

SUMMARY OF ENACTED AND VETOED TAX LEGISLATION

Prepared for the Revenue Interim Committee
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July 2021

This document is a summary of tax-related legislation enacted and vetoed during the 2021 legislative session.¹ The first section of the summary is an overview of the outcome of Revenue 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.

Outcome of Revenue Interim Committee Requested Bills

Of the 13 bills requested by the Revenue Interim Committee, eight became law and five failed to pass.

Enacted

- [House Bill 23 \(Ch. 17\)](#) Generally revising the tax lien and tax deed process laws; providing that property with a residence is subject to a tax deed auction only if the owner occupies the residence; clarifying timelines for notification requirements; requiring the high bidder to pay auction costs; providing for cancellation of an assignment if the auction does not result in purchase of the tax deed; providing that the county treasurer distributes surplus auction proceeds to the legal titleholder.
- [House Bill 51 \(Ch. 31\)](#) Revising Montana Achieving a Better Life Experience Act laws to remove references to a repealed definition.
- [Senate Bill 6 \(Ch. 8\)](#) Revising distribution dates for the sales tax on lodging.
- [Senate Bill 30 \(Ch. 11\)](#) Repealing the credit for interest differentials for loans made by utilities and financial institutions.
- [Senate Bill 34 \(Ch. 12\)](#) Revising reporting requirements for the biodiesel blending and storage tax credit.
- [Senate Bill 35 \(Ch. 13\)](#) Repealing the expired property tax exemption for electrical generation and delivery facilities.
- [Senate Bill 41 \(Ch. 35\)](#) Revising the tax credit review process; providing for review of tax credits every 10 years.
- [Senate Bill 45 \(Ch. 15\)](#) Repealing the new or expanded industry credit for corporate income taxes.

Failed to Pass

- [House Bill 17](#) Revising the alternative energy system tax credit; providing that the credit may be refunded if it exceeds the taxpayer's tax liability.
- [Senate Bill 7](#) Revising tax credits for energy conservation; allowing the credit for energy-conserving expenditures to be refunded; providing a household income limitation in order to be

¹ Fuel tax legislation is not included in this summary.

eligible for the credit for energy-conserving expenditures; repealing the obsolete credit for utilities and financial institutions that made loans for energy conservation materials; providing rulemaking authority.

- [Senate Bill 10](#) Creating a circuit breaker income tax credit for property taxes paid and rent-equivalent property taxes paid; repealing the low-income property tax assistance program, this disabled veteran assistance program, the residential property tax credit for the elderly, and the intangible land value property exemption; providing rulemaking authority.
- [Senate Bill 11](#) Increasing the minimum corporate income tax.
- [Senate Bill 12](#) Revising corporate income tax water's-edge election laws; removing the tax haven list from statute and providing that the Department of Revenue identify tax havens by administrative rule; defining "tax haven"; providing rulemaking authority.

Enacted Legislation

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

Individual Income Tax and Corporate Income Tax

1. [House Bill 51 \(Ch. 31\)](#) Revising Montana Achieving a Better Life Experience Act laws to remove references to a repealed definition.
2. [House Bill 53 \(Ch. 108\)](#) Adopting the Multistate Tax Commission proposed model statute for reporting adjustments to federal taxable income and federal partnership audit adjustments; providing definitions; providing rulemaking authority.
3. [House Bill 129 \(Ch. 349\)](#) Generally revising the Family Education Savings Act; revising qualifying expenditures to include any expenses permitted under section 529 of the Internal Revenue Code; revising program requirements; revising the duties of the Board of Regents in administering the family education savings program; revising definitions.
4. [House Bill 191 \(Ch. 476\)](#) Revising the residential property tax credit for the elderly; revising the definition of household income; increasing the maximum credit that may be claimed.
5. [House Bill 252 \(Ch. 248\)](#) Establishing an employer tax credit for trades education and training expenses; providing that they credit be taken against individual income tax and corporate income tax liabilities; providing rulemaking authority.
6. [House Bill 279 \(Ch. 480\)](#) Revising laws related to the tax credit scholarship program and the innovative educational program; removing the assessment requirements for qualified education providers; revising limits on scholarship amounts; allowing tax credits earned under the programs to be carried forward; revising the tax credit limit and the aggregate limit of credits under the programs; revising the preapproval process for the tax credit scholarship program; streamlining the donation process for the innovative education program; extending the termination date for the tax credit scholarship program and the innovative educational program.
7. [House Bill 340 \(Ch. 509\)](#) Generally revising the Montana Economic Development Industry Advancement Act film tax incentives; revising the limit on credits claimed.
8. [House Bill 629 \(Ch. 550\)](#) Generally revising taxation to promote new business and economic activity; providing for the creation of an income tax credit to incentivize Montana job growth; providing for administration by the department of labor and industry and the department of revenue; providing that the credits be taken against individual income tax and corporate income

- tax liabilities; providing definitions; providing rulemaking authority; providing appropriations.
9. [Senate Bill 30 \(Ch. 11\)](#) Repealing the credit for interest differentials for loans made by utilities and financial institutions.
 10. [Senate Bill 34 \(Ch. 12\)](#) Revising reporting requirements for the biodiesel blending and storage tax credit.
 11. [Senate Bill 41 \(Ch. 35\)](#) Revising the tax credit review process; providing for review of tax credits every 10 years.
 12. [Senate Bill 45 \(Ch. 15\)](#) Repealing the new or expanded industry credit for corporate income taxes.
 13. [Senate Bill 159 \(Ch. 488\)](#) Reducing the top individual income tax rate.
 14. [Senate Bill 184 \(Ch. 458\)](#) Establishing the Montana Entrepreneur Magnet Act; providing taxpayers with certain net long-term capital gains that are attributable to the sale or exchange of capital stock of a corporation acquired on account of employment by the corporation or while employed by the corporation to be taxed at a single tax rate; providing rulemaking authority.
 15. [Senate Bill 253 \(Ch. 328\)](#) Generally revising medical care savings account laws; allowing investment of medical care savings account funds in stocks, bonds, and mutual funds; providing that investment options that qualify under a federal health savings account are permissible; providing a transition clause to allow a tax-free rollover from an existing medical care savings account.
 16. [Senate Bill 269 \(Ch. 437\)](#) Generally revising laws related to mobile home parks; revising the allowed capital gains tax exemptions for the sale of a mobile home park; requiring the notification of mobile home park owners; establishing a special revenue account; providing a statutory appropriation.
 17. [Senate Bill 376 \(Ch. 459\)](#) Generally revising apportionment of income for purposes of Montana's corporate income tax; adopting a double-weighted sales factor apportionment model.
 18. [Senate Bill 399 \(Ch. 503\)](#) Generally revising taxation of income, including the corporate income tax; requiring the taxation of individuals, partnerships, and subchapter s. corporations, including trusts and estates, to relate the state individual income tax to federal taxable income; providing adjustments to federal taxable income to include certain income; providing adjustments to federal taxable income to exclude certain income; eliminating most individual income tax deductions; eliminating certain individual income tax credits; revising certain individual income tax credits; eliminating certain corporate income tax deductions and credits; revising individual income tax rates; providing a transition for credits that are subject to a carryforward; providing a transition for differences in federal and Montana income tax laws; providing rulemaking authority.

Miscellaneous

1. [House Bill 667 \(Ch. 561\)](#) Revising the tobacco tax allocation for operation and maintenance of state veterans' nursing homes; providing an appropriation.
2. [Senate Bill 205 \(Ch. 142\)](#) Revising the name of the State Tax Appeal Board; changing the name of the State Tax Appeal Board to the Montana Tax Appeal Board.
3. [Senate Bill 257 \(Ch. 329\)](#) Prohibiting local governments from enacting certain fees, taxes, or penalties regarding carbon use.

Natural Resource Tax

1. [House Bill 661 \(Ch. 559\)](#) Revising stripper oil tax laws; revising the tax rates for stripper oil production; providing definitions.
2. [Senate Bill 154 \(Ch. 145\)](#) Generally revising the collection of delinquent coal gross proceeds property taxes; providing for the suspension of delinquent coal gross proceeds property taxes, interest, and penalties by the governing body of a county; authorizing gross proceeds obligations to be secured by revenue from installment payments.

Property Tax

1. [House Bill 23 \(Ch. 17\)](#) Generally revising the tax lien and tax deed process laws; providing that property with a residence is subject to a tax deed auction only if the owner occupies the residence; clarifying timelines for notification requirements; requiring the high bidder to pay auction costs; providing for cancellation of an assignment if the auction does not result in purchase of the tax deed; providing that the county treasurer distributes surplus auction proceeds to the legal titleholder.
2. [House Bill 52 \(Ch. 86\)](#) Revising property taxation administration and certain personal property reporting requirements; revising the reporting requirements for farm implement and construction equipment in a purchase incentive rental to annual reporting; clarifying the name of the division of Montana State University that makes that determination of the minimum number of animal unit months of carrying capacity.
3. [House Bill 179 \(Ch. 351\)](#) Generally revising laws related to community colleges; clarifying the procedure for the organization of and funding for a new community college district; revising the election procedure for the organization of a new community college district; revising and clarifying the funding sources and accounting structure for community colleges; consolidating various existing property tax levies into one operating levy for a new community college district; revising definitions.
4. [House Bill 298 \(Ch. 265\)](#) Revising the information that must be included on a property valuation statement; requiring inclusion of the prior market value and an explanation for certain increases in value.
5. [House Bill 303 \(Ch. 506\)](#) Increasing the class eight business equipment tax exemption; providing a reimbursement to local governments and tax increment financing districts under the entitlement share program, to school districts through guaranteed tax base aid, and to the Montana University system for the loss of revenue; providing a statutory appropriation.
6. [House Bill 346 \(Ch. 215\)](#) Revising property tax laws related to solar panel systems; classifying utility-scale solar facilities as class thirteen property.
7. [House Bill 357 \(Ch. 510\)](#) Revising the inflationary adjustment for income used to determine eligibility for property tax assistance programs.
8. [House Bill 394 \(Ch. 266\)](#) Exempting certain air and water pollution control and carbon capture equipment from property taxation.
9. [House Bill 432 \(Ch. 251\)](#) Providing a property tax exemption for affordable housing owned by a nonprofit corporation and constructed using federal grants.
10. [House Bill 616 \(Ch. 367\)](#) Amending tax increment financing laws to require a governing body to approve a tax increment provision.
11. [House Bill 663 \(Ch. 560\)](#) Generally revising school funding laws; increasing the GTB multiplier and linking additional increases to revenue generated by marijuana taxes; providing an

- appropriation.
12. [Senate Bill 35 \(Ch. 13\)](#) Repealing the expired property tax exemption for electrical generation and delivery facilities.
 13. [Senate Bill 51 \(Ch. 483\)](#) Exempting certain fiber optic or coaxial cable from property taxation.
 14. [Senate Bill 126 \(Ch. 148\)](#) Revising property valuation appeals laws for residential property; providing that certain independent appraisals presume to provide the property value unless the Department of Revenue provides evidence of another value.
 15. [Senate Bill 133 \(Ch. 104\)](#) Revising the property tax appraisal process and property tax appeals; providing for the assessment of attorney fees against the Department of Revenue when certain taxpayers prevail in a property tax dispute; requiring the department of revenue to justify usage of the cost approach when valuing residential class four property; clarifying that a taxpayer may refuse to allow the department to enter into certain structures during an appraisal.
 16. [Senate Bill 193 \(Ch. 186\)](#) Providing for the sale of tax-deed land at an amount less than appraised value; providing that the sale only takes place if the tax-deed land did not sell in two consecutive auctions.
 17. [Senate Bill 212 \(Ch. 446\)](#) Revising laws related to property tax bills; requiring a property tax bill to be itemized by mill levy and indicate which levies are voted levies; requiring property tax comparison information for the county to be provided with notices of reappraisal and published in newspapers; providing an appropriation.
 18. [Senate Bill 214 \(Ch. 423\)](#) Generally revising the temporary property tax exemption for tribal property; requiring the Department of Revenue to notify the county in which the property is located of the exemption application and approval of the exemption; providing for recapture of taxes if the trust application is denied or not approved within 5 years; expanding rulemaking authority.
 19. [Senate Bill 262 \(Ch. 141\)](#) Generally revising class 10 property taxation of forest lands; revising the composition and duties of the forest lands taxation advisory committee; providing for full review and recommendation of changes to appraisal methodology and valuations.
 20. [Senate Bill 263 \(Ch. 427\)](#) Generally revising class 10 property taxation of forest lands; revising the tax rate on forest productivity value.
 21. [Senate Bill 288 \(Ch. 430\)](#) Revising the property tax exemption for agricultural processing facilities; expanding the exemption to all types of oilseed processing facilities; removing the employment requirement.
 22. [Senate Bill 385 \(Ch. 500\)](#) Generally revising property tax and assessment laws; revising special district laws; providing funding limitations for special districts that encompass the entire jurisdiction of a local government; limiting the duration of certain special districts; allowing a referendum to extend the duration of a special district; revising the petition threshold required to create a special district.
 23. [Senate Bill 388 \(Ch. 575\)](#) Generally revising property tax laws; revising targeted economic development district laws; providing for infrastructure through tax increment financing; providing the tax increment may not include certain state equalization mills for elementary and high school education; limiting the duration of a future tax increment provision.

Selective Sales Tax

1. [House Bill 701 \(Ch. 576\)](#) Generally revising laws related to the regulation and taxation of marijuana; transferring authority over the licensing, cultivation, and sale of medical marijuana to registered cardholders to the Department of Revenue; creating separate license categories for cultivation, manufacturing, dispensing, and transporting marijuana; providing for eight combined-use marijuana licenses; creating a marijuana worker permit; providing for a local-option marijuana excise tax; requiring local government approval for a marijuana business to operate in a local jurisdiction; providing appropriations; providing rulemaking authority; providing for expungement of criminal convictions related to marijuana; providing for contingent voidness.
2. [Senate Bill 6 \(Ch. 8\)](#) Revising distribution dates for the sales tax on lodging.
3. [Senate Bill 52 \(Ch. 484\)](#) Revising the lodging facility use tax and the sales tax on lodging and rental cars; aligning definitions for the lodging facility use tax and the sales tax on lodging; requiring registration and collection by short-term rental marketplaces.

Vetoed Legislation

The governor vetoed [House Bill 397](#), which would have provided for workforce housing tax credits against the income tax or insurance premium taxes.