

CHAPTER NO. 639.

HOUSE BILL NO. 299

INTRODUCED BY KEMMIS, SEVERSON, McBRIDE, COONEY,
VINCENT, TOWE

IN THE HOUSE

January 22, 1979	Introduced and referred to Committee on Taxation.
March 22, 1979	Committee recommend bill do pass as amended. Report adopted.
March 24, 1979	Printed and placed on members' desks.
March 26, 1979	Second reading, do pass as amended.
March 27, 1979	Correctly engrossed.
	Third reading, passed. Transmitted to second house.

IN THE SENATE

March 27, 1979	Introduced and referred to Committee on Taxation.
April 6, 1979	Committee recommend bill be concurred in as amended. Report adopted.
April 9, 1979	Second reading, concurred in.
April 11, 1979	Third reading, concurred in as amended.

IN THE HOUSE

April 12, 1979	Returned from second house. Concurred in as amended.
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April 13, 1979

Second reading, amendments adopted.

April 16, 1979

Third reading, amendments adopted. Sent to enrolling.

Reported correctly enrolled.

House BILL NO. 299

INTRODUCED BY Kenneth McBride Cooney, Vincent
Sanson, Lorraine

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR SPECIAL TAX TREATMENT FOR A CAPITAL INVESTMENT IN A RECOGNIZED NONFOSSIL FORM OF ENERGY GENERATION, BY EXEMPTING THE FIRST \$100,000 OF APPRAISED VALUE FROM PROPERTY TAXATION AND PLACING ANY VALUE IN EXCESS OF THIS AMOUNT IN CLASS EIGHTEEN; AMENDING SECTIONS 15-6-119 AND 15-6-201, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Tax treatment of certain energy-related investments -- application. (1) A capital investment in a recognized nonfossil form of energy generation, as defined in 15-32-102, is:

(a) property exempt from taxation, to the extent that the appraised value of the investment does not exceed \$100,000; and

(b) class eighteen property, as defined in 15-6-119, for any portion of the appraised value of the investment that exceeds \$100,000.

(2) To receive this tax treatment of a capital investment, the owner must apply to the department of revenue on forms provided by the department. The department

shall approve any application concerning a recognized nonfossil form of energy generation that is practical and effective, but it may deny any application it finds impractical or ineffective. The department may refer an application to the department of natural resources and conservation for its advice. The department of natural resources and conservation must reply within 60 days.

Section 2. Section 15-6-119, MCA, is amended to read:

"15-6-119. Class eighteen property -- description -- taxable percentage. (1) Class eighteen property includes:

(a) a dwelling house and the lot on which it is erected, owned and occupied by a resident of the state who:

(i) has been honorably discharged from active service in any branch of the armed services; and

(ii) is rated 100% disabled due to a service-connected disability by the United States veterans' administration or its successor. In the event of the veteran's death, the dwelling house and the lot on which it is erected shall remain in this class as long as the surviving spouse remains unmarried and the owner and occupant of the property.

(b) all property used and owned by cooperative rural electrical and cooperative rural telephone associations as provided in (2)(a) of this section;

(c) air pollution control equipment as defined in this section; and

1 any portion of the appraised value of a capital
 2 investment in a recognized nonfossil form of energy
 3 generation, as defined in 15-32-102, that exceeds \$100,000;
 4 and

5 total new industrial property as defined in this
 6 section.

7 (2) (a) The property of all cooperative rural
 8 electrical and cooperative rural telephone associations
 9 organized under the laws of Montana is included in this
 10 class, except that when less than 95% of the electricity
 11 consumers or telephone users within the incorporated limits
 12 of a city or town are served by the cooperative
 13 organization, the property is included in class eighteen.

14 (b) "Air pollution control equipment" means
 15 facilities, machinery, or equipment, attached or unattached
 16 to real property, utilized to reduce, eliminate, control, or
 17 prevent air pollution. The department of health and
 18 environmental sciences determines if such utilization is
 19 being made.

20 (c) "New industrial property" means any new industrial
 21 plant, including land, buildings, machinery, and fixtures,
 22 except mobile machinery, which is used by a new industry
 23 during the first 3 years of its operation. The property may
 24 not have been assessed prior to July 1, 1961, within the
 25 state of Montana.

1 (i) New industrial property is limited to industries
 2 that:
 3 (A) manufacture, mill, mine, produce, process, or
 4 fabricate materials;
 5 (B) do similar work employing capital and labor, in
 6 which materials unserviceable in their natural state are
 7 extracted, processed, or made fit for use or are
 8 substantially altered or treated so as to create commercial
 9 products or materials; or
 10 (C) engage in the mechanical or chemical
 11 transformation of materials or substances into new products
 12 in the manner defined as manufacturing in the 1972 Standard
 13 Industrial Classification Manual prepared by the United
 14 States office of management and budget.

15 (ii) New industrial property does not include:
 16 (A) property used by retail or wholesale merchants,
 17 commercial services of any type, agriculture, trades, or
 18 professions;
 19 (B) a plant that will create adverse impact on
 20 existing state, county, or municipal services; or
 21 (C) property used or employed in any industrial plant
 22 that has been in operation in this state for 3 years or
 23 longer.

24 (d) "New Industry" means any person, corporation,
 25 firm, partnership, association, or other group that

1 establishes a new plant or plants in Montana for the
 2 operation of a new industrial endeavor, as distinguished
 3 from a mere expansion, reorganization, or merger of an
 4 existing industry or industries.

5 (3) The department of revenue shall promulgate rules
 6 for the determination of what constitutes an adverse impact,
 7 taking into consideration the number of people to be
 8 employed and the size of the community in which the location
 9 is contemplated. Any person, firm, or other group seeking to
 10 qualify its property for inclusion in this class shall make
 11 application to the department in such a manner and form as
 12 the department requires. Once the department has made an
 13 initial determination that the industrial facility qualifies
 14 as new industrial property, the department shall then, upon
 15 proper notice, hold a hearing to determine if the new
 16 industrial classification should be retained by the
 17 property. The local taxing authority may appear at the
 18 hearing and may waive its objection to retention of this
 19 classification if the industry agrees to the prepayment of
 20 taxes sufficient to satisfy tax requirements created by the
 21 location and construction of the facility during the
 22 construction period. When a prepayment of taxes is required,
 23 the maximum amount of prepayment shall be the amount of tax
 24 the industry would have paid without the application of the
 25 class seven percentage to such property.

1 (4) If a major new industrial facility qualifies under
 2 class eighteen, the reduction of its yearly payment of
 3 property taxes for reimbursement of its prepaid taxes as
 4 provided for in 15-16-201 does not begin until the class
 5 eighteen qualification expires.

6 (5) Class eighteen property shall be taxed at 2.8% of
 7 its market value or, in the case of property classified
 8 under (1)(a) of this section, so much of 2.8% as is
 9 determined under 15-7-121, whichever is less."

10 Section 3. Section 15-6-201, MCA, is amended to read:
 11 "15-6-201. Exempt categories. (1) (a) The property of
 12 the United States, the state, counties, cities, towns,
 13 school districts, irrigation districts organized under the
 14 laws of Montana and not operating for profit, municipal
 15 corporations, public libraries; buildings, with land they
 16 occupy and furnishings therein, owned by a church and used
 17 for actual religious worship and for residences of the
 18 clergy, together with adjacent land reasonably necessary for
 19 convenient use of such buildings owned by a church; such
 20 other property as is used exclusively for agricultural and
 21 horticultural societies, for educational purposes,
 22 hospitals, and all property, both real and personal, without
 23 limitation as to amount except that real property owned
 24 shall not exceed 640 acres, owned and held by any
 25 association or corporation organized under Title 35, chapter

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1 20 or 21. Cemeteries, provided such cemeteries and any land
 2 claimed to be exempt are not maintained and operated for
 3 private or corporate profit; institutions of purely public
 4 charity; evidence of debt secured by mortgages of record
 5 upon real or personal property in the state of Montana; and
 6 public art galleries and public observatories not used or
 7 held for private or corporate profit are exempt from
 8 taxation, but no more land than is necessary for such
 9 purpose is exempt.

10 (b) As used in this subsection, the term "institutions
 11 of purely public charity" includes organizations owning and
 12 operating facilities for the care of the retired or aged or
 13 chronically ill, which are not operated for gain or profit,
 14 and the terms "public art galleries" and "public
 15 observatories" mean only such art galleries and
 16 observatories, whether of public or private ownership, as
 17 are open to the public without charge or fee at all
 18 reasonable hours and are used for the purpose of education
 19 only.

20 (2) All household goods and furniture, including
 21 clocks, musical instruments, sewing machines, and wearing
 22 apparel of members of the family, used by the owner for
 23 personal and domestic purposes or for furnishing or
 24 equipping the family residence are exempt from taxation.

25 (3) A truck canopy cover or topper weighing less than

1 300 pounds and having no accommodations attached is exempt
 2 from taxation.

3 (4) The first \$100,000 of the appraised value of a
 4 capital investment in a recognized nonfossil form of energy
 5 generation, as defined in 15-32-102, is exempt from
 6 taxation."

7 Section 4. Effective date. This act is effective on
 8 passage and approval and applies to taxable years beginning
 9 after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 88-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 23, 1979, there is hereby submitted a Fiscal Note for House Bill 299 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This proposed bill provides for special tax treatment for a capital investment in a recognized nonfossil form of energy generation, by exempting the first \$100,000 of appraised value from property taxation and placing any value in excess of this amount in class eighteen and providing an effective date.

ASSUMPTIONS

- 1) There are approximately 350 non-fossil energy generating systems currently in Montana.
- 2) The Renewable Energy Plan calls for 700 systems by the end of the biennium.
- 3) Because January 1st is assessment date, it is assumed that there will be 350 systems in FY80 and 550 systems in FY81.
- 4) The average appraised value of each system is \$3000.
- 5) Current systems are taxed at 8.55%.
- 6) The local government levy is 200 mills.
- 7) The state levy is 6 mills for the University System. (Information for assumptions 1,2,4 provided by Energy Division, Dept. of Natural Resources)

FISCAL IMPACT

	FY80	FY81
6 mill University Levy under current law	\$500	\$800
under proposed law	0	0
Estimated Decrease	<u>(\$500)</u>	<u>(\$800)</u>

EFFECT ON LOCAL GOVERNMENTS

Local governments will lose \$18,000 in FY80 and \$28,000 in FY81.

LONG-RANGE EFFECTS

The small loss in revenues should increase each year this bill is in effect.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drury Jr.
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/23/79

Approved by Committee
on Taxation

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR SPECIAL
6 TAX TREATMENT FOR A CAPITAL INVESTMENT IN A RECOGNIZED
7 NONFOSSIL FORM OF ENERGY GENERATION, BY EXEMPTING THE--FIRST
8 \$1000000 A PORTION OF THE APPRAISED VALUE FROM PROPERTY
9 TAXATION FOR 10 YEARS AND PLACING ANY VALUE IN EXCESS OF
10 THIS AMOUNT IN CLASS EIGHTEEN; AMENDING SECTIONS 15-6-119
11 AND 15-6-201, MCA; AND PROVIDING AN EFFECTIVE DATE."

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 NEW SECTION: Section 1. Tax treatment of certain

15 energy-related investments -- application. (1) A capital

16 investment in a recognized nonfossil form of energy

17 generation, as defined in 15-32-102, is:

18 (a) property exempt from taxation FOR YEARS AFTER THE
19 DATE OF INSTALLATION OF THE PROPERTY, to the extent that the
20 appraised value of the investment does not exceed \$100,000;
21 and;

22 III. \$20,000 IN THE CASE OF A SINGLE FAMILY RESIDENTIAL
23 DWELLING: DB

24 1111 \$100,000 IN THE CASE OF A MULTIFAMILY RESIDENTIAL
25 DWELLING OR A NONRESIDENTIAL STRUCTURE:

1 (b) class eighteen property, as defined in 15-6-119,
2 for any portion of the appraised value of the investment
3 that exceeds \$100,000 THE RESPECTIVE AMOUNTS CITED IN
4 [SECTION 1(1)(A)].

5 (2) To receive this tax treatment of a capital
6 investment, the owner must apply to the department of
7 revenue on forms provided by the department. The department
8 shall approve any application concerning a recognized
9 nonfossil form of energy generation that is practical and
10 effective, but it may deny any application it finds
11 impractical or ineffective. The department may refer an
12 application to the department of natural resources and
13 conservation for its advice. The department of natural
14 resources and conservation must reply within 60 days.

15 Section 2. Section 15-6-119, MCA, is amended to read:
16 "15-6-119. Class eighteen property -- description --
17 taxable percentage. (1) Class eighteen property includes:

18 (a) a dwelling house and the lot on which it is
19 erected, owned and occupied by a resident of the state who:
20 (i) has been honorably discharged from active service
21 in any branch of the armed services; and

22 (ii) is rated 100% disabled due to a service-connected
23 disability by the United States veterans' administration or
24 its successor. In the event of the veteran's death, the
25 dwelling house and the lot on which it is erected shall

1 remain in this class as long as the surviving spouse remains
 2 unmarried and the owner and occupant of the property.

3 (b) all property used and owned by cooperative rural
 4 electrical and cooperative rural telephone associations as
 5 provided in (2)(a) of this section;

6 (c) air pollution control equipment as defined in this
 7 section; and

8 ~~(d) any portion of the appraised value of a capital
 9 investment in a recognized nonfossil form of energy
 10 generation, as defined in 15-32-102, that exceeds \$100,000~~

11 ~~THE RESPECTIVE AMOUNTS CITED IN [SECTION 1(1)(A)] AND
 12 THAT~~ new industrial property as defined in this
 13 section.

14 (2) (a) The property of all cooperative rural
 15 electrical and cooperative rural telephone associations
 16 organized under the laws of Montana is included in this
 17 class, except that when less than 95% of the electricity
 18 consumers or telephone users within the incorporated limits
 19 of a city or town are served by the cooperative
 20 organization, the property is included in class eighteen.

21 (b) "Air pollution control equipment" means
 22 facilities, machinery or equipment, attached or unattached
 23 to real property, utilized to reduce, eliminate, control, or
 24 prevent air pollution. The department of health and
 25 environmental sciences determines if such utilization is

1 being made.

2 (c) "New industrial property" means any new industrial
 3 plant, including land, buildings, machinery, and fixtures,
 4 except mobile machinery, which is used by a new industry
 5 during the first 3 years of its operation. The property may
 6 not have been assessed prior to July 1, 1961, within the
 7 state of Montana.

8 (i) New industrial property is limited to industries
 9 that:

10 (A) manufacture, mill, mine, produce, process, or
 11 fabricate materials;

12 (B) do similar work, employing capital and labor, in
 13 which materials unserviceable in their natural state are
 14 extracted, processed, or made fit for use or are
 15 substantially altered or treated so as to create commercial
 16 products or materials; or

17 (C) engage in the mechanical or chemical
 18 transformation of materials or substances into new products
 19 in the manner defined as manufacturing in the 1972 Standard
 20 Industrial Classification Manual prepared by the United
 21 States office of management and budget.

22 (ii) New industrial property does not include:

23 (A) property used by retail or wholesale merchants,
 24 commercial services of any type, agriculture, trades, or
 25 professions;

1 (B) a plant that will create adverse impact on
 2 existing state, county, or municipal services; or

3 (C) property used or employed in any industrial plant
 4 that has been in operation in this state for 3 years or
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 7 firm, partnership, association, or other group that
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 9 operation of a new industrial endeavor, as distinguished
 10 from a mere expansion, reorganization, or merger of an
 11 existing industry or industries.

12 (3) The department of revenue shall promulgate rules
 13 for the determination of what constitutes an adverse impact,
 14 taking into consideration the number of people to be
 15 employed and the size of the community in which the location
 16 is contemplated. Any person, firm, or other group seeking to
 17 qualify its property for inclusion in this class shall make
 18 application to the department in such a manner and form as
 19 the department requires. Once the department has made an
 20 initial determination that the industrial facility qualifies
 21 as new industrial property, the department shall then, upon
 22 proper notice, hold a hearing to determine if the new
 23 industrial classification should be retained by the
 24 property. The local taxing authority may appear at the
 25 hearing and may waive its objection to retention of this

1 classification if the industry agrees to the prepayment of
 2 taxes sufficient to satisfy tax requirements created by the
 3 location and construction of the facility during the
 4 construction period. When a prepayment of taxes is required,
 5 the maximum amount of prepayment shall be the amount of tax
 6 the industry would have paid without the application of the
 7 class seven percentage to such property.

8 (4) If a major new industrial facility qualifies under
 9 class eighteen, the reduction of its yearly payment of
 10 property taxes for reimbursement of its prepaid taxes as
 11 provided for in 15-16-201 does not begin until the class
 12 eighteen qualification expires.

13 (5) Class eighteen property shall be taxed at 2.8% of
 14 its market value or, in the case of property classified
 15 under (1)(a) of this section, so much of 2.8% as is
 16 determined under 15-7-121, whichever is less."

17 Section 3. Section 15-6-201, MCA, is amended to read:
 18 "15-6-201. Exempt categories. (1) (a) The property of
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 20 school districts, irrigation districts organized under the
 21 laws of Montana and not operating for profit, municipal
 22 corporations, public libraries; buildings, with land they
 23 occupy and furnishings therein, owned by a church and used
 24 for actual religious worship and for residences of the
 25 clergy, together with adjacent land reasonably necessary for

1 convenient use of such buildings owned by a church; such
 2 other property as is used exclusively for agricultural and
 3 horticultural societies, for educational purposes,
 4 hospitals, and all property, both real and personal, without
 5 limitation as to amount except that real property owned
 6 shall not exceed 640 acres, owned and held by any
 7 association or corporation organized under Title 35, chapter
 8 20 or 21, Cemeteries, provided such cemeteries and any land
 9 claimed to be exempt are not maintained and operated for
 10 private or corporate profit; institutions of purely public
 11 charity; evidence of debt secured by mortgages of record
 12 upon real or personal property in the state of Montana; and
 13 public art galleries and public observatories not used or
 14 held for private or corporate profit are exempt from
 15 taxation, but no more land than is necessary for such
 16 purpose is exempt.

17 (b) As used in this subsection, the term "institutions
 18 of purely public charity" includes organizations owning and
 19 operating facilities for the care of the retired or aged or
 20 chronically ill, which are not operated for gain or profit,
 21 and the terms "public art galleries" and "public
 22 observatories" mean only such art galleries and
 23 observatories, whether of public or private ownership, as
 24 are open to the public without charge or fee at all
 25 reasonable hours and are used for the purpose of education

1 only.

2 (2) All household goods and furniture, including
 3 clocks, musical instruments, sewing machines, and wearing
 4 apparel of members of the family, used by the owner for
 5 personal and domestic purposes or for furnishing or
 6 equipping the family residence are exempt from taxation.

7 (3) A truck canopy cover or topper weighing less than
 8 300 pounds and having no accommodations attached is exempt
 9 from taxation.

10 ~~if the first \$100,000 of the appraised value of a~~
 11 ~~capital investment in a recognized nonfossil form of energy~~
 12 ~~generation as defined in 15-32-102 is exempt from~~
 13 ~~taxation~~

14 141. THE FOLLOWING PORTIONS OF THE APPRAISED VALUE OF A
 15 CAPITAL INVESTMENT IN A RECOGNIZED NONFOSSIL FORM OF ENERGY
 16 GENERATION, AS DEFINED IN 15-32-102, ARE EXEMPT FROM
 17 TAXATION FOR A PERIOD OF 10 YEARS FOLLOWING INSTALLATION OF
 18 THE PROPERTY:

19 1A1. \$20,000 IN THE CASE OF A SINGLE FAMILY RESIDENTIAL
 20 DWELLING;

21 1B1. \$100,000 IN THE CASE OF A MULTIFAMILY RESIDENTIAL
 22 DWELLING OR A NONRESIDENTIAL STRUCTURE."

23 Section 4. Effective date. This act is effective on
 24 passage and approval and applies to taxable years beginning
 25 after December 31, 1978.

-End-

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15 energy-related investments -- application. (1) A capital

16 investment in a recognized nonfossil form of energy

17 generation, as defined in 15-32-102, is:

18 (a) property exempt from taxation FOR 10 YEARS AFTER
19 THE DATE OF INSTALLATION OF THE PROPERTY, to the extent that
20 the appraised value of the investment does not exceed
21 \$100,000--end--

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1 (b) class eighteen property, as defined in 15-6-119,
2 for any portion of the appraised value of the investment
3 that exceeds \$100,000 THE RESPECTIVE AMOUNTS CITED IN
4 [SUBSECTION (1)(A)].

5 (2) To receive this tax treatment of a capital
6 investment, the owner must apply to the department of
7 revenue on forms provided by the department. The department
8 shall approve any application concerning a recognized
9 nonfossil form of energy generation that is practical and
10 effective, but it may deny any application it finds
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25 dwelling house and the lot on which it is erected shall

1 remain in this class as long as the surviving spouse remains
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 4 electrical and cooperative rural telephone associations as
 5 provided in (2)(a) of this section;

6 (c) air pollution control equipment as defined in this
 7 section; and

8 ~~if 1 any portion of the appraised value of a capital
 9 investment in a recognized nonfossil form of energy
 10 generation as defined in 15-32-102x that exceeds \$100,000
 11 the respective amounts cited in section 1111(1); and~~

12 ~~total new industrial property as defined in this
 13 section.~~

14 (2) (a) The property of all cooperative rural
 15 electrical and cooperative rural telephone associations
 16 organized under the laws of Montana is included in this
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8 300 pounds and having no accommodations attached is exempt

9 from taxation.

10 ~~15-32-102--is--exempt--from~~

11 ~~capital--investment--in--a--recognized--nonfossil--form--of--energy~~

12 ~~generations--as--defined--in--15-32-102--is--exempt--from~~

13 ~~taxation~~

14 (4) THE FOLLOWING PORTIONS OF THE APPRAISED VALUE OF A

15 CAPITAL INVESTMENT IN A RECOGNIZED NONFOSIL FORM OF ENERGY

16 GENERATION, AS DEFINED IN 15-32-102, ARE EXEMPT FROM

17 TAXATION FOR A PERIOD OF 10 YEARS FOLLOWING INSTALLATION OF

18 THE PROPERTY:

19 (A) \$20,000 IN THE CASE OF A SINGLE FAMILY RESIDENTIAL

20 DWELLING;

21 (B) \$100,000 IN THE CASE OF A MULTIFAMILY RESIDENTIAL

22 DWELLING OR A NONRESIDENTIAL STRUCTURE."

23 Section 4. Effective date. This act is effective on

24 passage and approval and applies to taxable years beginning

25 after December 31, 1978.

1 fb7--class-eighteen-property-as-defined-in-15-6-119
2 for--any--portion--of--the--appraised--value--of--the--investment
3 that--exceeds--400,000 THE--RESPECTIVE--AMOUNTS--ESTD--IN
4 [SUBSECTION-111A]
5 fb7--for--receive--this--tax--treatment--of--a--capital
6 investment--the--owner--must--apply--to--the--department--of
7 revenue--on--forms--provided--by--the--department--the--department
8 shall--approve--any--application--concerning--a--recognized
9 nonfossil--form--of--energy--generation--that--is--practical--and
10 effective--but--it--may--deny--any--application--it--finds
11 impractical--or--ineffective--the--department--may--refer--an
12 application--to--the--department--of--natural--resources--and
13 conservation--for--its--advice--the--department--of--natural
14 resources--and--conservation--must--repy--within--60--days
15 Section-2--Section--15-6-119, MEA, is amended to read:
16 "15-6-119--Class-eighteen-property----description----
17 taxable--percentage---{it--class-eighteen-property--includes
18 fb7--a--dwelling--house--and--the--lot--on--which--it--is
19 erected--owned--and--occupied--by--a--resident--of--the--state--who
20 fb7--has--been--honorabley--discharged--from--active--service
21 in--any--branch--of--the--armed--services--and
22 fb7--is--rated--100%--disabled--due--to--a--service--connected
23 disability--by--the--United--States--veterans--administration--or
24 its--successors--in--the--event--of--the--veteran's--death--the
25 dwelling--house--and--the--lot--on--which--it--is--erected--shall

1 remain in this class as long as the surviving spouse remains
 2 unmarried and the owner and occupant of the property.
 3 (b) property used and owned by cooperative rural
 4 electric and cooperative rural telephone associations as
 5 provided in (2) (b) of this section.
 6 (c) air pollution control equipment as defined in this
 7 section and
 8 (d) any portion of the appraised value of a capital
 9 investment in a recognized nonresidential form of energy
 10 generation as defined in 15-32-102x that exceeds \$100,000
 11 THE RESPECTIVE AMOUNTS CITED IN SECTION 15-32-102x and
 12 (e) new industrial property as defined in this
 13 section.
 14 (f) the property of cooperative rural
 15 electric and cooperative rural telephone associations
 16 organized under the laws of Montana is included in this
 17 class except that when less than 95% of the electricity
 18 consumers or telephone users within the incorporated limits
 19 of a city or town are served by the cooperative
 20 organization the property is included in class eighteen.
 21 (b) "Air pollution control equipment" means
 22 facilities, machinery, or equipment attached or unattached
 23 to real property utilized to reduce, eliminate, control or
 24 prevent air pollution the department of health and
 25 environmental sciences determines if such utilization is

1 being made.
 2 (c) "New industrial property" means any new industrial
 3 plant including land, buildings, machinery, and fixtures
 4 except mobile machinery which is used by a new industry
 5 during the first 3 years of its operation. The property may
 6 not have been assessed prior to duty by 1967 within the
 7 state of Montana.
 8 (f) "New industrial property" is limited to industries
 9 that:
 10 (A) manufacture, mine, produce, process or
 11 fabricate materials
 12 (B) do similar work employing capital and labor in
 13 which materials are unserviceable in their natural state are
 14 extracted, processed, or made fit for use or are
 15 substantially altered or treated so as to create commercial
 16 products or materials or
 17 engage in the mechanical or chemical
 18 transformation of materials or substances into new products
 19 in the manner defined as manufacturing in the 1972 Standard
 20 Industrial Classification Manual prepared by the United
 21 States Office of Management and Budget.
 22 (iii) "New industrial property" does not include:
 23 (A) property used by retail or wholesale merchants,
 24 commercial services of any type, agriculture, trade, or
 25 profession.

1 ~~t87~~--a---plant--that--will--create--adverse--impact--on
 2 existing-state--county--or--municipal--service--or
 3 ~~t87~~--property--used--or--employed--in--any--industrial--plant
 4 that--has--been--in--operation--in--this--state--for--3--years--or
 5 longer.
 6 ~~t87~~--"New--industry"--means--any--person--corporation,
 7 firm--partnership--association--or--other--group--that
 8 establishes--a--new--plant--or--plants--in--Montana--for--the
 9 operation--of--a--new--industrial--endeavor--as--distinguished
 10 from--a--mere--expansion--reorganization--or--merger--of--an
 11 existing--industry--or--industries.
 12 ~~t87~~--The--department--of--revenue--shall--promulgate--rules
 13 for--the--determination--of--what--constitutes--an--adverse--impact,
 14 taking--into--consideration--the--number--of--people--to--be
 15 employed--and--the--size--of--the--community--in--which--the--location
 16 is--contemplated. Any--person--firm--or--other--group--seeking--to
 17 quantify--its--property--for--inclusion--in--this--class--shall--make
 18 application--to--the--department--in--such--a--manner--and--form--as
 19 the--department--requires--Once--the--department--has--made--an
 20 initial--determination--that--the--industrial--facility--quantifies
 21 as--new--industrial--property--the--department--shall--then--upon
 22 proper--notice--hold--a--hearing--to--determine--if--the--new
 23 industrial--classification--should--be--retained--by--the
 24 property--The--local--taxing--authority--may--appear--at--the
 25 hearing--and--may--raise--its--objection--to--retention--of--this

1 classification--if--the--industry--agrees--to--the--prepayment--of
 2 taxes--sufficient--to--satisfy--tax--requirements--created--by--the
 3 location--and--construction--of--the--facility--during--the
 4 construction--period--When--a--prepayment--of--taxes--is--required--
 5 the--maximum--amount--of--prepayment--shall--be--the--amount--of--tax
 6 the--industry--would--have--paid--without--the--application--of--the
 7 class--seven--percentage--to--such--property.
 8 ~~t87~~--If--a--major--new--industrial--facility--quantifies--under
 9 class--eighteen--the--reduction--of--its--yearly--payment--of
 10 property--taxes--for--reimbursement--of--its--prepaid--taxes--as
 11 provided--for--in--15-6-201--does--not--begin--until--the--class
 12 eighteen--quantification--expires.
 13 ~~t87~~--Class--eighteen--property--shall--be--taxed--at--2--8%--of
 14 its--market--value--or--in--the--case--of--property--classified
 15 under--~~t87~~--of--this--section--so--much--of--2--8%--as--is
 16 determined--under--~~t87~~--22--whichever--is--less.
 17 Section 1. Section 15-6-201, MCA, is amended to read:
 18 "15-6-201. Exempt categories. (1) (a) The property of
 19 the United States, the state, counties, cities, towns,
 20 school districts, irrigation districts organized under the
 21 laws of Montana and not operating for profit, municipal
 22 corporations, public libraries; buildings, with land they
 23 occupy and furnishings therein, owned by a church and used
 24 for actual religious worship and for residences of the
 25 clergy, together with adjacent land reasonably necessary for

1 convenient use of such buildings owned by a church; such
 2 other property as is used exclusively for agricultural and
 3 horticultural societies, for educational purposes,
 4 hospitals, and all property, both real and personal, without
 5 limitation as to amount except that real property owned
 6 shall not exceed 640 acres, owned and held by any
 7 association or corporation organized under Title 35, chapter
 8 20 or 21, Cemeteries, provided such cemeteries and any land
 9 claimed to be exempt are not maintained and operated for
 10 private or corporate profit; institutions of purely public
 11 charity; evidence of debt secured by mortgages of record
 12 upon real or personal property in the state of Montana; and
 13 public art galleries and public observatories not used or
 14 held for private or corporate profit are exempt from
 15 taxation, but no more land than is necessary for such
 16 purpose is exempt.

17 (b) As used in this subsection, the term "institutions
 18 of purely public charity" includes organizations owning and
 19 operating facilities for the care of the retired or aged or
 20 chronically ill, which are not operated for gain or profit,
 21 and the terms "public art galleries" and "public
 22 observatories" mean only such art galleries and
 23 observatories, whether of public or private ownership, as
 24 are open to the public without charge or fee at all
 25 reasonable hours and are used for the purpose of education

1 only.

2 (2) All household goods and furniture, including
 3 clocks, musical instruments, sewing machines, and wearing
 4 apparel of members of the family, used by the owner for
 5 personal and domestic purposes or for furnishing or
 6 equipping the family residence are exempt from taxation.

7 (3) A truck canopy cover or topper weighing less than
 8 300 pounds and having no accommodations attached is exempt
 9 from taxation.

10 ~~1st--The--first--\$100,000--of--the--appraised--value--of--a~~
 11 ~~capital--investment--in--a--recognized--nonfossil--form--of--energy~~
 12 ~~generation--as--defined--in--15-32-102x--is--exempt--from~~
 13 ~~taxation~~

14 141 THE FOLLOWING PORTIONS OF THE APPRAISED VALUE OF A
 15 CAPITAL INVESTMENT MADE AFTER JANUARY 1, 1979, IN A
 16 RECOGNIZED NONFOSSIL FORM OF ENERGY GENERATION, AS DEFINED
 17 IN 15-32-102, ARE EXEMPT FROM TAXATION FOR A PERIOD OF 10
 18 YEARS FOLLOWING INSTALLATION OF THE PROPERTY:

19 (A) \$20,000 IN THE CASE OF A SINGLE FAMILY RESIDENTIAL
 20 DWELLING;

21 (B) \$100,000 IN THE CASE OF A MULTIFAMILY RESIDENTIAL
 22 DWELLING OR A NONRESIDENTIAL STRUCTURE."

23 Section 2. Effective date. This act is effective on
 24 passage and approval and applies to taxable years beginning
 25 after December 31, 1978.

April 6, 1979

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 299, third reading bill, be amended as follows:

1. Title, line 9.

Strike: "AND PLACING ANY VALUE IN EXCESS OF THIS AMOUNT IN CLASS
EIGHTEEN"

2. Title, line 10.

Following: "AMENDING"

Strike: "SECTIONS 15-6-119 AND"

Insert: "SECTION"

3. Page 1, line 14.

Strike: sections 1 and 2 in their entirety

Renumber: subsequent section

4. Page 8, line 15.

Following: "INVESTMENT"

Insert: "made after January 1, 1979,"