

# SUMMARY OF TAX LEGISLATION ENACTED AND VETOED DURING THE 2017 LEGISLATIVE SESSION

Prepared for the Revenue and Transportation Interim Committee  
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This document is a summary of tax-related legislation enacted and vetoed during the 2017 legislative session. The first section of the summary is an overview of the outcome of Revenue and Transportation Interim Committee requested bills. Enacted legislation is in the second section, followed by vetoed legislation in the third section.

House bills are summarized first in ascending order, then Senate bills in ascending order. Each bill summary is headed by the bill number and chapter number, and the bill text is hyperlinked in the electronic version. Sections amended, sections enacted, sections repealed, effective dates, applicability dates, and termination dates are noted at the end of each bill summary.

## **Outcome of Revenue and Transportation Interim Committee Requested Bills**

The Revenue and Transportation Interim Committee requested six of the enacted tax bills: House Bill No. 18, House Bill No. 30, House Bill No. 74, House Bill No. 76, Senate Bill No. 10, and Senate Bill No. 27, which are marked below with asterisks. Seven tax bills by request of the Revenue and Transportation Interim Committee did not become law:

- [House Bill No. 19](#) revises the elderly homeowner and renter income tax credit to provide that the credit may be claimed on a dwelling that is not subject to property taxes. The House Taxation Committee tabled the bill.
- [House Bill No. 27](#) revises the classification of real property beneath a residential improvement on agricultural land by providing that 1 acre of real property beneath a residential improvement is classified as class four property and valued at market value. The sponsor withdrew the bill before a hearing was held.
- [House Bill No. 28](#) revises the eligibility for classification of property as agricultural for property valuation purposes by revising the annual gross income that must be marketed from parcels of less than 160 acres to qualify for agricultural classification. The sponsor withdrew the bill before a hearing was held.
- [House Bill No. 29](#) revises the eligibility for classification of property as agricultural for property valuation purposes by requiring a parcel to be 1 acre or more to be eligible for valuation as agricultural land. The Senate Taxation Committee tabled the bill.
- [House Bill No. 75](#) revises the eligibility for classification of property as agricultural for property valuation purposes by removing the nonqualified agricultural property designation. The sponsor withdrew the bill before a hearing was held.
- [Senate Bill No. 34](#) revises laws related to an urban renewal agency board of commissioners. The Senate Local Government Committee tabled the bill.

## **Enacted legislation**

The enacted legislation is listed by the following categories: administration, individual income and corporate income taxes, miscellaneous, natural resource taxes, property tax, and tax increment financing.

### **Administration**

1. [House Bill No. 112 \(Ch. 72\)](#) Revises dispute review procedures for collection of delinquent taxes to be consistent with other dispute review procedures in Title 15, provides for new informal procedures for collecting of delinquent taxes, provides additional time for review, and provides rulemaking authority.
  - a) Amends section 15-30-2629.
  - b) Effective March 2, 2017.
  - c) Requested by Department of Revenue
2. [Senate Bill No. 137 \(Ch. 102\)](#) Revises taxpayer dispute resolution procedures, provides a taxpayer option to bypass the Department of Revenue's dispute resolution office, requires informal discovery in certain cases, and provides rulemaking authority.
  - a) Amends sections 15-1-211 and 15-2-302.
  - b) Effective October 1, 2017.
  - c) Applies to proceedings commenced on or after January 1, 2018.
3. [Senate Bill No. 317 \(Ch. 386\)](#) Revises interest assessments on certain taxes, and provides that interest assessments on all taxes other than delinquent individual income taxes are based on the prime interest rate published by the federal reserve system plus 3 percentage points.
  - a) Amends section 15-1-216.
  - b) Effective October 1, 2017.

### **Individual Income and Corporate Income Taxes**

1. [House Bill No. 42 \(Ch. 6\)](#) Revises the filing deadline for partnerships to align with the federal filing deadline.
  - a) Amends section 15-30-3302.
  - b) Effective February 13, 2017.
  - c) Applies to tax years beginning after December 31, 2016.
  - d) Requested by Department of Revenue.
2. [House Bill No. 63 \(Ch. 21\)](#) Revises laws related to annual wage and tax statements, revises the filing date for employers to file annual wage and tax statements and royalty and tax statements to align with the federal filing deadline, and revises the remittance due date for employers on an annual payment schedule to align with the due date for annual wage and tax statements.
  - a) Amends sections 15-30-2504, 15-30-2507, and 15-30-2544.
  - b) Effective February 17, 2017.
  - c) Applies to tax years beginning after December 31, 2016.
  - d) Requested by Department of Revenue.
3. [House Bill No. 175 \(Ch. 152\)](#) Revises medical care savings account laws, revises the contribution limits for medical care savings accounts, allows the use of medical care savings account funds for reimbursement of time used for family leave, allows a parent or child to inherit a medical care savings account tax-free, allows medical care savings account funds to be used for eligible medical expenses of anyone, allows medical care savings account funds to be used for eligible medical

- expenses of a deceased account holder within 1 year of death, and requires annual reporting of the starting balance and ending balance of the account.
- a) Amends sections 15-30-2110, 15-61-102, 15-61-202, 15-6-1-203, and 15-6-1-204.
  - b) Effective October 1, 2017.
  - c) Applies to income tax years beginning after December 31, 2017.
4. [\*\*House Bill No. 308 \(Ch. 380\)\*\*](#) Creates an income tax credit program for employers of registered apprentices, includes an increased credit for employing veterans, provides that the credits be taken against individual income tax and corporate income tax liabilities, and provides rulemaking authority.
    - a) Amends sections 15-30-2618 and 15-31-511.
    - b) Enacts sections.
    - c) Effective January 1, 2018.
    - d) Applies to tax years beginning after December 31, 2017.
  5. [\*\*House Bill No. 391 \(Ch. 381\)\*\*](#) Allows for a refundable earned income credit based on a percentage of the federal earned income credit, provides that the credit may not be claimed for certain income.
    - a) Enacts section.
    - b) Effective October 1, 2017.
    - c) Applies to income tax years beginning after December 31, 2018.
  6. [\*\*House Bill No. 511 \(Ch. 268\)\*\*](#) Revises income tax laws, revises the Multistate Tax Compact to adopt revisions recommended by the Multistate Tax Commission, including to provide for market sourcing of sales, revises Montana's corporate income tax to adopt changes that generally conform with revisions to Article IV of the Multistate Tax Compact, and revises laws related to the calculation of Montana source income for partnerships, s. corporations, and certain disregarded entities.
    - a) Amends sections 15-1-601, 15-30-3302, 15-31-301, 15-31-303, 15-31-304, 15-31-305, 15-31-306, 15-31-307, 15-31-308, 15-31-309, 15-31-310, 15-31-311, and 15-31-312.
    - b) Effective January 1, 2018.
    - c) Applies to tax years beginning after December 31, 2017.
  7. [\*\*House Bill No. 550 \(Ch. 409\)\*\*](#) Revises laws related to the net operating loss deduction for corporate income tax purposes, revises the carryback and carryover periods, and limits a net operating loss carryback.
    - a) Amends section 15-31-119.
    - b) Effective October 1, 2017.
    - c) Applies to tax years beginning after December 31, 2017.
  8. [\*\*House Bill No. 574 \(Ch. 382\)\*\*](#) Allows for business deductions on a state income tax return where the deduction has been reduced as a result of calculating and claiming a federal credit based on the deduction.
    - a) Amends section 15-30-2110.
    - b) Effective October 1, 2017.
    - c) Applies to tax years beginning after December 31, 2018.
  9. [\*\*Senate Bill No. 10 \(Ch. 30\)\*\*](#)\* Repeals the refundable income tax credit for statewide equalization property tax levies on a principal residence.
    - a) Repeals section 15-30-2336.
    - b) Effective October 1, 2017.
    - c) Requested by the Revenue and Transportation Interim Committee.

10. [Senate Bill No. 138 \(Ch. 289\)](#) Revises income tax examination and collection laws, creates a taxpayer refund procedure for recovery of a payment of tax after expiration of the statute of limitations for assessment of additional tax, and provides rulemaking authority.
  - a) Amends sections 15-30-2609 and 15-31-509.
  - b) Effective May 4, 2017.
  - c) Applies to tax years beginning after December 31, 2016.
11. [Senate Bill No. 252 \(Ch. 185\)](#) Provides a waiver from filing of a composite return or withholding of tax for certain domestic second-tier pass-through entities, and revises definitions.
  - a) Amends section 15-30-3313.
  - b) Effective April 11, 2017.
  - c) Applies to tax years beginning after December 31, 2016.

#### Miscellaneous

1. [House Bill No. 18 \(Ch. 67\)](#)\* Revises the process for the sale of a tax lien and issuance of a tax deed for delinquent taxes, eliminates the tax lien sale, requires the county to assign a tax lien to an assignee who pays delinquent taxes, revises notification and notice requirements related to the attachment of a tax lien and issuance of a tax deed, requires a delinquent taxpayer to only pay the property taxes currently due before paying delinquent taxes, allows an assignee to pay subsequent year delinquent taxes only after the taxes are delinquent, allows cancellation of a tax lien attached or assigned in error, revises the time period for which real property taxes must be delinquent before the county commission may consider cancellation, and repeals county treasurer duties related to county contractual obligations for seed grain, feed, or other relief.
  - a) Amends sections 15-16-101, 15-16-102, 15-16-701, 15-17-121, 15-17-122, 15-17-123, 15-17-124, 15-17-131, 15-17-212, 15-17-317, 15-17-318, 15-17-320, 15-17-323, 15-17-324, 15-17-325, 15-17-326, 15-18-111, 15-18-112, 15-18-113, 15-18-114, 15-18-211, 15-18-212, 15-18-213, 15-18-214, 15-18-215, 15-18-216, 15-18-217, 15-18-218, 15-18-411, 15-18-412, 15-18-413, 39-3-501, 85-7-2136, 85-7-2152, 85-7-2155, 85-7-2156, 85-7-2157, 85-7-2158, 85-7-2159, 85-7-2162, 85-7-2163, and 85-8-601.
  - b) Enacts sections.
  - c) Repeals sections 15-16-305, 15-17-211, 15-17-213, 15-17-214, and 15-17-321.
  - d) Effective March 2, 2017.
  - e) Applies to tax delinquencies that begin on or after the effective date except amendments to sections 15-16-102, 15-18-112, and 15-18-114 apply retroactively to any tax lien begun on or issued prior to the effective date.
  - f) Requested by Revenue and Transportation Interim Committee.
2. [House Bill No. 565 \(Ch. 332\)](#) Revises the entitlement share payment laws, revises entitlement share growth rates for fiscal years 2018 and 2019, revises the growth rate for the reimbursement for class eight tax rate reductions and exemptions, and provides reasons for which an entitlement share payment must be withheld.
  - a) Amends sections 15-1-121, 15-1-123, and 20-9-630.
  - b) Effective May 4, 2017.
3. [Senate Bill No. 77 \(Ch. 14\)](#) Revises title insurance requirements in tax deed laws, and revises notice requirements.
  - a) Amends section 15-18-212.

- b) Effective October 1, 2017.
- 4. [Senate Bill No. 333 \(Ch. 408\)](#) Revises the Montana Medical Marijuana Act, requires seed-to-sale tracking, requires licensing of dispensaries and endorsements for chemical manufacturing, establishes requirements for testing laboratories, revises allowable amounts, requires testing of samples collected during inspections, eliminates the requirements for a parent to serve as a minor’s provider, establishes a tax on providers, establishes a fee for dispensaries, provides definitions, and provides rulemaking authority.
  - a) Amends sections 41-5-216, 50-46-302, 50-46-303, 50-46-307, 50-46-308, 50-46-311, 50-46-312, 50-46-319, 50-46-320, 50-46-327, 50-46-328, 50-46-329, 50-46-330, 50-46-343, 50-46-344, 50-46-345, and 80-1-104.
  - b) Enacts sections.
  - c) Provides effective dates.

### Natural Resource Taxes

- 1. [House Bill No. 209 \(Ch. 378\)](#) Temporarily increases the coal severance tax allocation to the coal natural resource account, and establishes the increase until June 30, 2019.
  - a) Amends section 15-35-108.
  - b) Effective July 1, 2017.
- 2. [Senate Bill No. 86 \(Ch. 91\)](#) Revises the tax for certain oil production, and revises the price of oil for which incremental production tax rates apply.
  - a) Amends section 15-36-304.
  - b) Effective March 23, 2017.
  - c) Applies to projects approved by the Board of Oil and Gas conservations on or after the effective date.

### Property Tax

- 1. [House Bill No. 43 \(Ch. 20\)](#) Clarifies property valuation informal review and appeal deadlines, provides deadlines for informal reviews and appeals in the second or subsequent year of the valuation cycle.
  - a) Amends sections 15-7-102 and 15-15-102.
  - b) Effective February 17, 2017.
  - c) Requested by Department of Revenue.
- 2. [House Bill No. 74 \(Ch. 7\)](#)\* Clarifies amendments to property tax laws enacted by the 64<sup>th</sup> Legislature.
  - a) Amends sections 15-6-301, 15-6-302, 15-6-305, 15-6-311, and 15-7-102.
  - b) Effective October 1, 2017.
  - c) Requested by Revenue and Transportation Interim Committee.
- 3. [House Bill No. 115 \(Ch. 26\)](#) Revises the requirements related to which guides must be used for valuing agricultural implements and machinery, and providing rulemaking authority.
  - a) Amends section 15-8-111.
  - b) Effective February 17, 2017.
  - c) Requested by Department of Revenue.
- 4. [House Bill No. 224 \(Ch. 249\)](#) Provides that the property tax exemption for veterans’ organizations extends to property rented, leased, or used by the organization.
  - a) Amends section 15-6-203.

- b) Effective May 3, 2017.
  - c) Applies to tax years beginning after December 31, 2016.
5. [House Bill No. 226 \(Ch. 379\)](#) Allows for an increase of the abatement for new or expanding industry.
    - a) Amends section 15-24-1402.
    - b) Effective October 1, 2017.
    - c) Applies to new or expanding industry tax abatements granted on or after the effective date.
  6. [House Bill No. 345 \(Ch. 119\)](#) Revises the definition of “livestock” for purposes of the per capita fee on livestock, and provides that honey bees are included in the definition of “livestock”.
    - a) Amends section 15-24-921.
    - b) Effective October 1, 2017.
  7. [House Bill No. 516 \(Ch. 269\)](#) Allows for a civil action to collect delinquent property taxes, specifies who can bring the action, and allows for the awarding of attorney fees.
    - a) Enacts section.
    - b) Effective May 3, 2017.
    - c) Applies to property taxes that are delinquent on or after the effective date.
  8. [House Bill No. 554 \(Ch. 272\)](#) Clarifies eligibility for property tax assistance programs.
    - a) Amends section 15-6-301.
    - b) Enacts section.
    - c) Effective May 3, 2017.
  9. [House Bill No. 583 \(Ch. 333\)](#) Provides for assessment, classification, and valuation of certain land that is not used as forest land, requires any separation of property from forest land for other purposes to be classified according to use, and classifies the 1 acre beneath a residence on forest land as class four property that is valued at market value.
    - a) Amends section 15-6-134.
    - b) Enacts section.
    - c) Effective May 4, 2017.
    - d) Applies to tax years beginning after December 31, 2016, and to the reappraisal cycle beginning January 1, 2017.
  10. [House Bill No. 614 \(Ch. 383\)](#) Exempts pulse processing equipment from property taxation.
    - a) Amends section 15-6-220.
    - b) Effective October 1, 2017.
    - c) Applies to machinery and equipment placed into service after December 31, 2017.
    - d) Terminates December 31, 2027.
  11. [Senate Bill No. 85 \(Ch. 73\)](#) Submits a 6-mill levy for continued support of the Montana University System to the electorate.
    - a) Will be placed on November 2018 general election ballot.
    - b) Enacts section, if approved.
    - c) Effective January 1, 2019, if approved.
    - d) Terminates December 31, 2028, if approved.
  12. [Senate Bill No. 94 \(Ch. 441\)](#) Provides for a property tax exemption for certain residential property when land value is disproportionately higher than the value of the associated improvements, restricts the exemption to primary residences, provides for a land value that is no less than the statewide average value of class four residential land, creates application criteria, provides

definitions, provides for notification to the public regarding the exemption, and provides rulemaking authority.

- a) Amends sections 15-7-102 and 15-16-101.
  - b) Enacts section.
  - c) Effective October 1, 2017.
  - d) Applies to tax years beginning after December 31, 2017.
13. [\*\*Senate Bill No. 132 \(Ch. 444\)\*\*](#) Repeals the termination date for the exemption for certain air and water pollution control and carbon capture equipment and for the reduction in value for carbon transportation and sequestration equipment.
- a) Repeals sections 4 and 7, chapter 407, Laws of 2015.
  - b) Effective October 1, 2017.
14. [\*\*Senate Bill No. 180 \(Ch. 191\)\*\*](#) Clarifies which airlines are regularly scheduled airlines for purposes of central assessment.
- a) Amends sections 15-23-401 and 15-23-403.
  - b) Effective May 13, 2017.
15. [\*\*Senate Bill No. 324 \(Ch. 407\)\*\*](#) Revises property tax exemption laws, requires the Department of Revenue to notify the county treasurer when property within a county becomes tax exempt, requires certain tenants of tax-exempt housing to satisfy age and income guidelines, and provides rulemaking authority.
- a) Amends section 15-6-201.
  - b) Enacts section.
  - c) Effective October 1, 2017.
  - d) Applies to rental agreements or occupancy arrangements entered into on or after the effective date.
16. [\*\*Senate Bill No. 359 \(Ch. 438\)\*\*](#) Provides for property taxation and classification of qualified data centers and related property, creates a class seventeen property tax classification for qualified data centers, provides for local assessment of qualified data centers and central assessment of dedicated communications infrastructure, provides a reduced tax rate for dedicated communications infrastructure for a 15-year period, provides for new or expanding industry property tax abatements, and provides definitions.
- a) Amends sections 15-6-156, 15-23-101, and 15-24-1401.
  - b) Effective May 22, 2017.
  - c) Applies to tax years beginning after December 31, 2017.

#### **Tax Increment Financing**

1. [\*\*House Bill No. 30 \(Ch. 160\)\*\*](#)\* Amends tax increment provisions related to certain local mill levies, exempts levies voted on after the adoption of tax increment financing.
  - a) Amends section 7-15-4286.
  - b) Effective April 6, 2017.
  - c) Applies to tax increment provisions adopted by urban renewal districts and targeted economic development districts established on or after the effective date and voted levies approved after the effective date.
  - d) Requested by Revenue and Transportation Interim Committee
2. [\*\*House Bill No. 76 \(Ch. 22\)\*\*](#)\* Requires remittances of unused tax increment to be made proportionally to all affected taxing jurisdictions.

- a) Amends section 7-15-4291.
  - b) Effective October 1, 2017.
  - c) Applies to remittance agreements entered into on or after the effective date.
  - d) Requested by Revenue and Transportation Interim Committee.
3. [House Bill No. 396 \(Ch. 157\)](#) Revises laws related to tax increment financing, and requires consultation with affected local taxing jurisdictions when adopting tax increment financing provisions as part of an urban renewal plan or a targeted economic development district comprehensive plan and when modifying an urban renewal plan related to the use of general obligation bonds.
- a) Amends sections 7-15-4221 and 7-15-4282.
  - b) Effective April 4, 2017.
4. [Senate Bill No. 27 \(Ch. 278\)](#)\* Revises tax increment financing laws, requires a public meeting with opportunity for public comment for urban renewal agencies, requires local government annual financial reports to include information on the financial activities of districts using tax increment financing, and requires an urban renewal agency to include certain additional information in its annual report.
- a) Amends sections 2-7-503, 7-15-4221, 7-15-4236, 7-15-4237, and 7-15-4279.
  - b) Effective October 1, 2017.

## **Vetoed Legislation**

The vetoed legislation all falls into the individual and corporate income taxes category.

### **Individual Income and Corporate Income Taxes**

1. **Senate Bill No. 126** Revises laws related to appeals of property valuation for tax purposes, and allows the Department of Revenue and the taxpayer to provide independent appraisals to the State Tax Appeal Board.
  - a) Amends section 15-2-301.
  - b) Vetoed May 4, 2017.
  - c) Veto override vote mail poll closes June 14, 2017.
2. **Senate Bill No. 154** Eliminates certain incentives for net-metered systems, eliminates certain small generation equipment tax exemptions for net-metered systems, eliminates certain tax credits for net-metered systems, prohibits use of the state building energy conservation act for net-metered systems, and eliminates use of the energy development and demonstration grant program for net-metered systems.
  - a) Amends sections 15-6-224, 15-32-201, 15-32-202, 15-32-402, 15-32-404, 90-4-602, and 90-4-1005.
  - b) Vetoed May 4, 2017.
3. **Senate Bill No. 345** Relates to high-deductible health insurance plans and employer health reimbursement arrangements, provides various tax incentives, imposes duties on the Commissioner of Insurance, provides rulemaking authority to the Commissioner of Insurance, allows an income tax credit for certain employer contributions to high-deductible health insurance premiums and health reimbursement arrangement-only benefits and high-deductible health insurance premiums, and provides rulemaking authority to the Department of Revenue.
  - a) Amends sections 15-30-2110 and 15-30-2131.
  - b) Enacts sections.
  - c) Vetoed May 4, 2017