

SUMMARY OF ENACTED TAX LEGISLATION

REVENUE INTERIM COMMITTEE
MEGAN MOORE - JULY 2023

INTRODUCTION

This document is a summary of tax-related legislation enacted and vetoed during the 2023 legislative session.¹ The first section of the summary is an overview of the outcome of bills requested by the Revenue Interim Committee. Enacted legislation is in the second 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.

REVENUE INTERIM COMMITTEE-REQUESTED BILLS

Four of the bills requested by the Revenue Interim Committee became law and three failed to pass.

ENACTED

1. [House Bill 24 \(Ch. 19\)](#) Revising the Revenue Interim Committee's income tax credit review schedule.
2. [House Bill 25 \(Ch. 114\)](#) Repealing the property tax abatement for gray water systems.
3. [Senate Bill 3 \(Ch. 638\)](#) Revising forest taxation laws; revising the class ten forest property reappraisal cycle; revising forest property tax rates; requiring the Department of Revenue to value forest property; revising the stumpage value averaging method.
4. [Senate Bill 16 \(Ch. 420\)](#) Aligning the distribution period for a montana farm and ranch risk management account.

FAILED TO PASS

1. [House Bill 23](#) Revising the amount of the credit for the innovative educational program credit and the student scholarship organization credit.
2. [Senate Bill 14](#) Revising the Montana Economic Development Industry Advancement Act; increasing the limit on Montana Economic Development Industry Advancement Act film tax credits; providing an increased credit for hiring, veterans and enrolled tribal members; extending the credit through 2031; allocating the credit to certain entities; providing a definition.
3. [Senate Bill 15](#) Revising the residential property tax credit; providing that the credit is available to taxpayers of all ages; requiring a copayment for taxpayers under 62 years of age; increasing the maximum credit amount; extending rulemaking authority.

¹ Fuel tax legislation is not included in this summary.

ENACTED LEGISLATION

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

ALCOHOL AND TOBACCO TAXES

1. [House Bill 124 \(Ch. 68\)](#) Revising the collection of taxes on beer, wine, and hard cider from monthly to quarterly.
2. [Senate Bill 20 \(Ch. 76\)](#) Generally revising alcoholic beverage taxation laws; eliminating the penny tax; providing for deficiency assessments; providing procedures to compute alcoholic beverage taxes in the absence of statements; providing authority by the department to collect delinquent taxes; providing for refunds and interest; revising laws relating to the filing of forms; providing for the filing of electronic forms and providing dates; revising alcoholic beverage tax laws pertaining to beer, wine, and hard cider, alcohol manufactured by distilleries, and table wine; providing rulemaking authority.
3. [Senate Bill 122 \(Ch. 652\)](#) Revising the taxation of cigars; providing the premium cigar tax may not exceed a specific amount for each premium cigar; defining "premium cigar."

INDIVIDUAL INCOME AND CORPORATE INCOME TAXES

1. [House Bill 24 \(Ch. 19\)](#) Revising the Revenue Interim Committee's income tax credit review schedule.
2. [House Bill 192 \(Ch. 44\)](#) Providing for the distribution of surplus revenue; distributing surplus revenue to Montanans based on certain individual income liability for surplus rebates; providing resident taxpayers surplus rebates for individual income taxes paid; providing a statutory appropriation; providing definitions.
3. [House Bill 221 \(Ch. 46\)](#) Revising the tax rates applicable to net long-term capital gains.
4. [House Bill 225 \(Ch. 493\)](#) Providing for an adoption tax credit; providing that the tax credit is refundable; providing rulemaking authority; providing a definition.
5. [House Bill 240 \(Ch. 102\)](#) Revising an outdated reference in the Family Education Savings Act.
6. [House Bill 245 \(Ch. 576\)](#) Revising laws related to the trades education and training tax credit; expanding the list of qualifying trades for the trades education and training tax credit; providing the department of revenue may further expand the list through its existing rulemaking authority; providing legislative intent; extending the termination date 2 years.
7. [House Bill 408 \(Ch. 558\)](#) Revising the student scholarship organization and innovative educational program income tax credits; increasing the aggregate limits for the credits; limiting the amount of donations that a school district may retain; providing for redistribution of funds that exceed a school district's limit to school districts that receive advanced opportunity aid; revising the definition of innovative educational program; providing a statutory appropriation.
8. [House Bill 447 \(Ch. 563\)](#) Providing for exceptions to imposition of income tax on certain nonresidents and withholding by certain employers for nonresident income in the state; providing exceptions to employer withholding penalties.
9. [House Bill 601 \(Ch. 391\)](#) Revising the credit amount for the annual job growth incentive tax credit; revising definitions.

10. [Senate Bill 16 \(Ch. 420\)](#) Aligning the distribution period for a montana farm and ranch risk management account.
11. [Senate Bill 24 \(Ch. 225\)](#) Requiring electronic corporate income tax returns; providing exceptions to electronic filing; providing rulemaking authority.
12. [Senate Bill 27 \(Ch. 642\)](#) Revising reporting requirements for the montana economic development industry advancement film tax incentives; revising due dates for the submission of costs and the production expenditure verification report; revising which productions must file a production expenditure verification report.
13. [Senate Bill 64 \(Ch. 313\)](#) Providing for a written agreement to extend the statute of limitations on an individual income tax assessment.
14. [Senate Bill 65 \(Ch. 314\)](#) Revising the statute of limitations for income tax refunds and credits; providing conformity with the internal revenue code.
15. [Senate Bill 104 \(Ch. 650\)](#) Revising state income taxation for military pensions, retirement, and survivor benefits; exempting a portion of military pensions or retirement income and survivor benefits from income taxation; providing the exemption to retired members of the armed forces, a reserve component, or the national guard that become a resident of the state or remains a resident after receiving certain retirement benefits; providing rulemaking authority.
16. [Senate Bill 121 \(Ch. 50\)](#) Revising individual income tax laws; reducing the top marginal individual income tax rate; increasing the earned income tax credit.
17. [Senate Bill 124 \(Ch. 51\)](#) Revising apportionment of income for purposes of Montana's corporate income tax; adopting a single-sales factor apportionment model for purposes of Montana's corporate income tax.
18. [Senate Bill 246 \(Ch. 750\)](#) Revising laws related to the water's-edge election for corporate income tax purposes; eliminating the list of countries that are considered tax havens from the income and apportionment factors; eliminating reporting requirements; providing definitions.
19. [Senate Bill 506 \(Ch. 690\)](#) Revising the tax credit for contributions to a qualified endowment; revising the maximum donation that qualifies for the credit; repealing the termination date of the credit.
20. [Senate Bill 550 \(Ch. 701\)](#) Generally revising income tax laws; revising references to the individual income tax rate table effective January 1, 2024; extending the medical savings account tax deduction; clarifying the calculation of composite tax return tax liability; eliminating the establishment of a first-time home buyer savings account after tax year 2023; providing that direct primary care fees and health care sharing ministry expenses are eligible medical expenses for medical savings accounts.
21. [Senate Bill 554 \(Ch. 702\)](#) Providing for an optional pass-through entity tax; providing the entity tax is in lieu of the composite tax; establishing procedures to make the optional election; providing that a distributive share of the entity tax paid is claimed as a refundable credit; providing definitions; providing rulemaking authority.

LODGING TAX

1. [House Bill 121 \(Ch. 67\)](#) Requiring the return to the federal government of lodging tax revenue paid with federal funds.
2. [Senate Bill 522 \(Ch. 758\)](#) Providing for the distribution of revenue from the lodging and facilities use tax to provide grants to lodging establishments that provide victims of domestic violence or human trafficking with short-term lodging; creating an emergency lodging program to assist victims of domestic violence or human trafficking that is administered by the Department of Justice; providing that a grant is not subject to

state accommodation taxes; creating a state special revenue account; providing definitions; providing a statutory appropriation; providing rulemaking authority.

3. [Senate Bill 540 \(Ch. 699\)](#) Revising laws related to state-funded tourism promotion through the Department of Commerce; requiring the department of commerce to use the lodging facility use tax revenue for specific purposes; transferring funds from the Department of Commerce lodging facility use tax allocation to fund the revolving loan program account; providing for a fee; providing rulemaking authority.

MISCELLANEOUS

1. [House Bill 66 \(Ch. 120\)](#) Revising the livestock per capita fee payment due date; providing a grace period for reporting livestock brought into the state; making the livestock per capita fee payment due date the same as the reporting due date.
2. [House Bill 297 \(Ch. 598\)](#) Revising video gambling machine taxes; providing definitions; providing rulemaking authority.
3. [House Bill 597 \(Ch. 519\)](#) Revising allocations from the 9-1-1 account; providing for a transfer of funds.
4. [House Bill 816 \(Ch. 764\)](#) Generally revising the distribution of surplus revenue; providing a statutory appropriation; providing for a supplemental fund transfer for the income tax rebate that is based on individual income taxes paid; providing for a supplemental property tax rebate; providing an appropriation; providing for transfers.
5. [House Bill 881 \(Ch. 636\)](#) generally revising laws related to the Big Sky Economic Development Program; removing local and tribal governments as eligible applicants; allowing businesses to apply directly to the program; removing requirements relating to high-poverty counties; removing requirements associated with job creation; removing allocations for distributions to local or tribal governments and certified regional development corporations; allowing awards for workforce activities; revising a statutory appropriation allocation; transferring funds from the microbusiness finance program administrative account to the economic development state special revenue account; transferring funds from the primary sector business training account to the economic development state special revenue account; transferring defederalized economic development funds from the department of commerce to the economic development state special revenue account; extending the sunset date on the coal severance tax trust fund for the big sky economic development program; revising definitions; providing rulemaking authority.
6. [Senate Bill 178 \(Ch. 344\)](#) Generally revising cryptocurrency laws; prohibiting discriminatory digital asset mining utility rates; prohibiting local government powers related to digital asset mining; prohibiting taxation on the use of cryptocurrency as a payment method; providing for digital assets as personal property.
7. [Senate Bill 199 \(Ch. 346\)](#) Revising eligibility for resort communities and resort areas; requiring a designation from the Department of Commerce within 2 years of the petition; revising provisions related to economic activity within a resort community or resort area; revising definitions.
8. [Senate Bill 253 \(Ch. 751\)](#) Revising the contractor's gross receipts tax; increasing the amount of the exemption in the definition of a public contractor.

NATURAL RESOURCE TAXES

1. [House Bill 188 \(Ch. 248\)](#) Modifying funding to the coal board.
2. [House Bill 321 \(Ch. 717\)](#) An act generally revising laws related to the coal tax trust; establishing a conservation district fund and a coal board fund within the coal tax trust; allocating coal severance tax

funds to the conservation district fund and the coal board fund; revising the allocation of coal severance taxes; providing for transfers; transferring money from the general fund to the school facility fund; providing an appropriation.

3. [House Bill 469 \(Ch. 725\)](#) Revising the taxation of horizontally recompleted wells.
4. [House Bill 485 \(Ch. 569\)](#) Revising stripper oil tax laws; revising tax rates for stripper oil production.

PROPERTY TAX

1. [House Bill 25 \(Ch. 114\)](#) Repealing the property tax abatement for gray water systems.
2. [House Bill 129 \(Ch. 89\)](#) Revising laws related to special mobile equipment exemptions and identification decals.
3. [House Bill 189 \(Ch. 583\)](#) Revising the property tax assistance program; increasing the market value to which the program applies.
4. [House Bill 212 \(Ch. 45\)](#) 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.
5. [House Bill 222 \(Ch. 47\)](#) Providing for a property tax rebate on a principal residence based on a certain amount of property taxes paid; providing a rebate of property taxes up to \$500 a year for tax years 2022 and 2023 for a principal residence that was occupied by the taxpayer; providing a penalty for false or fraudulent claims; providing definitions; providing that the property tax rebate is not subject to the montana individual income tax; providing a statutory appropriation.
6. [House Bill 325 \(Ch. 672\)](#) Revising the disabled veteran property tax assistance program; providing for continued eligibility when unusual increases in income occur.
7. [House Bill 497 \(Ch. 201\)](#) Revising property tax notification requirements; requiring the property tax bill to include a comparison with taxes due in the prior year.
8. [House Bill 459 \(Ch. 111\)](#) Revising the time for claiming the intangible land value exemption.
9. [House Bill 543 \(Ch. 388\)](#) Revising the information that must be included on the ballot for a bond election and a mill levy election; requiring the ballot for a bond election to include the estimated additional property taxes imposed on a residence; requiring the ballot for a bond election and a mill levy election to include a statement about rental costs.
10. [House Bill 685 \(Ch. 529\)](#) Revising the method for appraising condominiums for property tax purposes.
11. [House Bill 830 \(Ch. 734\)](#) Providing for an alternative payment schedule for property taxes; providing that owners of primary residences may enter into an agreement to pay property taxes in seven equal payments; providing application deadlines; providing a definition; providing an appropriation.
12. [Senate Bill 3 \(Ch. 638\)](#) Revising forest taxation laws; revising the class ten forest property reappraisal cycle; revising forest property tax rates; requiring the Department of Revenue to value forest property; revising the stumpage value averaging method.
13. [Senate Bill 46 \(Ch. 644\)](#) Revising property tax laws to remove new industrial property from class five.
14. [Senate Bill 54 \(Ch. 424\)](#) Revising the reappraisal cycle for certain centrally assessed property; providing for a 2-year reappraisal cycle for certain centrally assessed property.
15. [Senate Bill 62 \(Ch. 18\)](#) Restricting access to income and expense information provided to the Department of Revenue for property tax purposes.
16. [Senate Bill 81 \(Ch. 234\)](#) Revising the description of centrally assessed pipeline properties.

17. [Senate Bill 123 \(Ch. 653\)](#) Requiring the ballot for a bond election to include the estimated additional property taxes imposed on a residence.
18. [Senate Bill 332 \(Ch. 675\)](#) Requiring local governments to include information on property tax increases in budget documents; requiring the budget resolution to include information on property tax increases.
19. [Senate Bill 362 \(Ch. 755\)](#) Revising property tax refunds; revising the time limit to claim a refund resulting from an erroneous assessment of property taxes.
20. [Senate Bill 505 \(Ch. 689\)](#) Revising laws related to the calculation of tax increment for districts that use tax increment financing; clarifying the applicability of exclusions from tax increment financing.
21. [Senate Bill 507 \(Ch. 691\)](#) Generally revising tax laws; revising tax procedure laws; revising various procedures of the county tax appeal board and the Montana Tax Appeal Board; requiring a former employee of the department of revenue to wait a period of time before appointment to a county tax appeal board; revising property tax payments to allow delinquent property taxes to be paid without paying current year taxes.
22. [Senate Bill 510 \(Ch. 692\)](#) Providing property tax incentives for alternative fuel production; providing a property tax abatement for renewable diesel and sustainable aviation fuel production facilities; providing the abatement may not be claimed simultaneously with the new or expanding industry property tax abatement; revising class fourteen property to include taxation of renewable diesel and sustainable aviation fuel production facilities.
23. [Senate Bill 530 \(Ch. 695\)](#) Revising property taxation of certain class eight business equipment property; providing for an abatement of manufacturing machinery, fixtures, and equipment; providing for review of the abatement request by a governing body of a county; providing the abatement may not be less than 80% of taxable value; providing definitions.

TAX ADMINISTRATION

1. [House Bill 118 \(Ch. 589\)](#) Providing that a warrant for distraint creates a lien against personal property located within the boundaries of montana owned by a delinquent taxpayer.
2. [House Bill 397 \(Ch. 627\)](#) Revising the Montana driver privacy protection act; allowing the Department of Justice to share social security numbers with the Department of Revenue solely for income tax compliance purposes; exempting the Department of Revenue from the fees associated with requesting social security numbers.
3. [Senate Bill 23 \(Ch. 308\)](#) Removing the department of revenue from the condominium declaration recording process; requiring a county to approve condominium declaration recordings.
4. [Senate Bill 303 \(Ch. 753\)](#) Increasing the penalties for noncompliance with tax withholding reporting requirements; providing for waivers of the penalties; providing rulemaking authority.