



Revenue and Transportation Interim Committee

65th Montana Legislature

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TO: Committee Members

FROM: Jaret Coles, Staff Attorney

RE: Administrative Rule Activity

DATE: September 1, 2017

Department of Revenue

Proposal and Adoption Notices are available on the Internet:

Department of Revenue notices can be found on the Secretary of State's website at <http://www.mtrules.org/>. Under the Montana Administrative Register heading, type the number "42" in the "Search by Notice No." box and click on the "Go" icon.

Notice of Proposed Rules:

Livestock Reporting and Per Capita Fees -- Honey Bees -- House Bill No. 345 (2017). MAR 42-2-971. A public hearing was held on August 24, 2017, and the public comment period ends on September 5, 2017. The Department proposes to amend two rules. The proposed amendments: (1) implement [House Bill No. 345](#) (2017) by providing that only "honey" bees are reported; (2) clarify that the term "cattle" includes "yearlings, heifers, steers, cows, and bulls"; and (3) strike the requirement that the department will estimate livestock counts provided by a landowner when an owner of livestock that is not a landowner fails to self-report.

Property Tax Exemption for Nonfossil Energy Systems -- Rate Reductions for Value-added Property -- Department's Notification of Property Tax Liens -- House Bill No. 111 (2013) and House Bill No. 18 (2017). MAR 42-2-972. A public hearing was held on August 24, 2017, and the public comment period ends on September 5, 2017. The Department proposes to amend one rule and repeal three rules. The proposed amendment removes outdated terminology for the property tax exemption for nonfossil energy systems, including references to tax years 2001 through 2010. All of the proposed repeals are housekeeping in nature. One proposed repeal would eliminate a rule that implements statutes relating to value-added manufacturing that were

repealed by [House Bill No. No. 111](#) (2013). Two of the proposed repeals eliminate a department of revenue form that is no longer required based on the enactment of [House Bill No. 18](#) (2017).

Individual Income Tax -- Resident Military Salary Exclusion. MAR 42-2-973. A public hearing was held on August 24, 2017, and the public comment period ends on September 5, 2017. The Department proposes to amend one rule. The proposed amendment adds language providing that "active duty" in the National Guard means active duty performed under an order issued pursuant to [Title 10 of the United States Code](#). The statement of reasonable necessity states that the "current version of this rule could be construed to disallow Title 10 National Guard annual training that is not part of a contingency operation."

Property Tax -- Deadlines for Classification and Appraisal Reviews and Consideration of Sales Price and Fee Appraisals as Market Value Indicators -- House Bill No. 43 (2017). MAR 42-2-975. A public hearing will be held on September 11, 2017, at 1:30 p.m. in the Third Floor East PAD Conference Room, Mitchell Building, Helena. The public comment period ends on September 21, 2017. The Department proposes to amend three rules. One of the proposed amendments clarifies the process for submitting Form AB-26 regarding a request for informal classification and appraisal review, based on passage of [House Bill No. 43](#) (2017), which authorized an informal review deadline for remaining years(s) in a property valuation cycle. The second proposed amendment updates outdated language. The third proposed amendment provides that an independent fee appraisal that is submitted to the Department by a taxpayer must be conducted by an appraiser that is licensed or certified by the Montana Board of Real Estate Appraisers.

Property Tax -- Property Tax Exemption Applications -- Exemptions for Veterans' Organizations -- Exemption Notifications to County Treasurers -- Valuation of Condominiums and Townhomes -- House Bill No. 200 (2017), House Bill No. 224 (2017), and Senate Bill No. 324 (2017). MAR 42-2-976. A public hearing will be held on September 7, 2017, at 1:00 p.m. in the Third Floor East Conference Room, Mitchell Building, Helena. The public comment period ends on September 20, 2017. The Department proposes to amend five rules. The proposed amendments: (1) implement [House Bill No. 200](#) (2017), regarding a housing unit on land belonging to a community land trust, by proposing the cost method to value condominiums and townhomes on tax-exempt land; (2) implement [House Bill No. 224](#) (2017), regarding application for a veterans' clubhouse property tax exemption in the event someone other than the society or organization owns the property; (3) implement [Senate Bill No. 324](#) (2017), which requires the Department to notify the county treasurer of any determination made on a property tax exemption application; and (4) eliminate the requirement that exempted property owners submit a reapplication fee, given that the reapplication fee was only required for tax year 2015 as part of [House Bill No. 389](#) (2015). The remainder of the proposed changes are housekeeping in nature.

Property Tax -- Land Classification, Natural Disaster Reduction, and Forest Land Eligibility and Valuation -- House Bill No. 43 (2017) and House Bill No. 583 (2017). MAR 42-2-977. A public hearing will be held on September 11, 2017, at 3:00 p.m. in the Third Floor East PAD Conference Room, Mitchell Building, Helena. The public comment period ends on September 21, 2017. The Department proposes to amend six rules. The proposed amendments: (1) implement [House Bill No. 43](#) (2017) by listing the informal review deadline for remaining years(s) in a property valuation cycle and the process for Department review of Form AB-26; (2) implement [House Bill No. 583](#) (2017), which revised property taxes for forest land with residential or commercial use by defining what "forest land management use" means and providing that land under structures associated with "forest land management" is valued as forest land unless there is a residence on the same one-acre area; and (3) eliminate the application process for forest land classification and provide that a property owner that believes property should be classified as forest land should submit a Form AB-26. The remainder of the proposed changes are housekeeping in nature.

Notice of Adopted Rules:

Retail Telecommunications Excise Tax -- Federal Preemption -- Taxation of Internet Revenue. MAR 42-2-970. Adopted July 10, 2017. No public comment or testimony was received and the Department repealed two rules. The rules provided for the taxation of internet revenue in the event that no federal law prohibits the taxation of internet revenue. In 2016, the U.S. Congress amended federal law to permanently prohibit state and local taxation on internet access. As such, the Department's reasonable necessity statement stated that the rule is no longer necessary.

Department of Transportation

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Notice of Proposed Rules:

Outdoor Advertising Control -- Transit Shelters and Benches -- Grandfather Clause. MAR 18-164. A public hearing was held on August 4, 2017, and the public comment period ended on the same day. The Transportation Commission proposes to adopt one rule and amend one rule. The proposed new rule provides for issuance of a transit advertising permit to a local transit agency or government entity, which in turn can enter into an agreement with a third party to place

advertising on a bus shelter or bench. The new rule limits commercial advertising along controlled routes to one sign on the interior of a shelter, one sign on the exterior of a shelter (each shelter sign may not exceed 24 square feet in size), one sign on the front of a bench back and one sign on the rear of a bench back (each bench back may not exceed 16 square feet) and prohibits changeable electronic lighting. There is a one-year timeframe for an existing shelter or bench advertiser to comply with the new rule. The proposed amendment includes definitions for "bus bench", "shelter", and "transit outdoor advertising permit".

Notice of Adopted Rules:

Motor Carrier Services Safety Requirements. MAR 18-163. Adopted August 7, 2017. No public comment or testimony was received and the Department of Transportation adopted two rules as proposed. The rules further define the terms "farm vehicle" and "farmer" by referring to federal motor carrier safety regulations. In order to qualify as a "farm vehicle", a commercial motor vehicle must be used within 150 miles of the farm, be controlled by employees or family members of the farmer, and be used to transport the farmer's products, supplies, commodities, or equipment.

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