-404, 15-32-505, 15-32-602,~~
13 ~~15-32-701, 15-32-702, 15-32-703, AND 15-50-207, MCA; REPEALING SECTIONS 15-30-2381, 15-31-124,~~
14 ~~15-31-125, 15-31-126, 15-31-127, 15-31-132, 15-31-133, 15-31-134, 15-31-135, 15-31-136, 15-31-137,~~
15 ~~15-31-150, 15-31-151, 15-31-161, 15-31-162, 15-31-171, 15-31-173, 15-32-109, 15-32-115, 15-32-201,~~
16 ~~15-32-202, 15-32-203, 15-32-401, 15-32-402, 15-32-404, 15-32-405, 15-32-406, 15-32-407, 15-32-503,~~
17 ~~15-32-504, 15-32-505, 15-32-506, 15-32-507, 15-32-508, 15-32-509, 15-32-601, 15-32-602, 15-32-603,~~
18 ~~15-32-604, 15-32-701, 15-32-702, 15-32-703, 15-50-207, 33-2-724, 39-6-109, 50-51-114, AND 50-51-115, MCA;~~
19 AND PROVIDING AN EFFECTIVE DATE, ~~AND AN APPLICABILITY DATE, AND A TERMINATION DATE.~~"

20
21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22
23 ~~Section 1.~~ Section 15-30-2618, MCA, is amended to read:
24 ~~"15-30-2618. Confidentiality of tax records.~~ (1) Except as provided in 5-12-303, 15-1-106, 17-7-111,
25 and subsections (8) and (9) of this section, in accordance with a proper judicial order, or as otherwise provided
26 by law, it is unlawful to divulge or make known in any manner:
27 (a) the amount of income or any particulars set forth or disclosed in any individual report or individual
28 return required under this chapter or any other information secured in the administration of this chapter; or
29 (b) any federal return or federal return information disclosed on any return or report required by rule of
30 the department or under this chapter.

- 1 ~~———— (2) (a) The officers charged with the custody of the reports and returns may not be required to produce~~
2 ~~them or evidence of anything contained in them in an action or proceeding in a court, except in an action or~~
3 ~~proceeding:~~
- 4 ~~———— (i) to which the department is a party under the provisions of this chapter or any other taxing act; or~~
5 ~~———— (ii) on behalf of a party to any action or proceedings under the provisions of this chapter or other taxes~~
6 ~~when the reports or facts shown by the reports are directly involved in the action or proceedings.~~
- 7 ~~———— (b) The court may require the production of and may admit in evidence only as much of the reports or~~
8 ~~of the facts shown by the reports as are pertinent to the action or proceedings.~~
- 9 ~~———— (3) This section does not prohibit:~~
- 10 ~~———— (a) the delivery to a taxpayer or the taxpayer's authorized representative of a certified copy of any return~~
11 ~~or report filed in connection with the taxpayer's tax;~~
- 12 ~~———— (b) the publication of statistics classified to prevent the identification of particular reports or returns and~~
13 ~~the items of particular reports or returns; or~~
- 14 ~~———— (c) the inspection by the attorney general or other legal representative of the state of the report or return~~
15 ~~of any taxpayer who brings an action to set aside or review the tax based on the report or return or against whom~~
16 ~~an action or proceeding has been instituted in accordance with the provisions of 15-30-2630.~~
- 17 ~~———— (4) The department may deliver to a taxpayer's spouse the taxpayer's return or information related to~~
18 ~~the return for a tax year if the spouse and the taxpayer filed the return with the filing status of married filing~~
19 ~~separately on the same return. The information being provided to the spouse or reported on the return, including~~
20 ~~subsequent adjustments or amendments to the return, must be treated in the same manner as if the spouse and~~
21 ~~the taxpayer filed the return using a joint filing status for that tax year.~~
- 22 ~~———— (5) Reports and returns must be preserved for at least 3 years and may be preserved until the~~
23 ~~department orders them to be destroyed.~~
- 24 ~~———— (6) Any offense against subsections (1) through (5) is punishable by a fine not exceeding \$500. If the~~
25 ~~offender is an officer or employee of the state, the offender must be dismissed from office or employment and~~
26 ~~may not hold any public office or public employment in this state for a period of 1 year after dismissal or, in the~~
27 ~~case of a former officer or employee, for 1 year after conviction.~~
- 28 ~~———— (7) This section may not be construed to prohibit the department from providing taxpayer return~~
29 ~~information and information from employers' payroll withholding reports to:~~
- 30 ~~———— (a) the department of labor and industry to be used for the purpose of investigation and prevention of~~

1 noncompliance, tax evasion, fraud, and abuse under the unemployment insurance laws; or
 2 ~~———— (b) the state fund to be used for the purpose of investigation and prevention of noncompliance, fraud,~~
 3 ~~and abuse under the workers' compensation program.~~
 4 ~~———— (8) The department may permit the commissioner of internal revenue of the United States or the proper~~
 5 ~~officer of any state imposing a tax on the incomes of individuals or the authorized representative of either officer~~
 6 ~~to inspect the return of income of any individual or may furnish to the officer or an authorized representative an~~
 7 ~~abstract of the return of income of any individual or supply the officer with information concerning an item of~~
 8 ~~income contained in a return or disclosed by the report of an investigation of the income or return of income of~~
 9 ~~an individual, but the permission may be granted or information furnished only if the statutes of the United States~~
 10 ~~or of the other state grant substantially similar privileges to the proper officer of this state charged with the~~
 11 ~~administration of this chapter.~~
 12 ~~———— (9) On written request to the director or a designee of the director, the department shall furnish:~~
 13 ~~———— (a) to the department of justice all information necessary to identify those persons qualifying for the~~
 14 ~~additional exemption for blindness pursuant to 15-30-2114(4), for the purpose of enabling the department of~~
 15 ~~justice to administer the provisions of 61-5-105;~~
 16 ~~———— (b) to the department of public health and human services information acquired under 15-30-2616,~~
 17 ~~pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public~~
 18 ~~assistance fraud and abuse, provided notice to the applicant has been given;~~
 19 ~~———— (c) to the department of labor and industry:~~
 20 ~~———— (i) for the purpose of prevention and detection of fraud and abuse in and eligibility for benefits under the~~
 21 ~~unemployment compensation and workers' compensation programs, information on whether a taxpayer who is~~
 22 ~~the subject of an ongoing investigation by the department of labor and industry is an employee, an independent~~
 23 ~~contractor, or self-employed; and~~
 24 ~~———— (ii) for the purpose of administering the apprenticeship tax credit provided for in 39-6-109, employer and~~
 25 ~~apprentice information necessary to implement 15-30-2357, 15-31-173, and 39-6-109;~~
 26 ~~———— (d) to the department of fish, wildlife, and parks specific information that is available from income tax~~
 27 ~~returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and~~
 28 ~~fishing licenses;~~
 29 ~~———— (e) to the board of regents information required under 20-26-1111;~~
 30 ~~———— (f) to the legislative fiscal analyst and the office of budget and program planning individual income tax~~

1 information as provided in ~~5-12-303, 15-1-106, and 17-7-111~~. The information provided to the office of budget
2 and program planning must be the same as the information provided to the legislative fiscal analyst.

3 ~~—— (g) to the department of transportation farm income information based on the most recent income tax~~
4 ~~return filed by an applicant applying for a refund under 15-70-430, provided that notice to the applicant has been~~
5 ~~given as provided in 15-70-430. The information obtained by the department of transportation is subject to the~~
6 ~~same restrictions on disclosure as are individual income tax returns.~~

7 ~~—— (h) to the department of commerce tax information about a taxpayer whose debt is assigned to the~~
8 ~~department of revenue for offset or collection pursuant to the terms of Title 17, chapter 4, part 1. The information~~
9 ~~provided to the department of commerce must be used for the purposes of preventing and detecting fraud or~~
10 ~~abuse and determining eligibility for grants or loans.~~

11 ~~—— (i) to the superintendent of public instruction information required under 20-9-905. (Subsection (9)(i)~~
12 ~~terminates December 31, 2023--sec. 33, Ch. 457, L. 2015.)"~~

13

14 ~~—— **Section 2.** Section 15-31-511, MCA, is amended to read:~~

15 ~~—— "**15-31-511. Confidentiality of tax records.** (1) Except as provided in this section, in accordance with~~
16 ~~a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:~~

17 ~~—— (a) the amount of income or any particulars set forth or disclosed in any return or report required under~~
18 ~~this chapter or any other information relating to taxation secured in the administration of this chapter; or~~

19 ~~—— (b) any federal return or information in or disclosed on a federal return or report required by law or rule~~
20 ~~of the department under this chapter.~~

21 ~~—— (2) (a) An officer or employee charged with custody of returns and reports required by this chapter may~~
22 ~~not be ordered to produce any of them or evidence of anything contained in them in any administrative~~
23 ~~proceeding or action or proceeding in any court, except:~~

24 ~~—— (i) in an action or proceeding in which the department is a party under the provisions of this chapter; or~~

25 ~~—— (ii) in any other tax proceeding or on behalf of a party to an action or proceeding under the provisions of~~
26 ~~this chapter when the returns or reports or facts shown in them are directly pertinent to the action or proceeding.~~

27 ~~—— (b) If the production of a return, report, or information contained in them is ordered, the court shall limit~~
28 ~~production of and the admission of returns, reports, or facts shown in them to the matters directly pertinent to the~~
29 ~~action or proceeding.~~

30 ~~—— (3) This section does not prohibit:~~

- 1 ~~—— (a) the delivery of a certified copy of any return or report filed in connection with a return to the taxpayer~~
2 ~~who filed the return or report or to the taxpayer's authorized representative;~~
- 3 ~~—— (b) the publication of statistics prepared in a manner that prevents the identification of particular returns,~~
4 ~~reports, or items from returns or reports;~~
- 5 ~~—— (c) the inspection of returns and reports by the attorney general or other legal representative of the state~~
6 ~~in the course of an administrative proceeding or litigation under this chapter;~~
- 7 ~~—— (d) access to information under subsection (4);~~
- 8 ~~—— (e) the director of revenue from permitting a representative of the commissioner of internal revenue of~~
9 ~~the United States or a representative of a proper officer of any state imposing a tax on the income of a taxpayer~~
10 ~~to inspect the returns or reports of a corporation. The department may also furnish those persons abstracts of~~
11 ~~income, returns, and reports; information concerning any item in a return or report; and any item disclosed by an~~
12 ~~investigation of the income or return of a corporation. The director of revenue may not furnish that information~~
13 ~~to a person representing the United States or another state unless the United States or the other state grants~~
14 ~~substantially similar privileges to an officer of this state charged with the administration of this chapter.~~
- 15 ~~—— (4) On written request to the director or a designee of the director, the department shall:~~
- 16 ~~—— (a) allow the inspection of returns and reports by the legislative auditor, but the information furnished to~~
17 ~~the legislative auditor is subject to the same restrictions on disclosure outside that office as provided in subsection~~
18 ~~(1);~~
- 19 ~~—— (b) provide corporate income tax and alternative corporate income tax information, including any~~
20 ~~information that may be required under Title 15, chapter 30, part 33, to the legislative fiscal analyst, as provided~~
21 ~~in 5-12-303 or 15-1-106, and the office of budget and program planning, as provided in 15-1-106 or 17-7-111.~~
22 ~~The information furnished to the legislative fiscal analyst and the office of budget and program planning is subject~~
23 ~~to the same restrictions on disclosure outside those offices as provided in subsection (1).~~
- 24 ~~—— (c) provide to the department of commerce tax information about a taxpayer whose debt is assigned to~~
25 ~~the department of revenue for offset or collection pursuant to the terms of Title 17, chapter 4, part 1. The~~
26 ~~information provided to the department of commerce must be used for the purposes of preventing and detecting~~
27 ~~fraud or abuse and determining eligibility for grants or loans.~~
- 28 ~~—— (d) furnish to the superintendent of public instruction information required under 20-9-905;~~
- 29 ~~—— (e) exchange with the department of labor and industry taxpayer and apprentice information necessary~~
30 ~~to implement 15-30-2357, 15-31-173, and 39-6-109.~~

1 ~~——— (5) A person convicted of violating this section shall be fined not to exceed \$500. If a public officer or~~
 2 ~~public employee is convicted of violating this section, the person is dismissed from office or employment and may~~
 3 ~~not hold any public office or public employment in the state for a period of 1 year after dismissal or, in the case~~
 4 ~~of a former officer or employee, for 1 year after conviction. (Subsection (4)(d) terminates December 31,~~
 5 ~~2023--sec. 33, Ch. 457, L. 2015.)"~~

6
 7 ~~——— **Section 3.** Section 15-32-104, MCA, is amended to read:~~
 8 ~~——— "**15-32-104. Limitations on deduction and credit.** Tax treatment under 15-32-103 and 15-32-109 is~~
 9 ~~limited to persons and firms not primarily engaged in the provision of gas or electricity derived from fossil fuel~~
 10 ~~extraction or conventional hydroelectric development."~~

11
 12 ~~——— **Section 4.** Section 15-32-105, MCA, is amended to read:~~
 13 ~~——— "**15-32-105. Application to new construction -- rules.** (1) It is the intent of the legislature that no~~
 14 ~~deduction or credit under this part be allowed for capital investment for an energy conservation practice in the~~
 15 ~~new construction of a building if that capital investment would have been made under established standards of~~
 16 ~~new construction. The department of revenue shall adopt rules to implement this legislative intent. Such The rules~~
 17 ~~shall must be based on the best currently available methods of analysis, including those of the national bureau~~
 18 ~~of standards, the department of housing and urban development, and other federal agencies and professional~~
 19 ~~societies and materials developed by the department. Provisions shall must be made for an annual updating of~~
 20 ~~rules and standards as required.~~

21 ~~——— (2) The department may adopt rules to define standard components of conventional buildings and to~~
 22 ~~establish other necessary elements of the definition of passive solar system consistent with the intent of~~
 23 ~~15-32-102."~~

24
 25 ~~——— **Section 5.** Section 15-32-106, MCA, is amended to read:~~
 26 ~~——— "**15-32-106. Procedure for obtaining benefit of deduction or credit.** The department of revenue shall~~
 27 ~~provide forms on which a taxpayer may apply for a tax credit under 15-32-109. The department of revenue shall~~
 28 ~~approve a deduction or credit under 15-32-103 or 15-32-109 that demonstrably promotes energy conservation~~
 29 ~~or uses a recognized nonfossil form of energy generation. The department of revenue may refer a deduction or~~
 30 ~~credit involving energy generation to the department of environmental quality for its advice, and the department~~

1 of environmental quality shall respond within 60 days. The department of revenue may refer a deduction or credit
 2 involving energy conservation to the department of labor and industry for its advice, and the department of labor
 3 and industry shall respond within 60 days. The department of revenue may deny a deduction or credit that it finds
 4 to be impractical or ineffective."

5

6 ~~Section 6.~~ Section 15-32-107, MCA, is amended to read:

7 ~~"15-32-107. Loans by utilities and financial institutions -- tax credit for interest differential for~~

8 ~~loans made prior to July 1, 1995.~~ (1) Except as provided in subsection (4), a public utility or a financial institution
 9 that lent money or made qualifying installations under this section as it read prior to July 1, 1995, may compute
 10 the difference between interest it actually receives on the transactions and the interest that would have been
 11 received at the prevailing average interest rate for home improvement loans, as prescribed in rules made by the
 12 public service commission. The utility may apply the difference so computed as a credit against its tax liability for
 13 the electrical energy producer's license tax under 15-51-101 or for the corporate income tax under chapter 31,
 14 part 1. The public service commission shall regulate rates in such a manner that a utility making loans under this
 15 section may not make a profit as the result of this section. The financial institution may apply the difference so
 16 computed as a credit against its tax liability for the corporate income tax under chapter 31, part 1.

17 ~~(2) A utility may not claim a tax credit under this section exceeding \$750,000 in any tax year. A financial~~
 18 ~~institution may not claim a tax credit under this section exceeding \$2,000 in any tax year.~~

19 ~~(3) The public service commission may make rules to implement this section as it applies to public~~
 20 ~~utilities only.~~

21 ~~(4) A public utility whose purchases of or investments in conservation are placed in the rate base as~~
 22 ~~provided in Title 69, chapter 3, part 7, may not receive a tax credit under subsection (1)."~~

23

24 ~~Section 7.~~ Section 15-32-502, MCA, is amended to read:

25 ~~"15-32-502. Definitions.~~ For purposes of this part, the following definitions apply:

26 ~~(1) (a) "Certified expenditures" means those costs incurred for activities in direct support of exploration~~
 27 ~~activity conducted at a specific exploration site for the purpose of determining the existence, location, extent, or~~
 28 ~~quality of a mineral or coal deposit. The term includes:~~

29 ~~(i) the costs of obtaining the approvals, permits, licenses, and certificates for an the following exploration~~
 30 ~~activity referred to in 15-32-503; activities performed on land in the state for the purpose of determining the~~

- 1 ~~existence, location, extent, or quality of a mineral or coal deposit, regardless of ownership:~~
- 2 ~~—— (A) surveying by geophysical or geochemical methods;~~
- 3 ~~—— (B) drilling exploration holes;~~
- 4 ~~—— (C) conducting underground exploration;~~
- 5 ~~—— (D) surface trenching and bulk sampling; or~~
- 6 ~~—— (E) performing other exploratory work, including aerial photographs, geological and geophysical logging,~~
- 7 ~~sample analysis, and metallurgical testing;~~
- 8 ~~—— (ii) direct labor costs and the cost of benefits for employees directly associated with work described in~~
- 9 ~~15-32-503 exploration activities;~~
- 10 ~~—— (iii) the cost of renting or leasing equipment from parties not affiliated with the person requesting and~~
- 11 ~~taking the credit deduction;~~
- 12 ~~—— (iv) the reasonable costs of owning, maintaining, and operating equipment;~~
- 13 ~~—— (v) insurance and bond premiums associated with the activities set out in subsections (1)(a)(i) through~~
- 14 ~~(1)(a)(vii);~~
- 15 ~~—— (vi) payments to consultants and independent contractors; or~~
- 16 ~~—— (vii) the general expense of operating the person's business, including the costs of materials and~~
- 17 ~~supplies, if those expenses and costs are directly attributable to the work described in 15-32-503 exploration~~
- 18 ~~activities.~~
- 19 ~~—— (b) The term does not include return on investment, insurance or bond premiums not covered under~~
- 20 ~~subsection (1)(a)(v), or any other expense that the person has not incurred to complete work described in~~
- 21 ~~15-32-503 exploration activities.~~
- 22 ~~—— (2) "Credit" means the exploration incentive credit for activities involving mineral and coal deposits~~
- 23 ~~authorized by this part.~~
- 24 ~~—— (3) "Exploration activity data list" means, as applicable, a summary of work completed during the year~~
- 25 ~~that includes but is not limited to:~~
- 26 ~~—— (a) the number of core or rotary drilling holes completed;~~
- 27 ~~—— (b) chemical analytical data available; or~~
- 28 ~~—— (c) aerial photographs or a topographic or geologic map showing the location of the drill holes, sample~~
- 29 ~~locations, or the other exploration activities undertaken.~~
- 30 ~~—— (4)(2) "Geochemical methods" means geochemical data gathering methods, including the collection of~~

1 soil, rock, water, air, vegetation, and similar samples and their chemical analyses:

2 ~~———— (5)(3) "Geophysical methods" means all geophysical data gathering methods used in mineral or coal~~
3 ~~exploration, including seismic, gravity, magnetic, radiometric, radar, and electromagnetic and other remote~~
4 ~~sensing measurements.~~

5 ~~———— (6)(4) "Mineral" means those substances defined as minerals by 82-4-303 and coal as defined by~~
6 ~~82-1-111.~~

7 ~~———— (7) (a) "Mining operation" includes all operating and nonoperating activities related to a mineral deposit~~
8 ~~interest and may be composed of one or more mining properties:~~

9 ~~———— (b) In determining whether mining properties are part of the same mining operation, the department may~~
10 ~~consider whether the operation, in conducting mining activities on several mining properties, uses common~~
11 ~~personnel, supply and maintenance facilities, mining-related treatment processes, storage facilities, roads,~~
12 ~~pipelines, transportation equipment, and mining techniques and technology and may also consider the extent to~~
13 ~~which the mineral deposit interest comprises a common mining property.~~

14 ~~———— (8)(5) "Person" means a sole proprietorship, corporation, partnership, small business corporation as~~
15 ~~defined in 15-30-3301, or limited liability company as defined in 35-8-102.~~

16 ~~———— (9) "Tax year" means the calendar year."~~

17

18 ~~———— **Section 8.** Section 15-32-510, MCA, is amended to read:~~

19 ~~———— **"15-32-510. Deduction for donation of exploration information.** (1) In addition to all other deductions~~
20 ~~from adjusted gross individual income allowed in computing taxable income under Title 15, chapter 30, or from~~
21 ~~gross corporate income allowed in computing net income under Title 15, chapter 31, part 1, a taxpayer may~~
22 ~~deduct documented expenses for the donation of mineral exploration information generated as part of the certified~~
23 ~~expenditures. The information must be donated to the Montana tech foundation to reside as part of the Montana~~
24 ~~tech research library, and the documented expenses must be based on the cost of recreating the donated~~
25 ~~information.~~

26 ~~———— (2) The Montana tech foundation has the right to limit information accepted and deductions granted to~~
27 ~~that exploration activity data that is needed as part of the Montana tech research library:~~

28 ~~———— (3) A deduction under this section may not exceed 20% of the actual value of the data if a tax credit for~~
29 ~~the same exploration activity data is taken under this part."~~

30

1 ~~Section 9.~~ Section 15-32-610, MCA, is amended to read:

2 ~~"15-32-610. Deduction for purchase of recycled material -- definition.~~ (1) In addition to all other
3 deductions from adjusted gross individual income allowed in computing taxable income under Title 15, chapter
4 30, or from gross corporate income allowed in computing net income under Title 15, chapter 31, part 1, a taxpayer
5 may deduct an additional amount equal to 10% of the taxpayer's expenditures for the purchase of recycled
6 material that was otherwise deductible by the taxpayer as business-related expense in Montana.

7 ~~(2) For the purposes of this part, "recycled material" means a substance that is produced from reclaimed~~
8 ~~material as provided in 15-32-609."~~

9

10 ~~Section 10.~~ Section 17-6-316, MCA, is amended to read:

11 ~~"17-6-316. Economic development loan -- infrastructure tax credit.~~ (1) A loan made pursuant to
12 17-6-309(2) must be used to build infrastructure, as provided for in 7-15-4288(4), such as water systems, sewer
13 systems, water treatment facilities, sewage treatment facilities, and roads, that allows the location or creation of
14 a business in Montana. The loan must be made to a local government that will create the necessary
15 infrastructure. The infrastructure may serve as collateral for the loan. The local government receiving the loan
16 may charge fees to the users of the infrastructure. A loan repayment agreement must provide for repayment of
17 the loan from the entity authorized to charge fees for the use of the services of the infrastructure. Loans made
18 pursuant to 17-6-309(2) qualify for the job credit interest rate reductions under 17-6-318 if the interest rate
19 reduction passes through to the business creating the jobs.

20 ~~(2) A loan pursuant to 17-6-309(2) and this section may not be made until the board is satisfied that the~~
21 ~~condition in 17-6-309(2) will be met. If the condition contained in 17-6-309(2) is not met, any credits received~~
22 ~~pursuant to subsection (3) of this section must be returned to the state.~~

23 ~~(3) A business that is created or expanded as the result of a loan made pursuant to 17-6-309(2) and~~
24 ~~subsection (1) of this section is entitled to a credit against taxes due under Title 15, chapter 30 or 31, for the~~
25 ~~portion of the fees attributable to the use of the infrastructure. The total amount of tax credit claimed may not~~
26 ~~exceed the amount of the loan. The credit may be carried forward for 7 tax years or carried back for 3 tax years."~~

27

28 ~~Section 11.~~ Section 75-2-103, MCA, is amended to read:

29 ~~"75-2-103. Definitions.~~ Unless the context requires otherwise, in this chapter, the following definitions
30 apply:

- 1 ~~———— (1) "Air contaminant" means dust, fumes, mist, smoke, other particulate matter, vapor, gas, odorous~~
2 ~~substances, or any combination of those air contaminants.~~
- 3 ~~———— (2) "Air pollutants" means one or more air contaminants that are present in the outdoor atmosphere,~~
4 ~~including those pollutants regulated pursuant to section 7412 and Subchapter V of the federal Clean Air Act, 42~~
5 ~~U.S.C. 7401, et seq.~~
- 6 ~~———— (3) "Air pollution" means the presence of air pollutants in a quantity and for a duration that are or tend~~
7 ~~to be injurious to human health or welfare, animal or plant life, or property or that would unreasonably interfere~~
8 ~~with the enjoyment of life, property, or the conduct of business.~~
- 9 ~~———— (4) "Associated supporting infrastructure" means:~~
- 10 ~~———— (a) electric transmission and distribution facilities;~~
- 11 ~~———— (b) pipeline facilities;~~
- 12 ~~———— (c) aboveground ponds and reservoirs and underground storage reservoirs;~~
- 13 ~~———— (d) rail transportation;~~
- 14 ~~———— (e) aqueducts and diversion dams;~~
- 15 ~~———— (f) devices or equipment associated with the delivery of an energy form or product produced at an energy~~
16 ~~development project; or~~
- 17 ~~———— (g) other supporting infrastructure, as defined by board rule, that is necessary for an energy development~~
18 ~~project.~~
- 19 ~~———— (5) "Board" means the board of environmental review provided for in 2-15-3502.~~
- 20 ~~———— (6) (a) "Commercial hazardous waste incinerator" means:~~
- 21 ~~———— (i) an incinerator that burns hazardous waste; or~~
- 22 ~~———— (ii) a boiler or industrial furnace subject to the provisions of 75-10-406.~~
- 23 ~~———— (b) Commercial hazardous waste incinerator does not include a research and development facility that~~
24 ~~receives federal or state research funds and that burns hazardous waste primarily to test and evaluate waste~~
25 ~~treatment remediation technologies.~~
- 26 ~~———— (7) "Department" means the department of environmental quality provided for in 2-15-3501.~~
- 27 ~~———— (8) "Emission" means a release into the outdoor atmosphere of air contaminants.~~
- 28 ~~———— (9) (a) "Energy development project" means each plant, unit, or other development and associated~~
29 ~~developments, including any associated supporting infrastructure, designed for or capable of:~~
- 30 ~~———— (i) generating electricity;~~

- 1 ~~—— (ii) producing gas derived from coal;~~
 2 ~~—— (iii) producing liquid hydrocarbon products;~~
 3 ~~—— (iv) refining crude oil or natural gas;~~
 4 ~~—— (v) producing alcohol to be blended for ethanol-blended gasoline and that are eligible for a tax incentive~~
 5 ~~pursuant to Title 15, chapter 70, part 5; or~~
 6 ~~—— (vi) producing biodiesel and that are eligible for a tax incentive for the production of biodiesel pursuant~~
 7 ~~to 15-32-701; or~~
 8 ~~—— (vii)(vi) transmitting electricity through an electric transmission line with a design capacity of equal to or~~
 9 ~~greater than 50 kilovolts.~~
 10 ~~—— (b) The term does not include a nuclear facility as defined in 75-20-1202.~~
 11 ~~—— (10) "Environmental protection law" means a law contained in or an administrative rule adopted pursuant~~
 12 ~~to Title 75, chapter 2, 5, 10, or 11.~~
 13 ~~—— (11) "Hazardous waste" means:~~
 14 ~~—— (a) a substance defined as hazardous under 75-10-403 or defined as hazardous in department~~
 15 ~~administrative rules adopted pursuant to Title 75, chapter 10, part 4; or~~
 16 ~~—— (b) a waste containing 2 parts or more per million of polychlorinated biphenyl (PCB).~~
 17 ~~—— (12) (a) "Incinerator" means any single- or multiple-chambered combustion device that burns combustible~~
 18 ~~material, alone or with a supplemental fuel or with catalytic combustion assistance, primarily for the purpose of~~
 19 ~~removal, destruction, disposal, or volume reduction of any portion of the input material.~~
 20 ~~—— (b) Incinerator does not include:~~
 21 ~~—— (i) safety flares used to combust or dispose of hazardous or toxic gases at industrial facilities, such as~~
 22 ~~refineries, gas sweetening plants, oil and gas wells, sulfur recovery plants, or elemental phosphorus plants;~~
 23 ~~—— (ii) space heaters that burn used oil;~~
 24 ~~—— (iii) wood-fired boilers; or~~
 25 ~~—— (iv) wood waste burners, such as tepee, wigwam, truncated cone, or silo burners.~~
 26 ~~—— (13) "Medical waste" means any waste that is generated in the diagnosis, treatment, or immunization of~~
 27 ~~human beings or animals, in medical research on humans or animals, or in the production or testing of biologicals.~~
 28 ~~The term includes:~~
 29 ~~—— (a) cultures and stocks of infectious agents;~~
 30 ~~—— (b) human pathological wastes;~~

- 1 ~~—— (c) waste human blood or products of human blood;~~
2 ~~—— (d) sharps;~~
3 ~~—— (e) contaminated animal carcasses, body parts, and bedding that were known to have been exposed~~
4 ~~to infectious agents during research;~~
5 ~~—— (f) laboratory wastes and wastes from autopsy or surgery that were in contact with infectious agents; and~~
6 ~~—— (g) biological waste and discarded material contaminated with blood, excretion, exudates, or secretions~~
7 ~~from humans or animals.~~
- 8 ~~—— (14) (a) "Oil or gas well facility" means a well that produces oil or natural gas. The term includes:~~
9 ~~—— (i) equipment associated with the well and used for the purpose of producing, treating, separating, or~~
10 ~~storing oil, natural gas, or other liquids produced by the well; and~~
11 ~~—— (ii) a group of wells under common ownership or control that produce oil or natural gas and that share~~
12 ~~common equipment used for the purpose of producing, treating, separating, or storing oil, natural gas, or other~~
13 ~~liquids produced by the wells.~~
- 14 ~~—— (b) The equipment referred to in subsection (15)(a) includes but is not limited to wellhead assemblies,~~
15 ~~amine units, prime mover engines, phase separators, heater treater units, dehydrator units, tanks, and connecting~~
16 ~~tubing.~~
- 17 ~~—— (c) The term does not include equipment such as compressor engines used for transmission of oil or~~
18 ~~natural gas.~~
- 19 ~~—— (15) "Person" means an individual, a partnership, a firm, an association, a municipality, a public or private~~
20 ~~corporation, the state or a subdivision or agency of the state, a trust, an estate, an interstate body, the federal~~
21 ~~government or an agency of the federal government, or any other legal entity and includes persons resident in~~
22 ~~Canada.~~
- 23 ~~—— (16) "Principal" means a principal of a corporation, including but not limited to a partner, associate, officer,~~
24 ~~parent corporation, or subsidiary corporation.~~
- 25 ~~—— (17) "Small business stationary source" means a stationary source that:~~
26 ~~—— (a) is owned or operated by a person who employs 100 or fewer individuals;~~
27 ~~—— (b) is a small business concern as defined in the Small Business Act, 15 U.S.C. 631, et seq.;~~
28 ~~—— (c) is not a major stationary source as defined in Subchapter V of the federal Clean Air Act, 42 U.S.C.~~
29 ~~7661, et seq.;~~
30 ~~—— (d) emits less than 50 tons per year of an air pollutant;~~

1 ~~_____ (e) emits less than a total of 75 tons per year of all air pollutants combined; and~~

2 ~~_____ (f) is not excluded from this definition under 75-2-108(3).~~

3 ~~_____ (18) (a) "Solid waste" means all putrescible and nonputrescible solid, semisolid, liquid, or gaseous~~
 4 ~~wastes, including but not limited to garbage; rubbish; refuse; ashes; swill; food wastes; commercial or industrial~~
 5 ~~wastes; medical waste; sludge from sewage treatment plants, water supply treatment plants, or air pollution~~
 6 ~~control facilities; construction, demolition, or salvage wastes; dead animals, dead animal parts, offal, animal~~
 7 ~~droppings, or litter; discarded home and industrial appliances; automobile bodies, tires, interiors, or parts thereof;~~
 8 ~~wood products or wood byproducts and inert materials; styrofoam and other plastics; rubber materials; asphalt~~
 9 ~~shingles; tarpaper; electrical equipment, transformers, or insulated wire; oil or petroleum products or oil or~~
 10 ~~petroleum products and inert materials; treated lumber and timbers; and pathogenic or infectious waste.~~

11 ~~_____ (b) Solid waste does not include municipal sewage, industrial wastewater effluents, mining wastes~~
 12 ~~regulated under the mining and reclamation laws administered by the department of environmental quality, or~~
 13 ~~slash and forest debris regulated under laws administered by the department of natural resources and~~
 14 ~~conservation."~~

15

16 ~~_____ **Section 12.** Section 75-5-103, MCA, is amended to read:~~

17 ~~_____ **"75-5-103. (Temporary) Definitions.** Unless the context requires otherwise, in this chapter, the following~~
 18 ~~definitions apply:~~

19 ~~_____ (1) "Associated supporting infrastructure" means:~~

20 ~~_____ (a) electric transmission and distribution facilities;~~

21 ~~_____ (b) pipeline facilities;~~

22 ~~_____ (c) aboveground ponds and reservoirs and underground storage reservoirs;~~

23 ~~_____ (d) rail transportation;~~

24 ~~_____ (e) aqueducts and diversion dams;~~

25 ~~_____ (f) devices or equipment associated with the delivery of an energy form or product produced at an energy~~
 26 ~~development project; or~~

27 ~~_____ (g) other supporting infrastructure, as defined by board rule, that is necessary for an energy development~~
 28 ~~project.~~

29 ~~_____ (2) (a) "Base numeric nutrient standards" means numeric water quality criteria for nutrients in surface~~
 30 ~~water that are adopted to protect the designated uses of a surface water body.~~

- 1 ~~———(b) The term does not include numeric water quality standards for nitrate, nitrate plus nitrite, or nitrite that~~
2 ~~are adopted to protect human health.~~
- 3 ~~———(3) "Board" means the board of environmental review provided for in 2-15-3502.~~
- 4 ~~———(4) "Contamination" means impairment of the quality of state waters by sewage, industrial wastes, or~~
5 ~~other wastes, creating a hazard to human health.~~
- 6 ~~———(5) "Council" means the water pollution control advisory council provided for in 2-15-2107.~~
- 7 ~~———(6) (a) "Currently available data" means data that is readily available to the department at the time a~~
8 ~~decision is made, including information supporting its previous lists of water bodies that are threatened or~~
9 ~~impaired.~~
- 10 ~~———(b) The term does not mean new data to be obtained as a result of department efforts.~~
- 11 ~~———(7) "Degradation" means a change in water quality that lowers the quality of high-quality waters for a~~
12 ~~parameter. The term does not include those changes in water quality determined to be nonsignificant pursuant~~
13 ~~to 75-5-301(5)(c).~~
- 14 ~~———(8) "Department" means the department of environmental quality provided for in 2-15-3501.~~
- 15 ~~———(9) "Disposal system" means a system for disposing of sewage, industrial, or other wastes and includes~~
16 ~~sewage systems and treatment works.~~
- 17 ~~———(10) "Effluent standard" means a restriction or prohibition on quantities, rates, and concentrations of~~
18 ~~chemical, physical, biological, and other constituents that are discharged into state waters.~~
- 19 ~~———(11) (a) "Energy development project" means each plant, unit, or other development and associated~~
20 ~~developments, including any associated supporting infrastructure, designed for or capable of:~~
- 21 ~~———(i) generating electricity;~~
- 22 ~~———(ii) producing gas derived from coal;~~
- 23 ~~———(iii) producing liquid hydrocarbon products;~~
- 24 ~~———(iv) refining crude oil or natural gas;~~
- 25 ~~———(v) producing alcohol to be blended for ethanol-blended gasoline and that are eligible for a tax incentive~~
26 ~~pursuant to Title 15, chapter 70, part 5; or~~
- 27 ~~———(vi) producing biodiesel and that are eligible for a tax incentive for the production of biodiesel pursuant~~
28 ~~to 15-32-701; or~~
- 29 ~~———(vii)(vi) transmitting electricity through an electric transmission line with a design capacity of equal to or~~
30 ~~greater than 50 kilovolts.~~

- 1 ~~—— (b) The term does not include a nuclear facility as defined in 75-20-1202.~~
- 2 ~~—— (12) "Existing uses" means those uses actually attained in state waters on or after July 1, 1971, whether~~
3 ~~or not those uses are included in the water quality standards.~~
- 4 ~~—— (13) "High-quality waters" means all state waters, except:~~
- 5 ~~—— (a) ground water classified as of January 1, 1995, within the "III" or "IV" classifications established by~~
6 ~~the board's classification rules; and~~
- 7 ~~—— (b) surface waters that:~~
- 8 ~~—— (i) are not capable of supporting any one of the designated uses for their classification; or~~
9 ~~—— (ii) have zero flow or surface expression for more than 270 days during most years.~~
- 10 ~~—— (14) "Impaired water body" means a water body or stream segment for which sufficient credible data~~
11 ~~shows that the water body or stream segment is failing to achieve compliance with applicable water quality~~
12 ~~standards.~~
- 13 ~~—— (15) "Industrial waste" means a waste substance from the process of business or industry or from the~~
14 ~~development of any natural resource, together with any sewage that may be present.~~
- 15 ~~—— (16) "Interested person" means a person who has a real property interest, a water right, or an economic~~
16 ~~interest that is or may be directly and adversely affected by the department's preliminary decision regarding~~
17 ~~degradation of state waters, pursuant to 75-5-303. The term includes a person who has requested authorization~~
18 ~~to degrade high-quality waters.~~
- 19 ~~—— (17) "Load allocation" means the portion of a receiving water's loading capacity that is allocated to one~~
20 ~~of its existing or future nonpoint sources or to natural background sources.~~
- 21 ~~—— (18) "Loading capacity" means the mass of a pollutant that a water body can assimilate without a violation~~
22 ~~of water quality standards. For pollutants that cannot be measured in terms of mass, it means the maximum~~
23 ~~change that can occur from the best practicable condition in a surface water without causing a violation of the~~
24 ~~surface water quality standards.~~
- 25 ~~—— (19) "Local department of health" means the staff, including health officers, employed by a county, city,~~
26 ~~city-county, or district board of health.~~
- 27 ~~—— (20) "Metal parameters" includes but is not limited to aluminum, antimony, arsenic, beryllium, barium,~~
28 ~~cadmium, chromium, copper, fluoride, iron, lead, manganese, mercury, nickel, selenium, silver, thallium, and zinc.~~
- 29 ~~—— (21) "Mixing zone" means an area established in a permit or final decision on nondegradation issued by~~
30 ~~the department where water quality standards may be exceeded, subject to conditions that are imposed by the~~

1 department and that are consistent with the rules adopted by the board:

2 ~~———— (22) "Nutrient standards variance" means numeric water quality criteria for nutrients based on a~~
3 ~~determination that base numeric nutrient standards cannot be achieved because of economic impacts or because~~
4 ~~of the limits of technology. The term includes individual, general, and alternative nutrient standards variances in~~
5 ~~accordance with 75-5-313.~~

6 ~~———— (23) "Nutrient work group" means an advisory work group, convened by the department, representing~~
7 ~~publicly owned and privately owned point sources of pollution, nonpoint sources of pollution, and other interested~~
8 ~~parties that will advise the department on the base numeric nutrient standards, the development of nutrient~~
9 ~~standards variances, and the implementation of those standards and variances together with associated~~
10 ~~economic impacts.~~

11 ~~———— (24) "Other wastes" means garbage, municipal refuse, decayed wood, sawdust, shavings, bark, lime,~~
12 ~~sand, ashes, offal, night soil, oil, grease, tar, heat, chemicals, dead animals, sediment, wrecked or discarded~~
13 ~~equipment, radioactive materials, solid waste, and all other substances that may pollute state waters.~~

14 ~~———— (25) "Outstanding resource waters" means:~~

15 ~~———— (a) state surface waters located wholly within the boundaries of areas designated as national parks or~~
16 ~~national wilderness areas as of October 1, 1995; or~~

17 ~~———— (b) other surface waters or ground waters classified by the board under the provisions of 75-5-316 and~~
18 ~~approved by the legislature.~~

19 ~~———— (26) "Owner or operator" means a person who owns, leases, operates, controls, or supervises a point~~
20 ~~source.~~

21 ~~———— (27) "Parameter" means a physical, biological, or chemical property of state water when a value of that~~
22 ~~property affects the quality of the state water.~~

23 ~~———— (28) "Person" means the state, a political subdivision of the state, institution, firm, corporation,~~
24 ~~partnership, individual, or other entity and includes persons resident in Canada.~~

25 ~~———— (29) "Point source" means a discernible, confined, and discrete conveyance, including but not limited to~~
26 ~~any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, or vessel or other floating~~
27 ~~craft, from which pollutants are or may be discharged.~~

28 ~~———— (30) (a) "Pollution" means:~~

29 ~~———— (i) contamination or other alteration of the physical, chemical, or biological properties of state waters that~~
30 ~~exceeds that permitted by Montana water quality standards, including but not limited to standards relating to~~

1 ~~change in temperature, taste, color, turbidity, or odor; or~~
2 ~~—— (ii) the discharge, seepage, drainage, infiltration, or flow of liquid, gaseous, solid, radioactive, or other~~
3 ~~substance into state water that will or is likely to create a nuisance or render the waters harmful, detrimental, or~~
4 ~~injurious to public health, recreation, safety, or welfare, to livestock, or to wild animals, birds, fish, or other wildlife.~~
5 ~~—— (b) The term does not include:~~
6 ~~—— (i) a discharge, seepage, drainage, infiltration, or flow that is authorized under the pollution discharge~~
7 ~~permit rules adopted by the board under this chapter;~~
8 ~~—— (ii) activities conducted under this chapter that comply with the conditions imposed by the department~~
9 ~~in short-term authorizations pursuant to 75-5-308;~~
10 ~~—— (iii) contamination of ground water within the boundaries of an underground mine using in situ coal~~
11 ~~gasification and operating in accordance with a permit issued under 82-4-221.~~
12 ~~—— (c) Contamination referred to in subsection (30)(b)(iii) does not require a mixing zone.~~
13 ~~—— (31) "Sewage" means water-carried waste products from residences, public buildings, institutions, or~~
14 ~~other buildings, including discharge from human beings or animals, together with ground water infiltration and~~
15 ~~surface water present.~~
16 ~~—— (32) "Sewage system" means a device for collecting or conducting sewage, industrial wastes, or other~~
17 ~~wastes to an ultimate disposal point.~~
18 ~~—— (33) "Standard of performance" means a standard adopted by the board for the control of the discharge~~
19 ~~of pollutants that reflects the greatest degree of effluent reduction achievable through application of the best~~
20 ~~available demonstrated control technology, processes, operating methods, or other alternatives, including, when~~
21 ~~practicable, a standard permitting no discharge of pollutants.~~
22 ~~—— (34) (a) "State waters" means a body of water, irrigation system, or drainage system, either surface or~~
23 ~~underground.~~
24 ~~—— (b) The term does not apply to:~~
25 ~~—— (i) ponds or lagoons used solely for treating, transporting, or impounding pollutants; or~~
26 ~~—— (ii) irrigation waters or land application disposal waters when the waters are used up within the irrigation~~
27 ~~or land application disposal system and the waters are not returned to state waters.~~
28 ~~—— (35) "Sufficient credible data" means chemical, physical, or biological monitoring data, alone or in~~
29 ~~combination with narrative information, that supports a finding as to whether a water body is achieving compliance~~
30 ~~with applicable water quality standards.~~

1 ~~———— (36) "Threatened water body" means a water body or stream segment for which sufficient credible data~~
2 ~~and calculated increases in loads show that the water body or stream segment is fully supporting its designated~~
3 ~~uses but threatened for a particular designated use because of:~~

4 ~~———— (a) proposed sources that are not subject to pollution prevention or control actions required by a~~
5 ~~discharge permit, the nondegradation provisions, or reasonable land, soil, and water conservation practices; or~~
6 ~~———— (b) documented adverse pollution trends.~~

7 ~~———— (37) "Total maximum daily load" or "TMDL" means the sum of the individual waste load allocations for~~
8 ~~point sources and load allocations for both nonpoint sources and natural background sources established at a~~
9 ~~level necessary to achieve compliance with applicable surface water quality standards.~~

10 ~~———— (38) "Treatment works" means works, including sewage lagoons, installed for treating or holding sewage,~~
11 ~~industrial wastes, or other wastes.~~

12 ~~———— (39) "Waste load allocation" means the portion of a receiving water's loading capacity that is allocated~~
13 ~~to one of its existing or future point sources.~~

14 ~~———— (40) "Water quality protection practices" means those activities, prohibitions, maintenance procedures,~~
15 ~~or other management practices applied to point and nonpoint sources designed to protect, maintain, and improve~~
16 ~~the quality of state waters. Water quality protection practices include but are not limited to treatment requirements,~~
17 ~~standards of performance, effluent standards, and operating procedures and practices to control site runoff,~~
18 ~~spillage or leaks, sludge or water disposal, or drainage from material storage.~~

19 ~~———— (41) "Water well" means an excavation that is drilled, cored, bored, washed, driven, dug, jetted, or~~
20 ~~otherwise constructed and intended for the location, diversion, artificial recharge, or acquisition of ground water.~~

21 ~~———— (42) "Watershed advisory group" means a group of individuals who wish to participate in an advisory~~
22 ~~capacity in revising and reprioritizing the list of water bodies developed under 75-5-702 and in the development~~
23 ~~of TMDLs under 75-5-703, including those groups or individuals requested by the department to participate in~~
24 ~~an advisory capacity as provided in 75-5-704.~~

25 ~~———— **75-5-103. (Effective on occurrence of contingency) Definitions.** Unless the context requires~~
26 ~~otherwise, in this chapter, the following definitions apply:~~

27 ~~———— (1) "Associated supporting infrastructure" means:~~

28 ~~———— (a) electric transmission and distribution facilities;~~

29 ~~———— (b) pipeline facilities;~~

30 ~~———— (c) aboveground ponds and reservoirs and underground storage reservoirs;~~

- 1 ~~—— (d) rail transportation;~~
2 ~~—— (e) aqueducts and diversion dams;~~
3 ~~—— (f) devices or equipment associated with the delivery of an energy form or product produced at an energy~~
4 ~~development project; or~~
5 ~~—— (g) other supporting infrastructure, as defined by board rule, that is necessary for an energy development~~
6 ~~project.~~
7 ~~—— (2) (a) "Base numeric nutrient standards" means numeric water quality criteria for nutrients in surface~~
8 ~~water that are adopted to protect the designated uses of a surface water body.~~
9 ~~—— (b) The term does not include numeric water quality standards for nitrate, nitrate plus nitrite, or nitrite that~~
10 ~~are adopted to protect human health.~~
11 ~~—— (3) "Board" means the board of environmental review provided for in 2-15-3502.~~
12 ~~—— (4) "Contamination" means impairment of the quality of state waters by sewage, industrial wastes, or~~
13 ~~other wastes, creating a hazard to human health.~~
14 ~~—— (5) "Council" means the water pollution control advisory council provided for in 2-15-2107.~~
15 ~~—— (6) (a) "Currently available data" means data that is readily available to the department at the time a~~
16 ~~decision is made, including information supporting its previous lists of water bodies that are threatened or~~
17 ~~impaired.~~
18 ~~—— (b) The term does not mean new data to be obtained as a result of department efforts.~~
19 ~~—— (7) "Degradation" means a change in water quality that lowers the quality of high-quality waters for a~~
20 ~~parameter. The term does not include those changes in water quality determined to be nonsignificant pursuant~~
21 ~~to 75-5-301(5)(c).~~
22 ~~—— (8) "Department" means the department of environmental quality provided for in 2-15-3501.~~
23 ~~—— (9) "Disposal system" means a system for disposing of sewage, industrial, or other wastes and includes~~
24 ~~sewage systems and treatment works.~~
25 ~~—— (10) "Effluent standard" means a restriction or prohibition on quantities, rates, and concentrations of~~
26 ~~chemical, physical, biological, and other constituents that are discharged into state waters.~~
27 ~~—— (11) (a) "Energy development project" means each plant, unit, or other development and associated~~
28 ~~developments, including any associated supporting infrastructure, designed for or capable of:~~
29 ~~—— (i) generating electricity;~~
30 ~~—— (ii) producing gas derived from coal;~~

- 1 ~~———(iii) producing liquid hydrocarbon products;~~
2 ~~———(iv) refining crude oil or natural gas;~~
3 ~~———(v) producing alcohol to be blended for ethanol-blended gasoline and that are eligible for a tax incentive~~
4 ~~pursuant to Title 15, chapter 70, part 5;~~
5 ~~———(vi) producing biodiesel and that are eligible for a tax incentive for the production of biodiesel pursuant~~
6 ~~to 15-32-701; or~~
7 ~~———(vii)(vi) transmitting electricity through an electric transmission line with a design capacity of equal to or~~
8 ~~greater than 50 kilovolts.~~
9 ~~———(b) The term does not include a nuclear facility as defined in 75-20-1202.~~
10 ~~———(12) "Existing uses" means those uses actually attained in state waters on or after July 1, 1971, whether~~
11 ~~or not those uses are included in the water quality standards.~~
12 ~~———(13) "High-quality waters" means all state waters, except:~~
13 ~~———(a) ground water classified as of January 1, 1995, within the "III" or "IV" classifications established by~~
14 ~~the board's classification rules; and~~
15 ~~———(b) surface waters that:~~
16 ~~———(i) are not capable of supporting any one of the designated uses for their classification; or~~
17 ~~———(ii) have zero flow or surface expression for more than 270 days during most years.~~
18 ~~———(14) "Impaired water body" means a water body or stream segment for which sufficient credible data~~
19 ~~shows that the water body or stream segment is failing to achieve compliance with applicable water quality~~
20 ~~standards.~~
21 ~~———(15) "Industrial waste" means a waste substance from the process of business or industry or from the~~
22 ~~development of any natural resource, together with any sewage that may be present.~~
23 ~~———(16) "Interested person" means a person who has a real property interest, a water right, or an economic~~
24 ~~interest that is or may be directly and adversely affected by the department's preliminary decision regarding~~
25 ~~degradation of state waters, pursuant to 75-5-303. The term includes a person who has requested authorization~~
26 ~~to degrade high-quality waters.~~
27 ~~———(17) "Load allocation" means the portion of a receiving water's loading capacity that is allocated to one~~
28 ~~of its existing or future nonpoint sources or to natural background sources.~~
29 ~~———(18) "Loading capacity" means the mass of a pollutant that a water body can assimilate without a violation~~
30 ~~of water quality standards. For pollutants that cannot be measured in terms of mass, it means the maximum~~

1 change that can occur from the best practicable condition in a surface water without causing a violation of the
2 surface water quality standards:

3 ~~———— (19) "Local department of health" means the staff, including health officers, employed by a county, city,
4 city-county, or district board of health:~~

5 ~~———— (20) "Metal parameters" includes but is not limited to aluminum, antimony, arsenic, beryllium, barium,
6 cadmium, chromium, copper, fluoride, iron, lead, manganese, mercury, nickel, selenium, silver, thallium, and zinc:~~

7 ~~———— (21) "Mixing zone" means an area established in a permit or final decision on nondegradation issued by
8 the department where water quality standards may be exceeded, subject to conditions that are imposed by the
9 department and that are consistent with the rules adopted by the board:~~

10 ~~———— (22) "Nutrient standards variance" means numeric water quality criteria for nutrients based on a
11 determination that base numeric nutrient standards cannot be achieved because of economic impacts or because
12 of the limits of technology. The term includes individual, general, and alternative nutrient standards variances in
13 accordance with 75-5-313:~~

14 ~~———— (23) "Nutrient work group" means an advisory work group, convened by the department, representing
15 publicly owned and privately owned point sources of pollution, nonpoint sources of pollution, and other interested
16 parties that will advise the department on the base numeric nutrient standards, the development of nutrient
17 standards variances, and the implementation of those standards and variances together with associated
18 economic impacts:~~

19 ~~———— (24) "Other wastes" means garbage, municipal refuse, decayed wood, sawdust, shavings, bark, lime,
20 sand, ashes, offal, night soil, oil, grease, tar, heat, chemicals, dead animals, sediment, wrecked or discarded
21 equipment, radioactive materials, solid waste, and all other substances that may pollute state waters:~~

22 ~~———— (25) "Outstanding resource waters" means:~~

23 ~~———— (a) state surface waters located wholly within the boundaries of areas designated as national parks or
24 national wilderness areas as of October 1, 1995; or~~

25 ~~———— (b) other surface waters or ground waters classified by the board under the provisions of 75-5-316 and
26 approved by the legislature:~~

27 ~~———— (26) "Owner or operator" means a person who owns, leases, operates, controls, or supervises a point
28 source:~~

29 ~~———— (27) "Parameter" means a physical, biological, or chemical property of state water when a value of that
30 property affects the quality of the state water:~~

1 ~~———— (28) "Person" means the state, a political subdivision of the state, institution, firm, corporation,~~
2 ~~partnership, individual, or other entity and includes persons resident in Canada.~~

3 ~~———— (29) "Point source" means a discernible, confined, and discrete conveyance, including but not limited to~~
4 ~~any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, or vessel or other floating~~
5 ~~craft, from which pollutants are or may be discharged.~~

6 ~~———— (30) (a) "Pollution" means:~~

7 ~~———— (i) contamination or other alteration of the physical, chemical, or biological properties of state waters that~~
8 ~~exceeds that permitted by Montana water quality standards, including but not limited to standards relating to~~
9 ~~change in temperature, taste, color, turbidity, or odor; or~~

10 ~~———— (ii) the discharge, seepage, drainage, infiltration, or flow of liquid, gaseous, solid, radioactive, or other~~
11 ~~substance into state water that will or is likely to create a nuisance or render the waters harmful, detrimental, or~~
12 ~~injurious to public health, recreation, safety, or welfare, to livestock, or to wild animals, birds, fish, or other wildlife.~~

13 ~~———— (b) The term does not include:~~

14 ~~———— (i) a discharge, seepage, drainage, infiltration, or flow that is authorized under the pollution discharge~~
15 ~~permit rules adopted by the board under this chapter;~~

16 ~~———— (ii) activities conducted under this chapter that comply with the conditions imposed by the department~~
17 ~~in short-term authorizations pursuant to 75-5-308;~~

18 ~~———— (iii) contamination of ground water within the boundaries of a geologic storage reservoir, as defined in~~
19 ~~82-11-101, by a carbon dioxide injection well in accordance with a permit issued pursuant to Title 82, chapter 11,~~
20 ~~part 1;~~

21 ~~———— (iv) contamination of ground water within the boundaries of an underground mine using in situ coal~~
22 ~~gasification and operating in accordance with a permit issued under 82-4-221;~~

23 ~~———— (c) Contamination referred to in subsections (30)(b)(iii) and (30)(b)(iv) does not require a mixing zone.~~

24 ~~———— (31) "Sewage" means water-carried waste products from residences, public buildings, institutions, or~~
25 ~~other buildings, including discharge from human beings or animals, together with ground water infiltration and~~
26 ~~surface water present.~~

27 ~~———— (32) "Sewage system" means a device for collecting or conducting sewage, industrial wastes, or other~~
28 ~~wastes to an ultimate disposal point.~~

29 ~~———— (33) "Standard of performance" means a standard adopted by the board for the control of the discharge~~
30 ~~of pollutants that reflects the greatest degree of effluent reduction achievable through application of the best~~

1 available demonstrated control technology, processes, operating methods, or other alternatives, including, when
2 practicable, a standard permitting no discharge of pollutants:

3 ~~———— (34) (a) "State waters" means a body of water, irrigation system, or drainage system, either surface or~~
4 ~~underground.~~

5 ~~———— (b) The term does not apply to:~~

6 ~~———— (i) ponds or lagoons used solely for treating, transporting, or impounding pollutants; or~~

7 ~~———— (ii) irrigation waters or land application disposal waters when the waters are used up within the irrigation~~
8 ~~or land application disposal system and the waters are not returned to state waters.~~

9 ~~———— (35) "Sufficient credible data" means chemical, physical, or biological monitoring data, alone or in~~
10 ~~combination with narrative information, that supports a finding as to whether a water body is achieving compliance~~
11 ~~with applicable water quality standards.~~

12 ~~———— (36) "Threatened water body" means a water body or stream segment for which sufficient credible data~~
13 ~~and calculated increases in loads show that the water body or stream segment is fully supporting its designated~~
14 ~~uses but threatened for a particular designated use because of:~~

15 ~~———— (a) proposed sources that are not subject to pollution prevention or control actions required by a~~
16 ~~discharge permit, the nondegradation provisions, or reasonable land, soil, and water conservation practices; or~~

17 ~~———— (b) documented adverse pollution trends.~~

18 ~~———— (37) "Total maximum daily load" or "TMDL" means the sum of the individual waste load allocations for~~
19 ~~point sources and load allocations for both nonpoint sources and natural background sources established at a~~
20 ~~level necessary to achieve compliance with applicable surface water quality standards.~~

21 ~~———— (38) "Treatment works" means works, including sewage lagoons, installed for treating or holding sewage,~~
22 ~~industrial wastes, or other wastes.~~

23 ~~———— (39) "Waste load allocation" means the portion of a receiving water's loading capacity that is allocated~~
24 ~~to one of its existing or future point sources.~~

25 ~~———— (40) "Water quality protection practices" means those activities, prohibitions, maintenance procedures,~~
26 ~~or other management practices applied to point and nonpoint sources designed to protect, maintain, and improve~~
27 ~~the quality of state waters. Water quality protection practices include but are not limited to treatment requirements,~~
28 ~~standards of performance, effluent standards, and operating procedures and practices to control site runoff,~~
29 ~~spillage or leaks, sludge or water disposal, or drainage from material storage.~~

30 ~~———— (41) "Water well" means an excavation that is drilled, cored, bored, washed, driven, dug, jetted, or~~

1 otherwise constructed and intended for the location, diversion, artificial recharge, or acquisition of ground water.
 2 ~~———— (42) "Watershed advisory group" means a group of individuals who wish to participate in an advisory~~
 3 ~~capacity in revising and reprioritizing the list of water bodies developed under 75-5-702 and in the development~~
 4 ~~of TMDLs under 75-5-703, including those groups or individuals requested by the department to participate in~~
 5 ~~an advisory capacity as provided in 75-5-704."~~

6
 7 ~~———— **Section 13.** Section 76-17-102, MCA, is amended to read:~~

8 ~~———— **"76-17-102. (Temporary) Montana public land access network grant program -- donations --**~~
 9 ~~**rulemaking -- definition.** (1) There is a Montana public land access network grant program. An individual or~~
 10 ~~organization may seek a grant from the program to secure public access through private land to public land, as~~
 11 ~~defined in 15-30-2380 this section, for which there is no other legal public access or to enhance existing access~~
 12 ~~to public land:~~

13 ~~———— (2) The grant program is funded by private donations. State agencies shall, as appropriate, facilitate~~
 14 ~~private donations to the Montana public land access network account established in 76-17-103, including but not~~
 15 ~~limited to the following methods:~~

16 ~~———— (a) a donation by a person of \$1 or more above the price of a wildlife conservation license purchased~~
 17 ~~pursuant to 87-2-202 or the price of a combination license that includes a conservation license; and~~

18 ~~———— (b) a donation by a person, as defined in 2-4-102, through the websites of the department of natural~~
 19 ~~resources and conservation, the department of fish, wildlife, and parks, and the state of Montana:~~

20 ~~———— (3) (a) The department of natural resources and conservation shall adopt a logo for the Montana public~~
 21 ~~land access network grant program, using the acronym "MT-PLAN". The department of natural resources and~~
 22 ~~conservation and the department of fish, wildlife, and parks shall use the logo on signs and maps indicating the~~
 23 ~~locations and access points of public lands made accessible through the grant program:~~

24 ~~———— (b) Subject to the limitations provided in 76-17-103(4), either department may be reimbursed from the~~
 25 ~~Montana public land access network account established in 76-17-103 for reasonable costs, as determined by~~
 26 ~~the board, that are associated with subsection (3)(a):~~

27 ~~———— (4) The department of natural resources and conservation may adopt rules to implement the provisions~~
 28 ~~of this part:~~

29 ~~———— (5) As used in this section "public land" means:~~

30 ~~———— (a) state land, as defined in 77-1-101; or~~

1 ~~_____ (b) federal land managed by the U.S. forest service or the bureau of land management. (Terminates~~
 2 ~~June 30, 2027--sec. 10, Ch. 374, L. 2017.)"~~

3
 4 ~~_____ **Section 14.** Section 76-17-104, MCA, is amended to read:~~

5 ~~_____ **"76-17-104. (Temporary) Grants -- eligibility.** (1) An individual or organization may apply to the~~
 6 ~~department for a grant to pay for costs associated with an access project that secures public access through~~
 7 ~~private land to public land, as defined in 15-30-2380 76-17-102, for which there is no other legal public access~~
 8 ~~or to enhance existing access to public land. The costs must include payments to the owner of private land who~~
 9 ~~allows public access. Grants may not be made to pay costs associated with litigation related to public access.~~

10 ~~_____ (2) An access project that is eligible to receive a grant:~~

11 ~~_____ (a) (i) except as provided in subsection (2)(a)(ii), must provide public access for recreational purposes;~~
 12 ~~and~~

13 ~~_____ (ii) if the access project would provide access to state trust land, as defined in 77-1-101, must provide~~
 14 ~~access for all lawful purposes to the state trust land;~~

15 ~~_____ (b) may have a term that ranges from 3 years to in perpetuity. A termed easement that is awarded a~~
 16 ~~grant pursuant to this section creates no expectation of access after the term expires.~~

17 ~~_____ (c) may not provide access to a previously inaccessible parcel of land if that parcel is leased state land~~
 18 ~~under Title 77, chapter 1, and the lessee is not the landowner granting access to the parcel.~~

19 ~~_____ (3) The department shall make recommendations to the board regarding grant applications received~~
 20 ~~pursuant to this section. A grant must be approved by the board before it is disbursed pursuant to 76-17-103.~~

21 ~~_____ (4) An access easement that is awarded a grant pursuant to this part must be held and enforced by the~~
 22 ~~department.~~

23 ~~_____ (5) The department shall report the details of approved access project grants to the legislative auditor.~~
 24 ~~(Terminates June 30, 2027--sec. 10, Ch. 374, L. 2017.)"~~

25
 26 ~~_____ **Section 15.** Section 87-1-294, MCA, is amended to read:~~

27 ~~_____ **"87-1-294. (Temporary) Unlocking public lands program -- purpose -- commission rulemaking**~~
 28 ~~**authority.** (1) The legislature finds that increasing access to public lands will provide additional opportunities for~~
 29 ~~activities such as hunting, fishing, wildlife viewing, and other recreational activities as determined by the~~
 30 ~~commission.~~

1 ~~———— (2) The department may establish and administer a voluntary program to encourage access through~~
 2 ~~private land to parcels not previously deemed legally accessible to be known as the unlocking public lands~~
 3 ~~program.~~

4 ~~———— (3) Private land is not eligible for the unlocking public lands program if outfitting or commercial hunting~~
 5 ~~restricts public hunting opportunities on that land.~~

6 ~~———— (4) (a) If the parcel not previously deemed legally accessible is leased state land under Title 77, chapter~~
 7 ~~1, only the lessee with a qualified access to that state land under 15-30-2380 as provided in subsection (4)(b)~~
 8 ~~is eligible for the unlocking public lands program.~~

9 ~~———— (b) Qualified access to public land:~~

10 ~~———— (i) includes an access or corridor established through a taxpayer's property to a parcel of public land for~~
 11 ~~recreational use and certified by the department of fish, wildlife, and parks pursuant to this section;~~

12 ~~———— (ii) does not include a corridor established between two or more parcels of public land when the public~~
 13 ~~land parcels are surrounded by private land that the landowner or landowners have not granted permission to~~
 14 ~~cross and there is no other legal access.~~

15 ~~———— (5) (a) A contract for participation in the unlocking public lands program is established through a~~
 16 ~~cooperative agreement between the landowner and the department that guarantees reasonable access to public~~
 17 ~~land through the landowner's private land. This contract serves as certification that the landowner is providing~~
 18 ~~qualified access to public land and is eligible for the tax credit identified in 15-30-2380. The contract must include~~
 19 ~~a certification number for identification purposes. The department shall provide a copy of the contract to the~~
 20 ~~landowner and notify the department of revenue of the certification number. Contracts may be established with~~
 21 ~~landowners:~~

22 ~~———— (i) to provide direct access across a landowner's land to a public parcel; or~~

23 ~~———— (ii) who own land adjacent to the point where the corners of two parcels of public land meet. A landowner~~
 24 ~~with a contract pursuant to this subsection (5)(a)(ii) shall grant access through the landowner's land to establish~~
 25 ~~a corridor between the two parcels of public land. At least one of the parcels of public land must be accessible~~
 26 ~~by a public road, waterway, or access granted by a landowner.~~

27 ~~———— (b) Contracts under subsection (5) may be established with landowners who, prior to January 1, 2016,~~
 28 ~~provided access to public land that was otherwise not legally accessible under subsection (9). Landowners who~~
 29 ~~establish contracts under this subsection (5)(b) are eligible to receive the tax credit identified in 15-30-2380.~~

30 ~~———— (6) The commission shall develop rules for establishing contracts under this section regarding:~~

1 ~~—— (a) duration of access;~~
 2 ~~—— (b) types of qualified access; and~~
 3 ~~—— (c) reasonable landowner-imposed limitations.~~
 4 ~~—— (7) The department shall provide public notice of any available qualified access to public land established~~
 5 ~~through the unlocking public lands program.~~
 6 ~~—— (8) Recreational users of access established by the unlocking public lands program shall remain in the~~
 7 ~~prescribed access route or corridor as defined by the contract in subsection (5).~~
 8 ~~—— (9) For purposes of this section:~~
 9 ~~—— (a) "parcels not previously deemed legally accessible" means public land that cannot be accessed by:~~
 10 ~~—— (i) public road, right-of-way, or easement;~~
 11 ~~—— (ii) public waters;~~
 12 ~~—— (iii) adjacent federal, state, county, or municipal land that is open to public use; or~~
 13 ~~—— (iv) adjacent private land because that landowner has not granted permission to cross; and~~
 14 ~~—— (b) "public land" means:~~
 15 ~~—— (i) state land, as defined in 77-1-101; or~~
 16 ~~—— (ii) federal land managed by the U.S. forest service or the bureau of land management. (Terminates~~
 17 ~~December 31, 2027--secs. 1, 2, Ch. 139, L. 2017.)"~~

18

19 **SECTION 1. SECTION 15-30-2319, MCA, IS AMENDED TO READ:**
 20 **"15-30-2319. Credit for energy-conserving investments.** There is a credit against tax liability under
 21 this chapter as provided in 15-32-109. The credit may not be claimed in tax years 2018 and 2019."

22

23 **SECTION 2. SECTION 15-30-2320, MCA, IS AMENDED TO READ:**
 24 **"15-30-2320. Credit for alternative fuel motor vehicle conversion.** (1) (a) Except as provided in
 25 subsection (1)(b), an individual, a corporation, a partnership, or a small business corporation as defined in
 26 15-30-3301 is allowed a tax credit against taxes imposed by 15-30-2103 or 15-31-101 for equipment and labor
 27 costs incurred to convert a motor vehicle licensed in Montana to operate on alternative fuel. The credit may not
 28 be claimed in tax years 2018 and 2019.

29 (b) A seller of alternative fuel may not receive a credit for converting its own vehicles to the alternative
 30 fuel that it sells.



1 (2) The maximum credit a taxpayer may claim in a year under this section is an amount equal to 50%
2 of the equipment and labor costs incurred but the credit may not exceed:

3 (a) \$500 for conversion of a motor vehicle with a gross weight of 10,000 pounds or less; or

4 (b) \$1,000 for conversion of a motor vehicle with a gross vehicle weight over 10,000 pounds.

5 (3) For the purposes of this section, "alternative fuel" means:

6 (a) natural gas;

7 (b) liquefied petroleum gas;

8 (c) liquefied natural gas;

9 (d) hydrogen;

10 (e) electricity; or

11 (f) any other fuel if at least 85% of the fuel is methanol, ethanol or other alcohol, ether, or any
12 combination of them.

13 (4) (a) The credit allowed under this section may not exceed the taxpayer's income tax liability.

14 (b) There is no carryback or carryforward of the credit permitted under this section, and the credit must
15 be applied in the year the conversion is made, as determined by the taxpayer's accounting method."
16

17 **SECTION 3. SECTION 15-30-2342, MCA, IS AMENDED TO READ:**

18 **"15-30-2342. Credit for preservation of historic buildings.** (1) There is allowed as a credit against
19 the taxes imposed by 15-30-2103 a percentage of the credit allowed for qualified rehabilitation expenditures with
20 respect to any certified historic building located in Montana as provided in 15-31-151. The credit may not be
21 claimed in tax years 2018 and 2019.

22 (2) The credit may not be allocated between spouses unless the property is used by a small business
23 corporation or a partnership in which they are shareholders or partners."
24

25 **SECTION 4. SECTION 15-30-2356, MCA, IS AMENDED TO READ:**

26 **"15-30-2356. Empowerment zone new employees -- tax credit.** (1) There is a credit for taxes due
27 under 15-30-2103 for an employer for each new employee at a business in an empowerment zone created
28 pursuant to Title 7, chapter 21, part 37. The taxpayer must be certified by the department of labor and industry
29 to be eligible to receive the credit as provided in 7-21-3710.

30 (2) The amount of the credit for each qualifying employee is:

1	1st year of employment	\$500
2	2nd year of employment	\$1,000
3	3rd year of employment	\$1,500

4 (3) If the amount of the credit exceeds the taxpayer's liability, the credit may be carried forward 7 years
 5 and carried back 3 years. The entire amount of the tax credit not used in the year earned must be carried first
 6 to the earliest tax year in which the credit may be applied and then to each succeeding tax year. The credit may
 7 not be claimed in tax years 2018 and 2019."

8

9 **SECTION 5. SECTION 15-30-2358, MCA, IS AMENDED TO READ:**

10 **"15-30-2358. Qualified research tax credit.** There is a credit against taxes otherwise due under this
 11 chapter allowable for qualified research. The credit must be computed and administered as provided in
 12 15-31-150. The credit may not be claimed in tax years 2018 and 2019."

13

14 **SECTION 6. SECTION 15-30-2365, MCA, IS AMENDED TO READ:**

15 **"15-30-2365. Credit for day-care facilities.** There is a credit against the taxes otherwise due under this
 16 chapter allowable to an employer based on the amounts paid or incurred during the tax year by the employer to
 17 acquire, construct, reconstruct, renovate, or otherwise improve real property to be used primarily as a day-care
 18 facility. The credit must be computed in accordance with the provisions of 15-31-133. The credit may not be
 19 claimed in tax years 2018 and 2019."

20

21 **SECTION 7. SECTION 15-30-2367, MCA, IS AMENDED TO READ:**

22 **"15-30-2367. Tax credit for providing disability insurance for employees.** There is a credit against
 23 the taxes otherwise due under this chapter allowable to an employer for the amount of premiums for disability
 24 insurance paid by the employer for the employer's employees. The tax credit must be computed in accordance
 25 with the provisions of 15-31-132. The credit may not be claimed in tax years 2018 and 2019."

26

27 **SECTION 8. SECTION 15-31-125, MCA, IS AMENDED TO READ:**

28 **"15-31-125. Determination of tax credit.** A new or expanding manufacturing corporation may receive
 29 an income tax credit based on a percentage of wages paid its new employees within this state for a period of 3

1 years as provided in this section. For the first 3 years of operation of a new corporation or the first 3 years of
2 expansion of an expanding corporation, a credit of 1% of the total new wages paid in this state, as wages are
3 defined in 39-51-201, may be allowed. In determining total wages for an expanding corporation, only those wages
4 paid in support of the expansion are considered in ascertaining the credit. The payroll and number of jobs of the
5 corporation in the 12-month period immediately preceding the expansion are averaged to determine eligibility for
6 the credit. The credit may not be claimed in tax years 2018 and 2019."

7

8 **SECTION 9. SECTION 15-31-132, MCA, IS AMENDED TO READ:**

9 **"15-31-132. Tax credit for providing disability insurance for employees.** An employer is entitled to
10 a credit against taxes otherwise due under this chapter for the amount of premiums for disability insurance paid
11 by the employer for the employer's employees, subject to the following requirements:

12 (1) The tax credit is available only to employers who:

13 (a) have been in business in Montana for at least 12 months; and

14 (b) employ 20 or fewer employees working at least 20 hours a week.

15 (2) At least 50% of each employee's insurance premium is paid by the employer.

16 (3) Subject to the provisions of subsection (4), an employer is entitled to a tax credit for a maximum of
17 10 employees, computed as follows:

18 (a) a credit of \$25 a month for each employee if the employer pays 100% of the employee's premium;

19 or

20 (b) a credit equal to \$25 a month multiplied by the percentage of the employee's premium paid by the
21 employer for each employee if the employer pays less than 100% of the employee's premium.

22 (4) The credit may not exceed 50% of the premium cost for each employee and may not be claimed for
23 a period of more than 36 consecutive months. A tax credit may not be granted to an employer or the employer's
24 successor within 10 years of the last consecutive credit claimed.

25 (5) The credit allowed under this section may not be claimed as a carryback or carryforward and may
26 not be refunded if the employer has no tax liability. The credit may not be claimed in tax years 2018 and 2019."

27

28 **SECTION 10. SECTION 15-31-133, MCA, IS AMENDED TO READ:**

29 **"15-31-133. Credit for day-care facilities.** (1) There is a credit against the taxes otherwise due under
30 this chapter that is allowable to an employer based on the amounts paid or incurred during the tax year by the

1 employer to acquire, construct, reconstruct, renovate, or otherwise improve real property so that the property may
2 be used primarily as a day-care facility. Subject to the conditions of this section, the amount of the credit is equal
3 to:

- 4 (a) the amount of the day-care facility credit determined under subsection (2); and
5 (b) any day-care facility tax credit carryforwards.

6 (2) The credit allowed under subsection (1) is the lesser of:

7 (a) \$2,500, multiplied by the number of dependents that the day-care facility is designed to accommodate
8 at the end of the first tax year for which credit is first claimed;

9 (b) 15% of the cost of the acquisition, construction, reconstruction, renovation, or other improvement;

10 or

11 (c) \$50,000.

12 (3) The amounts paid or incurred by the employer for the acquisition, construction, reconstruction,
13 renovation, or other improvement to real property that qualify for the credit may be paid or incurred either:

14 (a) to another person to be used to acquire, construct, reconstruct, renovate, or otherwise improve real
15 property that is operated as a day-care facility and with whom the employer contracts to make day-care
16 assistance payments, and the payments are excluded, or partially excluded, under 26 U.S.C. 129 from the
17 income of the employee for federal tax purposes; or

18 (b) to acquire, construct, reconstruct, renovate, or otherwise improve real property that is operated by
19 the employer, or a combination of employers, to provide day-care assistance to the employees of the employer
20 under a program or programs, and the program or programs are excluded, or partially excluded, under 26 U.S.C.
21 129 from the income of the employee for federal tax purposes.

22 (4) To qualify for the credit allowed under subsection (1), the following conditions apply:

23 (a) The property must be in actual use in Montana as a day-care facility on the last day of the tax year
24 for which the credit or any carryforward amount of the credit is claimed.

25 (b) Day-care services assisted by the employer must take place on the property on the last day of the
26 tax year for which the credit or any carryforward amount of the credit is claimed.

27 (c) The person operating the day-care facility must hold a current license or registration certificate under
28 Title 52, chapter 2, part 7, on the last day of the tax year for which the credit under subsection (1) is claimed.

29 (d) The day-care facility must accommodate six or more children.

30 (e) The day-care facility must be placed in operation before January 1, 2006.

1 (5) The total amount of the costs upon which the credit allowed under subsection (1) is based and the
2 total amount of the credit must be determined by the employer, subject to rules adopted by the department, during
3 the tax year in which the property acquired, constructed, reconstructed, renovated, or otherwise improved is first
4 placed in operation as a day-care facility.

5 (6) The amount paid or incurred by the employer upon which the credit allowed under subsection (1) is
6 based must be excluded from the income of an employee subject to the limitations provided in 26 U.S.C. 129(b).

7 (7) The taxpayer is allowed one-tenth of the total credit determined under subsection (2) in the first tax
8 year in which the taxpayer may claim the credit and one-tenth of the total credit is allowed in each succeeding
9 tax year, not to exceed 9 tax years. The credit may not be claimed in tax years 2018 and 2019.

10 (8) Except as provided in subsections (4)(a) and (4)(b), if the tax credit allowed under subsection (1)
11 exceeds the taxpayer's liability, the credit may be carried forward to the succeeding tax year or years, except that
12 a carryforward amount is not allowed beyond the period allowed for the credit as provided in subsection (7).

13 (9) The provisions of this section do not affect the computation of depreciation or basis for a day-care
14 facility. However, if the credit allowed under this section is claimed, the amount of any deduction that is allowed
15 or allowable under this chapter for the amounts paid or incurred, or upon which the credit is based, must be
16 reduced by the dollar amount of the credit allowed.

17 (10) The department shall require evidence from the taxpayer that the person operating the day-care
18 facility on the date that the taxpayer's tax year ends is licensed or registered to operate the facility. The evidence
19 must accompany the tax return in which any amount of tax credit allowed under this section is claimed. If the
20 evidence is not furnished, the credit is not allowed for the tax year for which the evidence is not furnished. Upon
21 request of the department, the department of public health and human services shall report to the department
22 on whether the day-care facility was operated as a licensed or registered day-care facility on the last day of the
23 tax year of the person claiming the credit.

24 (11) The employer must meet any other requirements or furnish any information to the department that
25 the department requires under rules adopted by the department to carry out the purposes of this section.

26 (12) If the credit allowed under this section is claimed by a small business corporation, as defined in
27 15-30-3301, or a partnership, the credit must be attributed to shareholders or partners, using the same proportion
28 to report the corporation's or partnership's income or loss for Montana income tax purposes.

29 (13) For purposes of the credit allowed under subsection (1):

30 (a) the definitions and special rules contained in 26 U.S.C. 129(e) apply to the extent applicable; and

1 (b) "employer" means an employer carrying on a business, trade, occupation, or profession in this state."

2

3 **SECTION 11. SECTION 15-31-134, MCA, IS AMENDED TO READ:**

4 **"15-31-134. Empowerment zone new employees -- tax credit.** (1) There is a credit for taxes due
5 under 15-31-121 or 15-31-122 for an employer for each new employee at a business in an empowerment zone
6 created pursuant to Title 7, chapter 21, part 37. The taxpayer must be certified by the department of labor and
7 industry to be eligible to receive the credit as provided in 7-21-3710.

8 (2) The amount of the credit for each qualifying employee is:

9	1st year of employment	\$500
10	2nd year of employment	\$1,000
11	3rd year of employment	\$1,500

12 (3) If the amount of the credit exceeds the taxpayer's liability, the credit may be carried forward 7 years
13 and carried back 3 years. The entire amount of the tax credit not used in the year earned must be carried first
14 to the earliest tax year in which the credit may be applied and then to each succeeding tax year. The credit may
15 not be claimed in tax years 2018 and 2019.

16 (4) If the credit allowed under this section is claimed by a small business corporation, as defined in
17 15-30-3301, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or
18 partners using the same proportion as used to report the entity's income or loss."

19

20 **SECTION 12. SECTION 15-31-150, MCA, IS AMENDED TO READ:**

21 **"15-31-150. Credit for research expenses and research payments.** (1) (a) There is a credit against
22 taxes otherwise due under this chapter for increases in qualified research expense and basic research payments
23 for research conducted in Montana. Except as provided in this section, the credit must be determined in
24 accordance with section 41 of the Internal Revenue Code, 26 U.S.C. 41, as that section read on July 1, 1996,
25 or as subsequently amended.

26 (b) For purposes of the credit, the:

27 (i) applicable percentage specified in 26 U.S.C. 41(a) is 5%;

28 (ii) election of the alternative incremental credit allowed under 26 U.S.C. 41(c)(4) does not apply;

29 (iii) special rules in 26 U.S.C. 41(g) do not apply; and

1 (iv) termination date provided for in 26 U.S.C. 41(h)(1)(B) does not apply.

2 (2) The credit allowed under this section for a tax year may not exceed the tax liability under chapter 30
3 or 31. A credit may not be refunded if a taxpayer has tax liability less than the amount of the credit.

4 (3) The credit allowed under this section may be used as a carryback against taxes imposed under
5 chapter 30 or 31 for the 2 preceding tax years and may be used as a carryforward against taxes imposed by
6 chapter 30 or 31 for the 15 succeeding tax years. The entire amount of the credit not used in the year earned
7 must be carried first to the earliest tax year in which the credit may be applied and then to each succeeding tax
8 year.

9 (4) A taxpayer may not claim a current year credit under this section after December 31, 2010. However,
10 any unused credit may be carried back or forward as provided in subsection (3). The credit may not be carried
11 forward to tax years 2018 and 2019.

12 (5) A corporation, an individual, a small business corporation, a partnership, a limited liability partnership,
13 or a limited liability company qualifies for the credit under this section. If the credit is claimed by a small business
14 corporation, a partnership, a limited liability partnership, or a limited liability company, the credit must be attributed
15 to the individual shareholders, partners, members, or managers in the same proportion used to report income
16 or loss for state tax purposes. The allocations in 26 U.S.C. 41(f) do not apply to this section.

17 (6) For purposes of calculating the credit, the following definitions apply:

18 (a) "Gross receipts" means:

19 (i) for a corporation that has income from business activity that is taxable only within the state, all gross
20 sales less returns of the corporation for the tax year; and

21 (ii) for a corporation that has income from business activity that is taxable both within and outside of the
22 state, only the gross sales less returns of the corporation apportioned to Montana for the tax year.

23
24 (b) "Qualified research" has the meaning provided in 26 U.S.C. 41(d), but is limited to research
25 conducted in Montana.

26 (c) "Qualified research expenses" has the meaning provided in 26 U.S.C. 41(b), but includes only the
27 sum of amounts paid or incurred by the taxpayer for research conducted in Montana.

28 (d) "Supplies" has the meaning provided in 26 U.S.C. 41(b)(2)(C), but includes only those supplies used
29 in the conduct of qualified research in Montana.

30 (e) (i) "Wages" has the meaning provided in 39-51-201, except as provided in subsection (6)(e)(ii) of this

1 section, and includes only those wages paid or incurred for an employee for qualified services performed by the
2 employee in Montana.

3 (ii) Notwithstanding the exception to the definition of wages in 39-51-201(25)(b)(v), for a self-employed
4 individual and an owner-employee, the term includes the income, as defined in 26 U.S.C. 401(c)(2), of the
5 employee.

6 (7) The department shall adopt rules, prepare forms, maintain records, and perform other duties
7 necessary to implement this section. In adopting rules to implement this section, the department shall conform
8 the rules to regulations prescribed by the secretary of the treasury under 26 U.S.C. 41 except to the extent that
9 the regulations need to be modified to conform to this section."
10

11 **SECTION 13. SECTION 15-31-151, MCA, IS AMENDED TO READ:**

12 **"15-31-151. Credit for preservation of historic buildings.** (1) (a) There is allowed as a credit against
13 the taxes imposed by 15-31-101, 15-31-121, and 15-31-122 a percentage of the credit allowed for qualified
14 rehabilitation expenditures, with respect to any certified historic building located in Montana, as provided in 26
15 U.S.C. 47 or as that section may be renumbered or amended.

16 (b) The amount of the credit allowed for a tax year is 25% of the amount of the credit determined under
17 26 U.S.C. 47(a)(2) or as that section may be renumbered or amended.

18 (2) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than the
19 amount of the credit. If the sum of credit carryovers from the credit, if any, and the amount of credit allowed by
20 this section for the tax year exceeds the taxpayer's tax liability for the current tax year, the excess attributable to
21 the current tax year's credit is a credit carryover to the 7 succeeding tax years. The entire amount of unused credit
22 must be carried forward to the earliest of the succeeding years, and the oldest available unused credit must be
23 used first. The credit may not be claimed in tax years 2018 and 2019.

24 (3) If the credit under this section is claimed by a small business corporation, as defined in 15-30-3301,
25 or a partnership, the credit must be attributed to shareholders or partners, using the same proportion used to
26 report the corporation's or partnership's income or loss for Montana income tax purposes."
27

28 **SECTION 14. SECTION 15-32-109, MCA, IS AMENDED TO READ:**

29 **"15-32-109. Credit for energy-conserving expenditures.** (1) Subject to the restrictions of subsection
30 (2), a resident individual taxpayer may take a credit against the taxpayer's tax liability under chapter 30 for 25%

1 of the taxpayer's expenditure for a capital investment in the physical attributes of a building or the installation of
 2 a water, heating, or cooling system in the building, so long as either type of investment is for an energy
 3 conservation purpose, in an amount not to exceed \$500.

4 (2) The credit under subsection (1):

5 (a) may not exceed the taxpayer's tax liability; ~~and~~

6 (b) is subject to the provisions of 15-32-104; ~~and~~

7 (c) may not be claimed in tax years 2018 and 2019."

8

9 **SECTION 15. SECTION 15-32-115, MCA, IS AMENDED TO READ:**

10 **"15-32-115. Credit for geothermal system -- to whom available -- eligible costs -- limitations. (1)**

11 A resident individual taxpayer or a person constructing a new residence who completes installation of a
 12 geothermal system, as defined in 15-32-102, in the taxpayer's principal dwelling or in a residence constructed
 13 by the taxpayer is entitled to claim a tax credit against the taxpayer's tax liability under chapter 30 or 31 for a
 14 portion of the installation costs of the system, not to exceed \$1,500. Only one credit may be claimed for a
 15 residence. The amount of the credit not used in the year in which the installation is made may be carried forward
 16 against taxes imposed under chapter 30 or 31 for the 7 succeeding tax years. The entire amount of the credit not
 17 used in the year that it was earned must be carried first to the earliest tax year in which the credit may be applied
 18 and then to each succeeding tax year. The credit may not be claimed in tax years 2018 and 2019. A credit is not
 19 allowed under this section for expenditures claimed as a deduction under 15-32-103.

20 (2) For the purposes of this section, installation costs include the cost of:

21 (a) trenching, well drilling, casing, and downhole heat exchangers;

22 (b) piping, control devices, and pumps that move heat from the earth to heat or cool the building;

23 (c) ground source or ground coupled heat pumps;

24 (d) liquid-to-air heat exchanger, ductwork, and fans installed with a ground heat well that pump heat from
 25 a well into a building; and

26 (e) design and labor."

27

28 **SECTION 16. SECTION 15-32-201, MCA, IS AMENDED TO READ:**

29 **"15-32-201. Amount of credit -- to whom available. (1)** A resident individual taxpayer who completes
 30 installation of an energy system using a recognized nonfossil form of energy generation, as defined in 15-32-102,

1 to provide heat for the taxpayer's principal dwelling is allowed to claim a tax credit in an amount equal to the cost
 2 of the system, including installation costs, less grants received, not to exceed \$500, against the income tax liability
 3 imposed against the taxpayer pursuant to chapter 30.

4 (2) A resident individual taxpayer who completes installation of an energy system using a low-emission
 5 wood or biomass combustion device, as defined in 15-32-102, to provide heat for the taxpayer's principal dwelling
 6 is allowed to claim a tax credit in an amount equal to the cost of the system, including the installation costs, not
 7 to exceed \$500, against the income tax liability imposed against the taxpayer pursuant to Title 15, chapter 30.
 8 The credit may not be claimed in tax years 2018 and 2019."

9

10 **SECTION 17. SECTION 15-32-202, MCA, IS AMENDED TO READ:**

11 **"15-32-202. Taxable years in which credit may be claimed -- carryover.** The tax credit is to be
 12 deducted from the taxpayer's income tax liability for the taxable year in which the energy system was acquired
 13 by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year,
 14 the amount which exceeds the tax liability may be carried over for deduction from the taxpayer's income tax
 15 liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted
 16 from tax liability. Notwithstanding the foregoing provision, no tax credit may be carried over for deduction after
 17 the fourth taxable year succeeding the taxable year in which the energy system was acquired. The credit may
 18 not be claimed in or carried forward to tax years 2018 and 2019."

19

20 **SECTION 18. SECTION 15-32-402, MCA, IS AMENDED TO READ:**

21 **"15-32-402. Commercial or net metering system investment credit -- alternative energy systems.**

22 (1) An individual, corporation, partnership, or small business corporation as defined in 15-30-3301 that makes
 23 an investment of \$5,000 or more in property that is depreciable under the Internal Revenue Code for a
 24 commercial system or a net metering system, as defined in 69-8-103, that is located in Montana and that
 25 generates energy by means of an alternative renewable energy source, as defined in 15-6-225, is entitled to a
 26 tax credit against taxes imposed by 15-30-2103 or 15-31-121 in an amount equal to 35% of the eligible costs,
 27 to be taken as a credit only against taxes due as a consequence of taxable or net income produced by one of
 28 the following:

- 29 (a) manufacturing plants located in Montana that produce alternative energy generating equipment;
 30 (b) a new business facility or the expanded portion of an existing business facility for which the

1 alternative energy generating equipment supplies, on a direct contract sales basis, the basic energy needed; or
2 (c) the alternative energy generating equipment in which the investment for which a credit is being
3 claimed was made.

4 (2) For purposes of determining the amount of the tax credit that may be claimed under subsection (1),
5 eligible costs include only those expenditures that are associated with the purchase, installation, or upgrading
6 of:

7 (a) generating equipment;

8 (b) safety devices and storage components;

9 (c) transmission lines necessary to connect with existing transmission facilities; and

10 (d) transmission lines necessary to connect directly to the purchaser of the electricity when no other
11 transmission facilities are available.

12 (3) Eligible costs under subsection (2) must be reduced by the amount of any grants provided by the
13 state or federal government for the system.

14 (4) The credit may not be claimed in tax years 2018 and 2019.

15

16 **SECTION 19. SECTION 15-32-404, MCA, IS AMENDED TO READ:**

17 **"15-32-404. Carryover of credit.** (1) The tax credit allowed under 15-32-402 is to be deducted from that
18 portion of the taxpayer's tax liability as set forth in 15-32-402(1) for the tax year in which the equipment invested
19 in by the taxpayer is placed in service. If the amount of the tax credit exceeds the taxpayer's tax liability for the
20 tax year, the amount that exceeds the tax liability may be carried over for credit against the taxpayer's tax liability
21 in the next succeeding tax year or years until the total amount of the tax credit has been deducted from tax
22 liability. However, except as provided in subsection (2), a credit may not be carried beyond the seventh tax year
23 succeeding the tax year in which the equipment was placed in service. The credit may not be claimed in or carried
24 forward to tax years 2018 and 2019.

25 (2) A credit may be extended through the 15th tax year succeeding the tax year in which the equipment
26 was placed in service if an individual, corporation, partnership, or small business corporation, as defined in
27 15-30-3301:

28 (a) invests in a commercial system located within the exterior boundaries of a Montana Indian
29 reservation, which commercial system is 5 megawatts or larger in size; and

30 (b) signs an employment agreement with the tribal government of the reservation where the commercial

1 system would be constructed regarding the training and employment of tribal members in the construction,
2 operation, and maintenance of the commercial system."

3

4 **SECTION 20. SECTION 15-32-505, MCA, IS AMENDED TO READ:**

5 **"15-32-505. Application of credit.** (1) In a tax year, a person may take a credit that was approved under
6 15-32-504 against taxes payable by the person. The credit may not exceed 50% of the person's tax liability under
7 either Title 15, chapter 30 or 31, for the tax year that is related to production from the mining operation at which
8 the exploration activities occurred.

9 (2) If a person applies the credit against the person's tax liability under subsection (1), the department
10 shall disallow application of the credit under that provision unless the person files with the person's tax return an
11 accounting of the person's exploration activities for each mining operation that is included in the tax return and
12 as to which the credit is being applied. The accounting of exploration activities required by this subsection must
13 be made on a form prescribed by the department. On the form, the person shall:

14 (a) identify the mining operations for which the credit is claimed; and

15 (b) set out the gross income attributable to the mining operations and other information about the mining
16 operations that the department may require.

17 (3) A person may not apply the credit under this section if the application, when added to credits
18 previously applied under this section, would exceed the total amount of the credits approved under 15-32-504.

19 (4) The credit may not be claimed in tax years 2018 and 2019."

20

21 **SECTION 21. SECTION 15-32-602, MCA, IS AMENDED TO READ:**

22 **"15-32-602. Amount and duration of credit -- how claimed.** (1) An individual, corporation, partnership,
23 or small business corporation, as defined in 15-30-3301, may receive a credit against taxes imposed by Title 15,
24 chapter 30 or 31, for investments in depreciable property to collect or process reclaimable material or to
25 manufacture a product from reclaimed material, if the taxpayer qualifies under 15-32-603.

26 (2) Subject to subsection (4), a taxpayer qualifying for a credit under 15-32-603 is entitled to claim a
27 credit, as provided in subsection (3), for the cost of each item of property purchased to collect or process
28 reclaimable material or to manufacture a product from reclaimed material only in the year in which the property
29 was purchased.

30 (3) The amount of the credit that may be claimed under this section for investments in depreciable

1 property is determined according to the following schedule:

2 (a) 25% of the cost of the property on the first \$250,000 invested;

3 (b) 15% of the cost of the property on the next \$250,000 invested; and

4 (c) 5% of the cost of the property on the next \$500,000 invested.

5 (4) A credit may not be claimed for investments in depreciable property in excess of \$1 million.

6 (5) The credit may not be claimed in tax years 2018 and 2019.

7

8 **SECTION 22. SECTION 15-32-701, MCA, IS AMENDED TO READ:**

9 **"15-32-701. Oilseed crush facility -- tax credit.** (1) An individual, corporation, partnership, or small
10 business corporation, as defined in 15-30-3301, may receive a credit against taxes imposed by Title 15, chapter
11 30 or 31, for the costs of investments in depreciable property in Montana that is used primarily for crushing
12 oilseed crops for purposes of producing biodiesel or biolubricant.

13 (2) Subject to subsection (4), a taxpayer qualifying for a credit under this section is entitled to claim a
14 credit, as provided in subsection (3), for the costs described in subsection (1) incurred in the 2 tax years before
15 the facility begins crushing oilseed or in any tax year in which the facility is crushing oilseed.

16 (3) The total amount of credits for all years that may be claimed for a facility under this section is 15%
17 of the costs described in subsection (1), up to a total of \$500,000.

18 (4) The following requirements must also be met for a taxpayer to be entitled to a tax credit under this
19 section:

20 (a) The depreciable property for which the credit is claimed must begin to be used for the purposes
21 described in subsection (1) before January 1, 2015.

22 (b) (i) The taxpayer claiming a credit must be a person who as an owner, including a contract purchaser
23 or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that crushes
24 oilseed or that manufactures a product from crushed oilseed.

25 (ii) If more than one person has an interest in a business with qualifying property, they may allocate all
26 or any part of the investment cost among themselves and their successors or assigns.

27 (c) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except
28 as otherwise provided in subsection (4)(b), and, except for the 2 tax-year period claimed in subsection (2), must
29 have been using the depreciable property for the purposes described in subsection (1) during the tax year for
30 which the credit is claimed and during each year for which the credit is carried forward.

1 (5) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the
2 investment or other tax incentive to which the taxpayer otherwise may be entitled under Title 15.

3 (6) A tax credit allowable under this section that is not completely used by the taxpayer in the tax year
4 in which the credit is initially claimed may be carried forward for credit against a taxpayer's tax liability for any
5 succeeding tax year until the total amount of the credit has been deducted from tax liability. However, a credit may
6 not be carried forward to any tax year in which the facility in which the depreciable property is installed is not
7 crushing oilseed or beyond the 7th tax year after the tax year for which the credit was initially claimed. The credit
8 may not be claimed in or carried forward to tax years 2018 and 2019. If a facility in which property is installed and
9 for which a credit is claimed ceases production of biodiesel or biolubricant for a period of 12 continuous months
10 within 5 years after the initial claiming of a credit under this section or within 5 years after a year in which the
11 credit was carried forward, the credit is subject to recapture. The person claiming the credit is liable for the total
12 amount of the credit in the event of recapture.

13 (7) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by any tax
14 credits allowed under this section.

15 (8) If the taxpayer is a shareholder of an electing small business corporation, the credit must be
16 computed using the shareholder's pro rata share of the corporation's cost of investing in equipment necessary
17 to crush oilseed or to manufacture a product from oilseed. In all other respects, the allowance and effect of the
18 tax credit apply to the corporation as otherwise provided by law.

19 (9) For the purposes of this section, "biolubricant" means a commercial or industrial product, other than
20 food or feed, that is composed in whole or in substantial part of biological products, renewable domestic
21 agricultural materials, including plant, animal, or marine materials, or forestry materials and that is used in place
22 of a petroleum-based lubricant."

23

24 **SECTION 23.** SECTION 15-32-702, MCA, IS AMENDED TO READ:

25 **"15-32-702. Biodiesel or biolubricant production facility tax credit.** (1) An individual, corporation,
26 partnership, or small business corporation, as defined in 15-30-3301, may receive a credit against taxes imposed
27 by Title 15, chapter 30 or 31, for the costs of investments in depreciable property for constructing or equipping
28 a facility, or both, in Montana to be used for biodiesel or biolubricant production.

29 (2) Subject to subsection (4), a taxpayer qualifying for a credit under this section is entitled to claim a
30 credit, as provided in subsection (3), for the costs described in subsection (1) incurred in the 2 tax years before

1 the facility begins producing biodiesel or biolubricant or in any tax year in which the facility is producing biodiesel
2 or biolubricant.

3 (3) The total amount of the credits for all years that may be claimed for a facility under this section is 15%
4 of the costs described in subsection (1).

5 (4) The following requirements must also be met for a taxpayer to be entitled to a tax credit under this
6 section:

7 (a) The depreciable property for which the credit is claimed must begin operating before January 1, 2015.

8 (b) (i) The taxpayer claiming a credit must be a person who as an owner, including a contract purchaser
9 or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that
10 manufactures biodiesel or biolubricant.

11 (ii) If more than one person has an interest in a business with qualifying property, they may allocate all
12 or any part of the investment cost among themselves and their successors or assigns.

13 (c) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except
14 as otherwise provided in subsection (4)(b), and, except for the 2 tax-year period claimed in subsection (2), must
15 have been producing biodiesel or biolubricant during the tax year for which the credit is claimed and during each
16 year in which the credit is carried forward.

17 (5) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the
18 investment or other tax incentive to which the taxpayer otherwise may be entitled under Title 15.

19 (6) A tax credit allowable under this section that is not completely used by the taxpayer in the tax year
20 in which the credit was initially taken may be carried forward for credit against a taxpayer's tax liability for any
21 succeeding tax year until the total amount of the credit has been deducted from tax liability. However, a credit may
22 not be carried forward to any tax year in which the facility in which the depreciable property is installed is not
23 producing biodiesel or biolubricant or beyond the 7th tax year after the tax year for which the credit was initially
24 claimed. If a facility for which a credit is claimed ceases production of biodiesel or biolubricant for a period of 12
25 continuous months within 5 years after the initial claiming of a credit under this section or within 5 years after a
26 year in which the credit was carried forward, the credit is subject to recapture. The credit may not be claimed in
27 or carried forward to tax years 2018 and 2019. The person claiming the credit is liable for the total amount of the
28 credit in the event of recapture.

29 (7) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by any tax
30 credits allowed under this section.

1 (8) If the taxpayer is a shareholder of an electing small business corporation, the credit must be
2 computed using the shareholder's pro rata share of the corporation's cost of investing in the biodiesel or
3 biolubricant production facility. In all other respects, the allowance and effect of the tax credit apply to the
4 corporation as otherwise provided by law.

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

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

7 (b) "Biolubricant" has the meaning provided in 15-32-701(9)."
8

9 **SECTION 24. SECTION 15-32-703, MCA, IS AMENDED TO READ:**

10 **"15-32-703. Biodiesel blending and storage tax credit -- recapture -- report to interim committee.**

11 (1) An individual, corporation, partnership, or small business corporation, as defined in 15-30-3301, may receive
12 a credit against taxes imposed by Title 15, chapter 30 or 31, for the costs of investments in depreciable property
13 used for storing or blending biodiesel with petroleum diesel for sale.

14 (2) Subject to subsection (4), a special fuel distributor or an owner or operator of a motor fuel outlet
15 qualifying for a credit under this section is entitled to claim a credit, as provided in subsection (3), for the costs
16 described in subsection (1) incurred in the 2 tax years before the taxpayer begins blending biodiesel fuel for sale
17 or in any tax year in which the taxpayer is blending biodiesel fuel for sale.

18 (3) (a) The total amount of the credits for all years that may be claimed by a distributor under this section
19 is 15% of the costs described in subsection (1), up to a total of \$52,500.

20 (b) The total amount of the credits for all years that may be claimed by an owner or operator of a motor
21 fuel outlet under this section is 15% of the costs described in subsection (1), up to a total of \$7,500.

22 (4) The following requirements must also be met for a taxpayer to be entitled to a tax credit under this
23 section:

24 (a) The investment must be for depreciable property used primarily to blend petroleum diesel with
25 biodiesel made entirely from Montana-produced feedstocks.

26 (b) Sales of biodiesel must be at least 2% of the taxpayer's total diesel sales by the end of the third year
27 following the initial tax year in which the credit is initially claimed.

28 (c) (i) The taxpayer claiming a credit must be a person who as an owner, including a contract purchaser
29 or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that blends
30 biodiesel.

1 (ii) If more than one person has an interest in a business with qualifying property, they may allocate all
2 or any part of the investment cost among themselves and their successors or assigns.

3 (d) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except
4 as otherwise provided in subsection (4)(c), and, except for the 2 tax-year period claimed in subsection (2), must
5 have been blending biodiesel during the tax year for which the credit is claimed.

6 (5) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the
7 investment or other tax incentive to which the taxpayer otherwise may be entitled under Title 15.

8 (6) A tax credit allowable under this section that is not completely used by the taxpayer in the tax year
9 in which the credit is initially claimed may be carried forward for credit against the taxpayer's tax liability for any
10 succeeding tax year until the total amount of the credit has been deducted from tax liability. However, a credit may
11 not be carried forward to any tax year in which the facility is not blending biodiesel or storing biodiesel for blending
12 or beyond the 7th tax year after the tax year for which the credit was initially claimed. The credit may not be
13 claimed in or carried forward to tax years 2018 and 2019. If a facility for which a credit is claimed ceases blending
14 of biodiesel with petroleum diesel for sale for a period of 12 continuous months within 5 years after the initial
15 claiming of a credit under this section or within 5 years after a year in which the credit was carried forward or if
16 the taxpayer claiming the credit fails to satisfy the conditions of subsection (4)(b), the total credit is subject to
17 recapture. The person claiming the credit is liable for the total amount of the credit in the event of recapture.

18 (7) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by any tax
19 credits allowed under this section.

20 (8) If the taxpayer is a shareholder of an electing small business corporation, the credit must be
21 computed using the shareholder's pro rata share of the corporation's cost of investing in the biodiesel blending
22 facility. In all other respects, the allowance and effect of the tax credit apply to the corporation as otherwise
23 provided by law.

24 (9) As used in this section, "biodiesel" has the meaning provided in 15-70-401.

25 (10) The department shall report to the revenue and transportation interim committee biennially regarding
26 the number and type of taxpayers claiming the credit under this section, the total amount of the credit claimed,
27 and the department's cost associated with administering the credit."
28

29 **SECTION 25. SECTION 15-50-207, MCA, IS AMENDED TO READ:**

30 **"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees. (1) (a)**

1 The additional license fees withheld or otherwise paid as provided in this chapter may be used as a credit on the
 2 contractor's corporate income tax provided for in chapter 31 of this title or on the contractor's income tax provided
 3 for in chapter 30, depending upon the type of tax the contractor is required to pay under the laws of the state.

4 (b) The credit allowed under this subsection (1) may be used as a carryforward against taxes imposed
 5 by chapter 30 or 31 for the 5 succeeding tax years. The entire amount of the credit not used in the year earned
 6 must be carried first to the earliest tax year in which the credit may be applied and then to each succeeding tax
 7 year. The credit may not be claimed in or carried forward to tax years 2018 and 2019.

8 (2) Personal property taxes and the fee in lieu of tax on buses, trucks having a manufacturer's rated
 9 capacity of more than 1 ton, or truck tractors, as provided in 61-3-529, and the registration fee on light vehicles,
 10 as provided in 61-3-321(2) and 61-3-562, paid in Montana on any personal property or vehicle of the contractor
 11 that is used in the business of the contractor and is located within this state may be credited against the license
 12 fees required under this chapter. However, in computing the tax credit allowed by this section against the
 13 contractor's income tax or corporate income tax, the tax credit against the license fees required under this chapter
 14 may not be considered as license fees paid for the purpose of the income tax or corporate income tax credit."
 15

16 NEW SECTION. Section 26. Repealer. The following sections of the Montana Code Annotated are
 17 repealed:

18 ~~7-21-3710. Tax credits for employers in empowerment zone.~~

19 ~~15-1-230. Report on income tax credit to committee.~~

20 ~~15-30-2301. Capital gains credit.~~

21 ~~15-30-2318. Earned income tax credit.~~

22 ~~15-30-2319. Credit for energy-conserving investments.~~

23 ~~15-30-2320. Credit for alternative fuel motor vehicle conversion.~~

24 ~~15-30-2326. Credit for contributions to university or college foundations and endowment funds.~~

25 ~~15-30-2327. Qualified endowments credit -- definitions -- rules.~~

26 ~~15-30-2328. Credit for contributions to qualified endowment -- recapture of credit -- deduction included as~~
 27 ~~income.~~

28 ~~15-30-2329. Beneficiaries of estates -- credit for contribution to qualified endowment.~~

29 ~~15-30-2342. Credit for preservation of historic buildings.~~

30 ~~15-30-2356. Empowerment zone new employees -- tax credit.~~

- 1 ~~15-30-2357. Tax credit for hiring registered apprentice or veteran apprentice.~~
- 2 ~~15-30-2358. Qualified research tax credit.~~
- 3 ~~15-30-2364. Adoption tax credit -- limitations.~~
- 4 ~~15-30-2365. Credit for day-care facilities.~~
- 5 ~~15-30-2367. Tax credit for providing disability insurance for employees.~~
- 6 ~~15-30-2380. Credit for unlocking public lands program -- definitions.~~
- 7 15-30-2381. Tax credit for providing emergency lodging.
- 8 ~~15-31-124. New or expanded industry credit -- definitions.~~
- 9 ~~15-31-125. Determination of tax credit.~~
- 10 ~~15-31-126. Limitation.~~
- 11 ~~15-31-127. Department duties.~~
- 12 ~~15-31-132. Tax credit for providing disability insurance for employees.~~
- 13 ~~15-31-133. Credit for day-care facilities.~~
- 14 ~~15-31-134. Empowerment zone new employees -- tax credit.~~
- 15 ~~15-31-135. Contribution by small business corporation.~~
- 16 ~~15-31-136. Contribution by partnership.~~
- 17 ~~15-31-137. Small business corporation and partnership credit for alternative fuel conversion.~~
- 18 ~~15-31-150. Credit for research expenses and research payments.~~
- 19 ~~15-31-151. Credit for preservation of historic buildings.~~
- 20 ~~15-31-161. Credit for contribution by corporations to qualified endowment -- recapture of credit -- deduction~~
- 21 ~~included as income.~~
- 22 ~~15-31-162. Small business corporation, partnership, and limited liability company credit for contribution to~~
- 23 ~~qualified endowment -- recapture of credit -- deduction included as income.~~
- 24 15-31-171. Tax credit for providing emergency lodging.
- 25 ~~15-31-173. Tax credit for hiring registered apprentices or veteran apprentices.~~
- 26 ~~15-32-109. Credit for energy-conserving expenditures.~~
- 27 ~~15-32-115. Credit for geothermal system -- to whom available -- eligible costs -- limitations.~~
- 28 ~~15-32-201. Amount of credit -- to whom available.~~
- 29 ~~15-32-202. Taxable years in which credit may be claimed -- carryover.~~
- 30 ~~15-32-203. Department to make rules.~~

- 1 ~~15-32-401. Purpose and statement of policy.~~
- 2 ~~15-32-402. Commercial or net metering system investment credit -- alternative energy systems.~~
- 3 ~~15-32-404. Carryover of credit.~~
- 4 ~~15-32-405. Exclusion from other tax incentives.~~
- 5 ~~15-32-406. Separation of credit portion.~~
- 6 ~~15-32-407. Rules authorized.~~
- 7 ~~15-32-503. Exploration incentive credit.~~
- 8 ~~15-32-504. Procedure for requesting and certifying credit.~~
- 9 ~~15-32-505. Application of credit.~~
- 10 ~~15-32-506. Credit carryover.~~
- 11 ~~15-32-507. Credit limitation.~~
- 12 ~~15-32-508. Credit assignment.~~
- 13 ~~15-32-509. Record of credit use.~~
- 14 ~~15-32-601. Definitions.~~
- 15 ~~15-32-602. Amount and duration of credit -- how claimed.~~
- 16 ~~15-32-603. Credit for investment in property used to collect or process reclaimable material or to~~
 17 ~~manufacture a product from reclaimed material.~~
- 18 ~~15-32-604. Limitation of credit.~~
- 19 ~~15-32-701. Oilseed crush facility -- tax credit.~~
- 20 ~~15-32-702. Biodiesel or biolubricant production facility tax credit.~~
- 21 ~~15-32-703. Biodiesel blending and storage tax credit -- recapture -- report to interim committee.~~
- 22 ~~15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees.~~
- 23 ~~33-2-724. Empowerment zone new employees -- tax credit.~~
- 24 ~~39-6-109. Employer apprenticeship tax credit -- increased credit for employing veteran apprentice.~~
- 25 50-51-114. Emergency lodging program -- definitions.
- 26 50-51-115. Emergency lodging -- liability for damages.

27

28 NEW SECTION. Section 27. Effective date. [This act] is effective January 1, 2018.

29

30 NEW SECTION. Section 28. Applicability. [This act] applies to tax years beginning after December

1 31, 2017.

2

3 NEW SECTION. SECTION 29. TERMINATION. [SECTIONS 1 THROUGH 25] TERMINATE DECEMBER 31, 2019.

4 - END -