

**Unofficial Draft Copy**

As of: June 23, 2008 (2:58pm)

LC6004

\*\*\*\* Bill No. \*\*\*\*

Introduced By \*\*\*\*\*

By Request of the \*\*\*\*\*

A Bill for an Act entitled: "An Act ALLOWING TAX ABATEMENTS FOR FACILITIES THAT USE MONTANA GROWN RAW MATERIALS IN FOOD PRODUCTION; AND PROVIDING AN EFFECTIVE DATE; and providing an effective date."

Be it enacted by the Legislature of the State of Montana:

NEW SECTION. **Section 1. Purpose.** The purpose of [sections 1 through \_\_ ] is to encourage greater use of Montana grown raw materials in food production, as a means of providing economic benefit to the state and conserving resources by reducing costs and emissions associated with the manufacturing and transportation of our food supply.

NEW SECTION. **Section 2. Definitions.** For purposes of [sections 1 through \_\_], eligible food production facilities include those that make beverages and candy.

NEW SECTION. **Section 3. Property tax abatement -- qualifications.** (1) A food production facility may qualify for an abatement of the facility's taxable value pursuant to [section 4] if at least 25% of the raw materials used in the manufacturing of its food products are Montana grown.

(2) If the abatement is granted, the qualifying food production facility must be taxed at:

(a) 90% of its taxable value, if at least 25% of raw materials used by the facility for the production of food are Montana grown;

(b) 75% of its taxable value, if at least 50% of raw materials used by the facility for the production of food are Montana grown; or

(c) 50% of its taxable value, if at least 75% of the raw materials used by the facility for the production of food are Montana grown.

(3) The abatement applies to all mills levied against the qualifying property.

(4) A qualifying food production facility may apply annually to the department of revenue pursuant to [section 4] to increase or decrease the size of its abatement.

(5) A qualifying food production facility may receive any portion of the abatement for no more than ten years.

NEW SECTION. **Section 4. Application -- approval.** (1) In order for a taxpayer to receive the abatement described in [section 3], the taxpayer shall submit an application for abatement to the department of revenue. The application must be on a form prescribed by the department and must include a requirement that the applicant be in compliance with all federal and state environmental and health standards and permit requirements.

(2) The application must be accompanied by purchasing and delivery receipts and other records necessary to allow the department to determine the applicant's ability to qualify for the abatement.

**NEW SECTION. Section 5. Reporting -- default -- remedy.**

(1) A taxpayer who has been granted an abatement under [sections 3 and 4] shall submit quarterly reports to the department of revenue on a form prescribed by the department. The reports must include purchasing and delivery receipts and other records necessary to allow the department to determine the applicant's continuing qualification for the abatement.

(2) The department shall review the quarterly reports and make an annual determination regarding the taxpayer's continued qualification for the abatement.

(3) If, after a taxpayer has been granted the abatement under [sections 3 and 4], the department determines that the taxpayer has failed to meet the annual qualification requirements for any year, the taxpayer must be considered to be in default, unless the taxpayer qualifies for a lesser abatement under [section 3].

(4) If the taxpayer qualifies for a lesser abatement, the property must be taxed under the reduced abatement beginning January 1 of the year in which the taxpayer failed to meet the qualification for the greater abatement.

(5) If a taxpayer is considered to be in default, the taxpayer forfeits the abatement. Upon default, the property must

**Unofficial Draft Copy**

As of: June 23, 2008 (2:58pm)

LC6004

be taxed at 100% of its taxable value beginning January 1 of the year in which the taxpayer defaulted. The taxpayer is immediately liable for any additional taxes resulting from the default.

(6) A taxpayer that has forfeited its abatement due to default may not reapply for an abatement under [section 4].

(7) A taxpayer aggrieved by a determination made by the department of revenue has the right to the review procedures in 15-1-211 or to a hearing under Title 2, chapter 4, part 6.

NEW SECTION. **Section 6. {standard} Effective date.** [This act] is effective

- END -

{Name : Hope E. Stockwell  
Title : Research Analyst  
Agency : LEPO  
Phone : 444-1640  
E-Mail : hstockwell@mt.gov}