

BEFORE THE DEPARTMENT OF REVENUE  
OF THE STATE OF MONTANA

In the matter of the amendment of ) NOTICE OF PUBLIC HEARING ON  
ARM 42.21.155 and 42.22.1311 ) PROPOSED AMENDMENT  
pertaining to 2024 Personal Property )  
Depreciation Schedules and Trend )  
Tables )

TO: All Concerned Persons

1. On November 27, 2023, at 1:30 p.m., the Department of Revenue will hold a public hearing in the Third Floor Reception Area Conference Room of the Sam W. Mitchell Building, located at 125 North Roberts, Helena, Montana, to consider the proposed amendment of the above-stated rules. The conference room is most readily accessed by entering through the east doors of the building.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, please advise the department of the nature of the accommodation needed, no later than 5 p.m. on November 10, 2023. Please contact Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or todd.olson@mt.gov.

3. STATEMENT OF REASONABLE NECESSITY. The department proposes to amend ARM 42.21.155 and 42.22.1311 to update the authority of the web-based Personal Property Depreciation Schedules and Trend Tables publication (publication), adopted and incorporated by reference in the rules, to the 2024 version. The publication is updated annually, effective January 1, and is located within the department's website at <http://www.mtrevenue.gov>. The 2024 publication reflects changes in personal property and industrial machinery and equipment depreciation and trend factoring data in the department's valuation manuals and guides since last year. Both the 2023 publication and the proposed 2024 publication are available for review.

The department also proposes to amend ARM 42.21.155(4)(b) to correct a misstated Marshall and Swift Guide trend category which arose from the department's 2019 updates to the rule's subsections. The error has been in the rule text only, not in the department's calculation of office and commercial equipment depreciation, which has been correct.

4. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

42.21.155 PERSONAL PROPERTY CATEGORIES AND TRENDED DEPRECIATION METHODOLOGIES (1) through (3) remain the same.

(4) The department shall post its trended depreciation schedules for the

upcoming tax year for the categories of personal property described below on the department's ~~internet~~ website located at <http://www.mtrevenue.gov>. The department adopts and incorporates by reference its ~~2023~~ 2024 Personal Property Depreciation Schedules and Trend Tables publication, effective January 1, ~~2023~~ 2024. The Depreciation Schedules and Trend Tables publication contains the detailed schedules and tables the department uses for valuing personal property and industrial machinery and equipment. The personal property categories and trended depreciation methodologies that apply to the Depreciation Schedules and Trend Tables publication are as follows:

(a) remains the same.

(b) Office and Commercial Equipment - a five-year depreciation and a residual percentage will be applied to non-computerized equipment such as office equipment and furnishings, specialized medical equipment, janitorial equipment, coin-operated washers and dryers, beauty, and barber shop equipment, tanning beds, furnishings for hotels, motels, rental apartments, rental homes, nursing home and other care facilities, and locally assessed cable tv dishes. The trend factors are calculated from the ~~average of all~~ office equipment category of the Marshall & Swift Guide.

(c) through (h) remain the same.

AUTH: 15-1-201, 15-23-108, MCA

IMP: 15-6-135, 15-6-138, 15-6-202, 15-6-207, 15-6-213, 15-6-219, 15-8-111,  
MCA

42.22.1311 INDUSTRIAL MACHINERY AND EQUIPMENT TREND FACTORS (1) remains the same.

(2) The department shall post its trend factor tables for industrial machinery and equipment for the upcoming tax year on the department's ~~internet~~ website located at <http://www.mtrevenue.gov>. The department adopts and incorporates by reference its ~~2023~~ 2024 Personal Property Depreciation Schedules and Trend Tables publication, effective January 1, ~~2023~~ 2024. The Depreciation Schedules and Trend Tables publication contains the detailed schedules and tables the department uses for valuing personal property and industrial machinery and equipment.

(3) remains the same.

AUTH: 15-1-201, MCA

IMP: 15-6-135, 15-6-138, 15-8-111, MCA

5. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail [todd.olson@mt.gov](mailto:todd.olson@mt.gov) and must be received no later than 5:00 p.m., December 4, 2023.

6. Todd Olson, Department of Revenue, Director's Office, has been designated to preside over and conduct the hearing.

7. The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request, which includes the name and e-mail or mailing address of the person to receive notices and specifies that the person wishes to receive notice regarding particular subject matter or matters. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be mailed or delivered to the person in number 5 above or faxed to the office at (406) 444-3696, or may be made by completing a request form at any rules hearing held by the Department of Revenue.

8. An electronic copy of this notice is available on the department's web site at [www.mtrevenue.gov](http://www.mtrevenue.gov), or through the Secretary of State's web site at [sosmt.gov/ARM/register](http://sosmt.gov/ARM/register).

9. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

10. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the publication referenced in the above-referenced rules may significantly and directly impact small businesses. While the extent of any potential impact is fact-dependent on the circumstances of each taxpayer, the department notes the following impactful changes based on the valuation resources adopted by the department:

- Except as noted below for office equipment, personal property taxpayers are likely to see an increase in the taxable value of their property in 2024 as compared to 2023. The anticipated increase in taxable value is the result of the valuation process which first trends the acquired cost to an approximate current value before applying depreciation. The department has used the same source for trend factors for many years.
  - The 10-year average rate of increase in the trend factors for miscellaneous furniture and fixtures is 3.88%—the 2024 trend increased 1.71%.
  - The 15-year average rate of increase in the trend factors for oil and gas field equipment is 3.19%—the 2024 trend increased 2.11%.
  - The 30-year average rate of increase in the trend factors for farm machinery and equipment is 2.95%—the 2024 trend increased 1.17%
  - The 30-year average rate of increase in the trend factors for heavy equipment is 2.75%—the 2024 trend increased 4.09%
- The 5-year average rate of increase in the trend factors for office equipment is 6.81%—the 2024 trend decreased 12.91%.

11. The department intends the effective date of these rule amendments and the publication adopted and incorporated by reference to be January 1, 2024.

/s/ Todd Olson  
Todd Olson  
Rule Reviewer

/s/ Brendan Beatty  
Brendan Beatty  
Director of Revenue

Certified to the Secretary of State October 24, 2023.