

## **SUMMARY OF TAX LEGISLATION ENACTED DURING THE 2005 LEGISLATIVE SESSION**

Prepared for the Revenue and Transportation Interim Committee  
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### **INTRODUCTION**

This document is a summary of selected tax and fee and related legislation enacted during the 2005 legislative session. The summary is presented (a bit arbitrarily) by the following categories:

- individual income and corporation license taxes;
- energy-related and ecological tax incentives;
- fuel taxes;
- health care utilization fees;
- motor vehicle fees;
- natural resource taxes;
- property taxes;
- tobacco products taxes;
- video gambling fees;
- local government impact fees;
- state and local tax and fee administration; and
- Revenue and Transportation Interim Committee.

Many of the bills included in the summary do not have tax consequences or fiscal impacts to the state or local governments. Or if there are tax consequences, they are often designed to encourage a particular behavior related to a larger policy goal.

One criterion for including a bill in the summary was that it amended, repealed, or enacted a section in Title 15, MCA. For example, House Bill No. 223 (Ch. 163, L. 2005) eliminated Montana Foreign Capital Depository Act (Title 32, chapter 8). A foreign capital depository would have been subject to an asset fee (Title 15, chapter 31, part 8), with a portion of the proceeds being used to provide individual income tax relief under 15-30-192, MCA. This bill, as well as several other bills included in the summary (e.g., energy-related and ecological tax incentives and health care utilization fees), were considered by legislative committees other than the tax committees.

The summary does not take into account the coordination of bills (with one exception, see House Bill No. 73 and Senate Bill No. 301 under property taxes). As such, a bill or a new or amended section included in this summary may have been amended or rendered void by another bill.

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. Sections amended, sections enacted, sections repealed, effective dates, and, if applicable, applicability dates and termination dates are noted at the end of each bill summary.

## INDIVIDUAL AND CORPORATION LICENSE TAXES

1. **House Bill No. 158 (Ch. 67).** Revises and clarifies income tax withholding laws as a result of the transfer of the administration of the unemployment insurance tax from the Department of Revenue to the Department of Labor and Industry; eliminates the requirement that the state tax appeal board consider a direct appeal from a Department of Revenue determination regarding the reporting of wages earned by an unemployment insurance benefit claimant; revises the definitions of "employee", "employer", and "wages" and defines "sole proprietor" for withholding tax purposes; adopts the Internal Revenue Code definition of "wages"; revises the exceptions to the definition of "wages"; eliminates certain definitions as they apply to income withholding taxes; clarifies the liability of employers for filing annual withholding tax statements and for the payment of withholding taxes; revises the schedules for remitting withholding taxes; clarifies penalties and interest for noncompliance with withholding tax provisions; revises the provisions for the filing of withholding taxes electronically.
  - a. Amends sections 15-2-302, 15-30-201, 15-30-202, 15-30-203, 15-30-204, 15-30-209, 15-30-210, 15-30-248, and 39-51-2402, MCA.
  - b. Repeals sections 15-30-249, 15-30-250, 15-30-251, 15-30-256, and 15-30-257, MCA.
  - c. Effective March 24, 2005.
  - d. Applies retroactively to wages paid after December 31, 2004.
2. **House Bill No. 171 (Ch. 30).** Conforms with federal income tax law by extending the due date for filing a Montana individual income tax return by a person, and by the person's spouse, serving in a combat zone or a contingency operation; clarifies the deferment of taxes for a person in military service
  - a. Amends section 15-30-313, MCA.
  - b. Effective March 18, 2005.
  - c. Applies retroactively to tax years beginning after December 31, 2003.
3. **House Bill No. 193 (Ch. 4).** Provides for the recapture of a qualified endowment tax credit in the tax year of recovery when a charitable gift that gave rise to the credit is recovered by the taxpayer; includes as income in the year that a charitable gift is recovered by the taxpayer the amount deducted that is attributable to the charitable gift.
  - a. Amends sections 15-1-230, 15-30-166, 15-31-161, and 15-31-162, MCA.
  - b. Effective February 23, 2005.
  - c. Applies retroactively to tax years beginning after December 31, 2004.
  - d. Terminates December 31, 2007.

4. **House Bill No. 223 (Ch. 163).** Eliminates the authority for and provisions governing the operation of a foreign capital depository.
  - a. Amends sections 15-1-501, 15-1-121, 15-31-101, 15-31-102, 25-9-506, 25-9-603, 25-9-609, 31-1-704, 31-1-802, 32-1-101, 32-1-102, 32-1-202, 32-1-301, 32-1-446, 32-1-461, 32-1-462, 32-1-464, 32-1-468, 32-1-473, 32-1-491, 32-1-492, and 32-1-501, MCA.
  - b. Repeals sections 15-30-192, 15-31-801, 15-31-802, 15-31-803, 15-31-804, 15-31-805, 15-31-806, 15-31-807, 15-31-808, 25-9-801, 25-9-802, 25-9-803, 25-9-804, 25-9-805, 25-9-806, 25-9-807, 25-9-808, 25-9-809, 32-8-101, 32-8-102, 32-8-103, 32-8-104, 32-8-105, 32-8-106, 32-8-107, 32-8-201, 32-8-202, 32-8-203, 32-8-204, 32-8-205, 32-8-301, 32-8-302, 32-8-303, 32-8-304, 32-8-306, 32-8-308, 32-8-309, 32-8-311, 32-8-312, 32-8-314, 32-8-315, 32-8-316, 32-8-401, 32-8-402, 32-8-403, 32-8-404, 32-8-501, 32-8-502, 32-8-503, 32-8-504, 32-8-505, 32-8-506, 32-8-507, 32-8-508, 32-8-509, 32-8-510, 32-8-515, 32-8-516, 32-8-517, 32-8-518, 32-8-521, 32-8-522, 32-8-523, 32-8-524, 32-8-601, 32-8-602, 32-8-603, and 70-9-701, MCA.
  - c. Effective October 1, 2005.
5. **House Bill No. 439 (Ch. 95).** Disallows the individual income tax credit for taxes imposed by foreign countries if a federal income tax credit was taken for the foreign taxes.
  - a. Amends section 15-30-124, MCA.
  - b. Effective October 1, 2005.
  - c. Applies to tax years beginning after December 31, 2005.
6. **House Bill No. 513 (Ch. 338).** Extends the termination date for the tax credit for contributions to an account to be used for providing services to individuals with developmental disabilities.
  - a. Amends section 6, Chapter 590, Laws of 2003.
  - b. Effective October 1, 2005.
7. **House Bill No. 584 (Ch. 593).** Creates the Big Sky on the Big Screen Act; promotes the motion picture and television industries and related media in Montana by providing tax incentives for filming and for developing magazine advertising in Montana; provides definitions; allows a production company a tax credit for employing Montana residents; allows a production company a tax credit for qualifying expenditures made in Montana; requires a production company to apply to the Department of Commerce for state certification of a production in order to qualify for the tax credits; requires an application and an application fee for a production company to claim tax credits for a state-certified production; requires that the application fee be used for administering the tax credits; limits the tax credits that may be claimed for a state-certified production; provides for the administration of the tax credits; provides a statutory appropriation.

- a. Amends section 17-7-502, MCA.
  - b. Enacts sections 15-31-902, 15-31-903, 15-31-904, 15-31-905, 15-31-906, 15-31-907, 15-31-908, 15-31-909, 15-31-910, and 15-31-911, MCA.
  - c. Effective May 6, 2005.
  - d. Applies to state-certified productions approved after May 6, 2005, and to tax years beginning after December 31, 2004.
  - e. Terminates January 1, 2010.
8. **House Bill No. 592 (Ch. 594).** Revises and clarifies the determination of penalty and interest provisions applied to taxes, fees, and other assessments administered by the Department of Revenue; revises uniform penalty provisions; revises uniform interest assessments by using the greater of 8 percent or the federal underpayment rate assessed against individual income taxpayers; imposes a higher interest rate on certain taxpayers under certain conditions; establishes a uniform interest rate applied to the overpayment of taxes or fees; revises the accrual of interest on unpaid taxes; applies the uniform penalty and interest provisions to certain other taxes and fees.
- a. Amends sections 15-1-206, 15-1-216, 15-23-214, 15-30-142, 15-30-149, 15-30-209, 15-30-241, 15-30-321, 15-30-323, 15-30-1112, 15-31-111, 15-31-141, 15-31-503, 15-31-510, 15-31-531, 15-31-543, 15-35-112, 15-36-314, 15-37-102, 15-37-105, 15-37-106, 15-37-108, 15-37-114, 15-37-210, 15-38-106, 15-38-110, 15-38-111, 15-50-308, 15-51-109, 15-53-145, 15-53-146, 15-59-112, 15-60-206, 15-65-115, 15-66-206, 15-67-206, 15-68-513, and 15-72-114, MCA.
  - b. Repeals section 15-31-545, MCA.
  - c. Effective dates:
    - i. July 1, 2005.
    - ii. Section 3 (15-1-216, MCA) related to the change in penalty and interest provisions and uniform interest applied to overpayment of taxes is effective January 1, 2007.
  - d. Applies on and after July 1, 2005, except
    - i. Section 3 (15-1-216, MCA), applies to penalties assessed against taxes or fees due for tax reporting periods beginning after December 31, 2006.
    - ii. Section 3 (15-1-216, MCA) applies to interest assessed on taxes or fees owing after December 31, 2006, regardless of the tax reporting period for which the taxes or fees are owed.
9. **House Bill No. 667 (Ch. 595).** Creates a small business health insurance pool; provides for employer premium incentive payments, employee premium assistance payments, and tax credits to be administered by the Commissioner of Insurance for eligible small employers who provide certain group health plan coverage for their eligible employees; provides that certain eligible small employers may receive premium incentive payments and employees may receive assistance for paying premiums for health insurance purchased through the small business health insurance pool; allows the tax credit to be claimed when filing tax returns; creates the small business health insurance pool board of directors and establishes its duties; provides authority to the board to establish eligibility

requirements for receiving the premium incentive payments, premium assistance payments, and tax credits; provides rulemaking authority to the commissioner to implement the premium incentive payments, premium assistance payments, and tax credits; provides penalties for wrongfully obtaining premium incentive payments, premium assistance payments, or the tax credit; authorizes the Department of Public Health and Human Services to pursue medicaid funding for employee premium assistance; amends the health and medicaid initiatives account to clarify funding for premium incentive payments, premium assistance payments, and tax credits and provides for contingent funding.

- a. Amends sections 15-30-111, 15-30-303, 15-31-511, 33-22-1815, 45-6-301, and 53-6-1201, MCA.
- b. Enacts sections 15-30-185, 15-31-130, 33-22-2001, 33-22-2002, 33-22-2003, 33-22-2004, 33-22-2005, 33-22-2006, 33-22-2007, 33-22-2008, 33-22-2009, 53-2-216, and 53-2-217, MCA.
- c. Effective July 1, 2005.
- d. Applies to tax years beginning after December 31, 2005.

10. **Senate Bill No. 85 (Ch. 535).** Provides for a voluntary income tax checkoff to fund the Montana end-stage renal disease program; establishes an account in the state special revenue fund.

- a. Effective October 1, 2005.
- b. Enacts sections 15-30-169 and 50-44-103, MCA.
- c. Applies to tax years beginning after December 31, 2005.
- d. Terminates on January 1 of the first tax year following the 2 immediately preceding tax years in which the voluntary checkoff raises less than \$10,000 in each of those 2 tax years.

11. **Senate Bill No. 133 (Ch. 537).** Creates the Montana Equity Capital Investment Act; provides contingent, deferred tax credits to investors or their assignees; establishes and provides the duties of a Montana Equity Capital Investment Board; provides for private sector organization and management of the Montana Equity Fund; provides for registration and verification of tax credit use or transfer; requires an annual fee for the designated investor group; sets terms for tax credit redemption; sets contract terms for designated investor group investments and the distribution of proceeds; provides for transfer and termination of the Montana Equity Fund and Montana Evergreen Fund; restricts certain investments; requires an annual audit and an annual report; makes investment in the Montana Equity Fund a permissible investment for certain entities; requires an application for a securities exemption; incorporates equity capital investment into state policy.

- a. Amends sections 33-2-705 and 90-1-112, MCA.
- b. Enacts sections 15-30-184, 15-31-152, 90-10-101, 90-10-102, 90-10-103, 90-10-201, 90-10-202, 90-10-301, 90-10-302, 90-10-303, 90-10-304, 90-10-305, 90-10-306, 90-10-307, 90-10-307, 90-10-308, 90-10-309, and 90-10-310, MCA.
- c. Effective July 1, 2005.

12. **Senate Bill No. 323 (Ch. 454).** Allows a 5-year carryforward of the income and corporate tax credit for the public contractor's gross receipts tax.
  - a. Amends section 15-50-207, MCA.
  - b. Effective April 28, 2005.
  - c. Applies retroactively to tax years beginning after December 31, 2004.
  
13. **Senate Bill No. 432 (Ch. 549).** Amends the Family Education Savings Act to comply with certain federal securities requirements; establishes a family education savings trust with participating trust accounts governing accounts; establishes the role of the Board of Regents and financial institutions; establishes a transition to the administration under the trust; provides for individual trust accounts with a financial institution if the board determines that certificates of deposits and savings accounts are not separately insured by the Federal Deposit Insurance Corporation under the family education trust.
  - a. Amends sections 15-62-103, 15-62-201, 15-62-203, and 20-25-902, MCA.
  - b. Enacts sections 15-62-301 and 15-62-302, MCA.
  - c. Effective October 1, 2005.

#### **TAXATION -- ENERGY-RELATED AND ECOLOGICAL TAX INCENTIVES**

1. **House Bill No. 463 (Ch. 129).** Increases the credit against certain permitting fees for certain uses of postconsumer glass; increases the maximum allowable credit; extends the duration of the credit.
  - a. Amends sections 75-2-225 and 75-2-226, MCA, and section 8, Chapter 516, Laws of 2001.
  - b. Effective March 30, 2005.
  - c. Terminates December 31, 2009.
  
2. **Senate Bill No. 115 (Ch. 563. See also property taxes).** Creates class fourteen property to include wind generation facilities; provides a definition of "wind generation facilities"; provides that a facility is not eligible to be classified as class fourteen property unless the facility paid the standard prevailing rate of wages for heavy construction during the construction phase; taxes class fourteen property at 3 percent of its market value; allows a local governmental unit to assess an impact fee for local governmental units and school districts that are impacted by the construction of a commercial wind generation facility; allows interlocal impact agreements.
  - a. Amends sections 15-6-137, 15-6-141, 15-6-156, 15-6-201, 15-24-3005, 15-24-3006, and 15-24-3007, MCA.
  - b. Enacts sections 15-6-157 and 15-24-3004, MCA.
  - c. Effective May 2, 2005.
  - d. Applies retroactively to property tax years beginning after December 31, 2004, and to wind generations facilities constructed after December 31, 2004.

3. **Senate Bill No. 213 (Ch. 569).** Extends the termination date for the tax credit for investment in property used to collect or process reclaimable material.
  - a. Amends section 9, Chapter 712, Laws of 1991, sections 4 and 5, Chapter 542, Laws of 1995, section 1, Chapter 411, Laws of 1997, and sections 4, 5, 6, and 7, Chapter 398, laws of 2001.
  - b. Effective July 1, 2005.
4. **Senate Bill No. 340 (Ch. 455).** Allows a credit for geothermal systems installed in residences to be claimed by a person constructing a residence; allows the credit to be used for corporate license or income taxes.
  - a. Amends section 15-32-115, MCA.
  - b. Effective January 1, 2006.
  - c. Applies to tax years beginning after December 31, 2005.

### **TAXATION -- FUELS**

1. **House Bill No. 756 (Ch. 524).** Encourages the production and use of biodiesel through tax incentives; provides a tax credit for investments in depreciable property to crush oilseed crops for purposes of biodiesel production; provides a tax credit to a facility producing biodiesel based upon the cost of constructing and equipping the facility; provides a tax incentive for the production of biodiesel based upon gallons of production; provides that the tax incentive be paid out of the general fund; provides a statutory appropriation.
  - a. Amends section 17-7-502, MCA.
  - b. Enacts sections 15-32-701, 15-32-702, 15-70-601, MCA.
  - c. Effective July 1, 2005.
2. **House Bill No. 776 (Ch. 525).** Provides tax incentives for biodiesel fuel; provides a tax credit for investments in depreciable property to blend biodiesel made from Montana products with diesel; provides for the recapture of the credit under certain conditions; requires the Department of Revenue to report to the Revenue and Transportation Interim Committee on the amount of tax credits claimed; provides a tax refund to distributors and owners or operators of motor fuel outlets for special fuel taxes paid on biodiesel; provides that the special fuel tax refunds be reimbursed from the state general fund; requires the Department of Transportation to report to the Revenue and Transportation Interim Committee on the amount of refunds claimed; eliminates the provision taxing biodiesel at 85 percent of the special fuel tax rate; removes the requirement that tax labels be placed on biodiesel pumps; provides a statutory appropriation.
  - a. Amends sections 15-70-301, 15-70-304, 15-70-341, and 17-7-502, MCA, and sections 12 and 13, Chapter 568, Laws of 2001.
  - b. Enacts sections 15-32-703 and 15-70-369, MCA.
  - c. Repeals section 15-70-370, MCA, and sections 7 and 9, Chapter 568, Laws of 2001.
  - d. Effective April 28, 2005.

- e. Applicability:
  - i. Income tax credit related to biodiesel storage and blending equipment applies retroactively to tax years beginning after December 31, 2004;
  - ii. Refund for taxes paid on biodiesel fuel by distributor or retailer applies to biodiesel blend distributed or purchased in calendar quarters beginning after June 30, 2005.
  
- 3. **Senate Bill No. 123 (Ch. 384).** Revises requirements governing special fuel permitholders and special fuel users; requires that special fuel permitholders use fuel on which state tax has been paid; requires that material used for construction, reconstruction, or improvement in connection with work performed under a public contract be produced using special fuel on which state fuel tax has been paid; exempts special fuel permitholders from certain recordkeeping requirements; increases the civil penalties for using dyed special fuel on the public roads and highways; eliminates the misdemeanor penalty for using dyed fuel.
  - a. Amends sections 15-70-302, 15-70-321, 15-70-323, 15-70-325, 15-70-330, 15-70-356, and 15-70-372, MCA.
  - b. Effective October 1, 2005.
  
- 4. **Senate Bill No. 222 (Ch. 539).** Transfers the responsibility for collecting and issuing refunds for local option motor fuel excise tax from the Department of Transportation to county treasurers; requires retail sellers of gasoline in counties in which the tax is imposed to render monthly statements to the county treasurer; requires a county that imposes the tax to establish a motor fuel excise tax account for deposit of the tax revenue; provides methods for apportionment of the revenue.
  - a. Amends sections 7-14-301, 7-14-302, 7-14-303, and 7-14-304, MCA.
  - b. Effective July 1, 2005.
  
- 5. **Senate Bill No. 227 (Ch. 397).** Establishes a special fuel user's agricultural product temporary trip permit for a person operating a special fuel-powered vehicle over 26,000 pounds gross vehicle weight or registered gross vehicle weight in the movement of that person's agricultural products upon the public roads and highways of this state; provides terms and fees for agricultural product temporary trip permits.
  - a. Amends sections 15-70-311 and 15-70-312, MCA.
  - b. Effective July 1, 2005.
  
- 6. **Senate Bill No. 293 (Ch. 452).** Revises laws related to alternative fuels and petroleum products; requires the Department of Labor and Industry to adopt standards and specifications ensures that certain types of gasoline sold to consumers for use in motor vehicles to be operated on public roads is blended with ethanol and provides that the gasoline may not contain more than trace levels of methyl tertiary butyl ether; reduces the tax incentive from 30 cents to 20 cents per gallon; revises the time in which tax credits may be paid; reduces the amount of payments that may be made to an alcohol distributor in a calendar year from \$3 million to \$2 million; provides for contracts for ethanol



producers eligible for tax incentives; requires an ethanol producer to use at least a certain percentage of Montana product in its total production to qualify for the tax incentive; provides that an ethanol facility is not eligible for the tax incentive unless the facility paid a prevailing rate of wages during construction; revises requirements for business plans; removes the requirement for loss of priority; revises the conditions for an in-state investment for alcohol production to be used for fuel; allows the payment of dividends and bonuses under certain conditions; creates certain exceptions to the requirement to use ethanol-blended gasoline; revises the contingencies eliminating the provisions taxing gasohol at 85 percent of the gasoline license tax and special fuel tax rates; provides for enforcement by the Department of Labor and Industry and the Department of Environmental Quality; requires the Board of Environmental Review to adopt rules establishing allowable trace levels of methyl tertiary butyl ether and establishes reporting and sampling requirements.

- a. Amends sections 15-70-201, 15-70-204, 15-70-503, 15-70-522, 17-6-317, 82-15-101, 82-15-102, 82-15-103, 82-15-104, 82-15-106, 82-15-110, and 82-15-111, MCA, and sections 12 and 13, chapter 568, laws of 2001.
- b. Enacts sections 82-15-121, 82-15-122, and 82-15-123, MCA.
- c. Repeals section 15-70-245, MCA.
- d. Effective April 28, 2005.
- e. Required use of gasoline blended with ethanol terminates:
  - i. 5 years after the production level provided for in 82-15-121, MCA, is met.
  - ii. If, after the 40-million-gallon production requirement of 82-15-121, MCA, is met, the production of denatured ethanol in Montana falls below 20 million gallons on an annualized basis, 82-15-121 and 82-15-122, MCA, and the amendments to 15-70-204 are terminated.

## **TAXATION -- HEALTH CARE UTILIZATION FEES**

1. **House Bill No. 749 (Ch. 523).** Increases, in both fiscal year 2006 and fiscal year 2007, the utilization fee on nursing facility bed days; provides an appropriation.
  - a. Amends section 15-60-102, MCA.
  - b. Effective July 1, 2005.
2. **Senate Bill No. 82 (Ch. 377).** Revises the definition of "intermediate care facility" for purposes of the utilization fee on resident bed days; increases the utilization fee from 5 percent to 6 percent.
  - a. Amends sections 15-67-101 and 15-67-102, MCA.
  - b. Effective April 25, 2005.
  - c. Applies retroactively to tax years beginning after December 31, 2004.
3. **Senate Bill No. 120 (Ch. 606).** Revises and extends the utilization fee on hospital facilities for inpatient bed days; including critical access facilities in the definition of "hospital".

- a. Amends sections 15-66-101, 15-66-102, and 15-66-201, MCA, and section 20, Chapter 390, Laws of 2003.
- b. Effective May 6, 2005.
- c. Terminates June 30, 2007.

### **MOTOR VEHICLES FEES**

1. **House Bill No. 55 (Ch. 315).** Requires permanent registration of trailer and semitrailer fleets; establishes a permanent registration fee; requires surrender to the Department of Transportation of the registration and license plate of a trailer or semitrailer that is removed from a fleet.
  - a. Amends section 61-3-721, MCA.
  - b. Effective January 1, 2006.
2. **House Bill No. 101 (Ch. 24).** Allows the Department of Transportation to issue a term permit for a load that is in excess of specified limits but that does not exceed 35,000 pounds in excess axle weight.
  - a. Amends section 61-10-125, MCA.
  - b. Effective October 1, 2005.
3. **House Bill No. 102 (Ch. 464).** Deposits fees from the registration of certain vehicles and driver's licenses to the state general fund; statutorily appropriates from the state general fund to the Montana highway patrol officers' retirement pension trust fund the amounts required to pay certain supplemental benefits under the highway patrol officers' retirement system.
  - a. Amends sections 15-1-122, 17-7-502, 19-6-401, 19-6-404, 19-6-709, 61-3-527, 61-3-530, 61-3-562, and 61-5-121, MCA.
  - b. Enacts 19-6-410, MCA.
  - c. Effective July 2005.
  - d. The amendments to 19-6-709 and 19-6-410, MCA, terminate upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709.
4. **House Bill No. 170 (Ch. 325).** Makes technical corrections to the law on fund transfers relating to certain vehicle taxes and fees; clarifies the years in which money for the noxious weed state special revenue account and for the Department of Fish, Wildlife, and Parks is allocated; clarifies the application of the \$2 annual search and rescue surcharge; clarifies that vehicle counts necessary for certain calculations be determined for vehicles even if vehicle registration occurred prior to January 1, 2004.
  - a. Amends section 15-1-122, MCA, and section 50, Chapter 592, Laws of 2003.
  - b. Effective April 21, 2005.
  - c. Applies retroactively to the registration, reregistration, fees, and taxes on vehicles and vessels registered on or after January 1, 2004, and to vehicle counts made after January 1, 2004.

5. **House Bill No. 541 (Ch. 500).** Revises the registration of certain motor homes; allows motor homes 11 years old and older to be permanently registered; establishes the permanent registration fee; provides that certain fees for permanent registration are five times the existing fees.
  - a. Amends sections 15-1-122, 19-6-709, 61-3-303, 61-3-321, 61-3-332, 61-3-479, and 61-3-522, MCA.
  - b. Effective January 1, 2006.
  
6. **House Bill No. 671 (Ch. 596).** Generally revises the motor vehicle laws; automates and simplifies the process for issuance of temporary registration permits; standardizes the length of temporary registration permits and the grace period for titling or registering a newly acquired vehicle; imposes a \$3 fee for issuance of certain temporary registration permits; imposes a \$8 fee for issuance of a temporary registration permit to a nonresident or to a person via the secure electronic application; authorizes certain persons to electronically update [D]epartment [of Justice] records via authorized agent agreements; sets the standards for authorized agents, including maximum allowable service or convenience fees chargeable by authorized agents; authorizes certain health care providers to issue temporary disabled parking placards and electronically submit disabled parking placard application on behalf of a patient; eliminates certificates of ownership for certain manufactured homes and for mobile homes and housetrailer; revises and clarifies business processes for registering and renewing the registration of certain vehicles; revises and clarifies certain provisions for issuance and transfer of license plates; revises and clarifies special mobile equipment and single movement permits; clarifies types of vehicles dealers; revises collection of driver's license fees and certain fund transfers; revises and clarifies driver records and recordkeeping requirements; clarifies administrative hearing process for certain driver's license suspensions.
  - a. Amends sections 7-14-112, 10-3-1307, 15-1-101, 15-1-116, 15-1-117, 15-1-121, 15-1-122, 15-8-201, 15-8-202, 15-15-201, 15-24-301, 15-24-302, 19-6-709, 23-1-105, 23-2-502, 23-2-511, 23-2-513, 23-2-515, 23-2-616, 23-2-619, 23-2-818, 49-4-301, 49-4-302, 49-4-303, 49-4-304, 49-4-305, 61-1-104, 61-1-111, 61-1-501, 61-1-508, 61-1-513, 61-1-603, 61-3-107, 61-3-109, 61-3-201, 61-3-203, 61-3-212, 61-3-217, 61-3-218, 61-3-220, 61-3-224, 61-3-301, 61-3-302, 61-3-303, 61-3-311, 61-3-312, 61-3-313, 61-3-314, 61-3-315, 61-3-316, 61-3-317, 61-3-321, 61-3-322, 61-3-324, 61-3-325, 61-3-331, 61-3-332, 61-3-333, 61-3-334, 61-3-335, 61-3-345, 61-3-347, 61-3-401, 61-3-402, 61-3-403, 61-3-407, 61-3-412, 61-3-415, 61-3-421, 61-3-422, 61-3-425, 61-3-426, 61-3-431, 61-3-433, 61-3-446, 61-3-456, 61-3-458, 61-3-463, 61-3-464, 61-3-474, 61-3-479, 61-3-481, 61-3-501, 61-3-503, 61-3-520, 61-3-522, 61-3-527, 61-3-529, 61-3-535, 61-3-560, 61-3-561, 61-3-562, 61-3-701, 61-3-707, 61-3-721, 61-4-101, 61-4-102, 61-4-111, 61-4-112, 61-4-121, 61-4-222, 61-4-223, 61-4-310, 61-5-103, 61-5-111, 61-5-114, 61-5-115, 61-5-121, 61-5-206, 61-5-208, 61-8-442,

61-10-222, 61-11-102, 61-11-105, 61-11-204, 61-11-210, 76-2-202, and 76-2-302, MCA.

- b. Enacts sections 61-1-101, 61-3-115, 61-3-116, 61-3-117, 61-3-118, 61-3-119, 61-3-337, MCA.
- c. Repeals sections 15-16-202, 61-3-207, 61-3-209, 61-3-342, and 61-3-526, MCA.
- d. Effective dates:
  - i. January 1, 2006.
  - ii. Sections 61-1-101, 61-3-115, 61-3-116, 61-3-117, 61-3-118, 61-3-119 MCA effective July 1, 2005.

7. **Senate Bill No. 285 (Ch. 542).** Generally revises the motor vehicle laws; reorganizes and recodifies definitions; replaces allocations of motor vehicle revenue to special accounts with a percentage of the revenue collected rather than an amount per vehicle; provides for the direct deposit of the optional motor vehicle registration fee for state parks; revises the transfer of funds by county treasurers to the state; requires the transfer of vehicle and vessel transaction fees to the Department of Justice beginning on July 1, 2006; revises and clarifies registration fees for watercraft, snowmobiles, and vehicles; combines fees in lieu of tax and registration fees.

- a. Amends sections 10-2-112, 10-3-801, 15-1-101, 15-1-122, 15-1-504, 15-6-138, 15-6-201, 15-6-215, 15-8-201, 15-8-202, 15-15-201, 15-16-202, 15-24-301, 15-30-121, 15-50-207, 15-68-101, 20-9-331, 20-9-333, 20-9-360, 23-1-128, 23-2-512, 23-2-513, 23-2-515, 23-2-519, 23-2-601, 23-2-614, 23-2-616, 23-2-619, 23-2-631, 23-2-634, 23-2-641, 23-2-642, 23-2-644, 23-2-804, 23-2-809, 23-2-818, 30-11-701, 33-23-204, 37-72-101, 45-5-205, 61-1-101, 61-3-101, 61-3-103, 61-3-106, 61-3-107, 61-3-110, 61-3-201, 61-3-202, 61-3-204, 61-3-205, 61-3-206, 61-3-208, 61-3-210, 61-3-211, 61-3-212, 61-3-216, 61-3-217, 61-3-218, 61-3-219, 61-3-220, 61-3-221, 61-3-222, 61-3-223, 61-3-224, 61-3-301, 61-3-302, 61-3-303, 61-3-311, 61-3-312, 61-3-313, 61-3-314, 61-3-315, 61-3-316, 61-3-317, 61-3-318, 61-3-321, 61-3-322, 61-3-323, 61-3-324, 61-3-325, 61-3-331, 61-3-332, 61-3-333, 61-3-334, 61-3-335, 61-3-342, 61-3-345, 61-3-401, 61-3-403, 61-3-404, 61-3-411, 61-3-412, 61-3-413, 61-3-421, 61-3-422, 61-3-423, 61-3-425, 61-3-431, 61-3-446, 61-3-448, 61-3-456, 61-3-458, 61-3-460, 61-3-465, 61-3-467, 61-3-468, 61-3-474, 61-3-479, 61-3-480, 61-3-481, 61-3-501, 61-3-503, 61-3-506, 61-3-507, 61-3-509, 61-3-520, 61-3-526, 61-3-529, 61-3-535, 61-3-537, 61-3-562, 61-3-603, 61-3-604, 61-3-607, 61-3-701, 61-3-702, 61-3-703, 61-3-704, 61-3-707, 61-3-708, 61-3-709, 61-3-711, 61-3-712, 61-3-714, 61-3-715, 61-3-716, 61-3-717, 61-3-718, 61-3-719, 61-3-720, 61-3-721, 61-3-722, 61-3-723, 61-3-724, 61-3-725, 61-3-727, 61-3-728, 61-3-729, 61-3-730, 61-3-732, 61-3-733, 61-3-736, 61-3-737, 61-4-101, 61-4-102, 61-4-104, 61-4-109, 61-4-110, 61-4-111, 61-4-112, 61-4-113, 61-4-120, 61-4-121, 61-4-122, 61-4-123, 61-4-125, 61-4-129, 61-4-131, 61-4-141, 61-4-143, 61-4-202, 61-4-204, 61-4-208, 61-4-301, 61-4-302, 61-4-306, 61-4-307, 61-4-310, 61-4-404, 61-4-501, 61-4-503,

61-4-504, 61-4-505, 61-4-506, 61-4-511, 61-4-519, 61-4-525, 61-5-104, 61-5-112, 61-5-119, 61-5-121, 61-5-208, 61-6-102, 61-6-301, 61-8-102, 61-8-201, 61-8-210, 61-8-310, 61-8-336, 61-8-341, 61-8-354, 61-8-371, 61-8-380, 61-8-383, 61-8-384, 61-8-401, 61-8-605, 61-8-704, 61-8-713, 61-8-801, 61-9-102, 61-9-103, 61-9-226, 61-9-302, 61-9-304, 61-9-321, 61-9-402, 61-9-405, 61-9-406, 61-9-412, 61-9-415, 61-9-426, 61-10-102, 61-10-104, 61-10-123, 61-10-141, 61-10-148, 61-10-206, 61-10-225, 61-11-203, 61-12-101, 61-12-102, 61-13-103, 75-10-532, 76-2-202, 76-2-302, 87-2-803, and 87-3-101, MCA.

- b. Enacts 61-8-379, MCA.
- c. Repeals sections 23-2-516, 23-2-517, 23-2-518, 23-2-626, 23-2-803, 23-2-817, 61-1-102, 61-1-103, 61-1-104, 61-1-105, 61-1-106, 61-1-107, 61-1-108, 61-1-109, 61-1-110, 61-1-111, 61-1-112, 61-1-113, 61-1-114, 61-1-115, 61-1-116, 61-1-117, 61-1-118, 61-1-119, 61-1-120, 61-1-121, 61-1-123, 61-1-124, 61-1-125, 61-1-126, 61-1-127, 61-1-128, 61-1-129, 61-1-130, 61-1-131, 61-1-132, 61-1-133, 61-1-134, 61-1-135, 61-1-136, 61-1-137, 61-1-138, 61-1-139, 61-1-140, 61-1-141, 61-1-142, 61-1-201, 61-1-202, 61-1-203, 61-1-204, 61-1-205, 61-1-206, 61-1-207, 61-1-208, 61-1-209, 61-1-210, 61-1-211, 61-1-212, 61-1-301, 61-1-302, 61-1-303, 61-1-304, 61-1-305, 61-1-306, 61-1-307, 61-1-308, 61-1-309, 61-1-310, 61-1-311, 61-1-313, 61-1-314, 61-1-315, 61-1-316, 61-1-317, 61-1-318, 61-1-319, 61-1-320, 61-1-321, 61-1-401, 61-1-402, 61-1-403, 61-1-404, 61-1-405, 61-1-406, 61-1-407, 61-1-408, 61-1-409, 61-1-410, 61-1-411, 61-1-412, 61-1-413, 61-1-414, 61-1-415, 61-1-501, 61-1-502, 61-1-503, 61-1-504, 61-1-505, 61-1-506, 61-1-507, 61-1-508, 61-1-509, 61-1-510, 61-1-511, 61-1-512, 61-1-513, 61-1-514, 61-1-515, 61-1-601, 61-1-602, 61-1-603, 61-1-604, 61-3-521, 61-3-522, 61-3-523, 61-3-527, 61-3-528, 61-3-530, 61-3-560, and 61-3-561, MCA.
- d. Effective dates:
  - i. Effective January 1, 2006.
  - ii. Section 4 (15-1-122, MCA) related to fund transfers effective July 1, 2005.

## TAXATION -- NATURAL RESOURCES

- 1. **House Bill No. 194 (Ch. 5).** Clarifies the reporting requirements for the quarterly payment of oil and natural gas production taxes; clarifies the distribution of oil and natural gas production taxes allocated to each county.
  - a. Amends sections 15-36-311 and 15-36-331, MCA.
  - b. Effective February 23, 2005.
  - c. Applies retroactively to oil and natural gas production occurring in tax years beginning after December 31, 2004.

2. **House Bill No. 482 (Ch. 589).** Increases the amount of coal severance tax allocated to an account in the state special revenue fund to be allocated by the Legislature for local impacts, provision of basic library services for the residents of all counties through library federations, and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act.
  - a. Amends section 15-35-108, MCA.
  - b. Effective July 1, 2005.
  
3. **House Bill No. 535 (Ch. 592).** Revises the taxation of oil production from stripper wells producing 3 barrels a day or less; defines "stripper well bonus"; provides that stripper well bonus production is taxed at 6 percent of gross taxable value if the price of oil as reported by the wall street journal is equal to or greater than \$38 a barrel.
  - a. Amends sections 15-36-303 and 15-36-304, MCA.
  - b. Effective July 1, 2005.
  - c. Applies to oil produced and sold after June 30, 2005.
  
4. **House Bill No. 700 (Ch. 598).** Revises and clarifies the laws governing the disposition and use of metalliferous mines license tax money; increases the allocation of funds to the county in which the mine is located; decreases the allocation to the general fund; revises the names of accounts for purposes of clarification; clarifies the use of funds allocated to the county; eliminates the metal mines tax reserve account that could be used for any purpose provided by law.
  - a. Amends sections 7-6-2225, 7-6-2226, 15-37-117, 90-6-304, and 90-6-331, MCA.
  - b. Effective July 1, 2005.
  
5. **House Bill 758 (Ch. 603).** Establishes an oil, gas, and coal natural resource account; redirects coal severance tax local impact funds from the shared account; enacts a tax on oil and gas production that ties to the unused portion of the tax rate authority of the Board of Oil and Gas Conservation; provides that the tax proceeds are deposited into the oil, gas, and coal natural resource account; provides for a distribution between county and municipal governments of the county.
  - a. Amends sections 15-35-108, 15-36-304, 15-36-331, and 15-36-332, MCA.
  - b. Enacts sections 90-6-1001, MCA.
  - c. Effective July 1, 2005.
  
6. **Senate Bill No. 276 (Ch. 559).** Revises the taxation of bentonite; exempts bentonite from net proceeds property taxation beginning with tax year 2004; imposes a bentonite production tax on the tons of bentonite produced beginning with tax year 2005; exempts from taxation the first 20,000 tons of bentonite produced in a year; provides for a declining schedule of taxation of bentonite depending on the number of tons produced; requires the semiannual payment of the tax; provides for an inflation adjustment to the tax schedule beginning with tax year 2010; imposes a 15% tax rate on the gross value of royalties; provides for the distribution of bentonite production taxes; provides for a value

to be used for county classification purposes and for local government debt limits and other bonding provisions; provides for the administration and enforcement of the tax.

- a. Amends sections 15-6-131, 15-6-208, 15-23-101, 15-23-501, and 15-23-502, MCA.
  - b. Enacts sections 15-39-101, 15-39-102, 15-39-103, 15-39-104, 15-39-105, 15-39-106, 15-39-107, 15-39-108, 15-39-109, 15-39-110, 15-39-111, MCA.
  - c. Effective April 28, 2005.
  - d. New tax applies retroactively to bentonite production occurring after December 31, 2004, and property tax exemption applies retroactively to bentonite production occurring after December 31, 2003.
7. **Senate Bill No. 480 (Ch. 415).** Eliminates the coal severance tax rate incentive for in-state electrical production.
- a. Amends section 15-35-103, MCA.
  - b. Effective April 25, 2005.

## **TAXATION -- PROPERTY**

1. **House Bill No. 38 (Ch. 2).** Limits the exemption of land by a purely public charity to 160 acres for exemptions applied for after December 31, 2004; requires that an application for exemption contain a legal description of the property.
  - a. Amends section 15-6-201, MCA.
  - b. Effective February 23, 2005.
  - c. Applies retroactively to property tax exemption applications made after December 31, 2004.
2. **House Bill No. 73 (Ch. 317).** Authorizes a county, city, town, or municipality to impose a voted levy for programs that prevent substance abuse.
  - a. Effective July 1, 2005.
  - b. Rendered void by enactment of Senate Bill No. 301. However, a coordination instruction in House Bill No. 73 provided for the authority to impose the levy for the prevention of substance abuse in Senate Bill No. 301 (see below, this section).
3. **House Bill No. 115 (Ch. 584).** Amends the laws relating to the exemption of property from property taxation; allows the church exemption to extend to educational or youth recreational facilities open to the public; limits the acreage of property that is tax-exempt for churches and parsonages; defines "clergy"; limits the acreage exemption for educational property and requires an attendance policy, curriculum, and instruction; provides that up to 15 acres of property purchased for charitable use is exempt at the time of purchase; provides that if exempt property is not used for a charitable purpose within 8 years or is sold, then lost tax revenue must be repaid; provides that the repayment amount is a lien upon the property.
  - a. Amends sections 15-6-134, 15-6-138, 15-6-201, 15-7-102, 15-8-111, 15-32-405, 61-3-560, and 61-10-214, MCA.

- b. Effective May 6, 2005.
  - c. Applies retroactively to property tax exemption applications made after December 31, 2004.
4. **House Bill No 227 (Ch. 587).** Revises the delayed payment of property taxes without penalty or interest by a member of the military who is on active duty or hospitalized for duty-related injuries or illness, including members of the national guard and armed forces reserves; clarifies the notification requirement to the county treasurer.
- a. Amends sections 10-1-606, 15-16-102, and 15-24-202, MCA.
  - b. Effective October 1, 2005.
5. **House Bill No. 689 (Ch. 597).** Allows the recapture of property tax incentives that do not meet the requirements of a tax abatement for new and expanding industry, building remodeling, reconstruction, and expansion, business incubators, industrial parks, economic development organizations, and value-added manufacturing.
- a. Amends sections 15-24-1402, 15-24-1501, 15-24-1502, 15-24-1802, 15-24-1902, 15-24-2002, and 15-24-2404, MCA.
  - b. Effective October 1, 2005.
6. **Senate Bill No. 48 (Ch. 531).** Removes the class eight property tax provision that would have phased out the taxation of class eight property contingent on a certain increase in state wages and salaries; increases the cap on the exempt aggregate market value of class eight property from \$5,000 to \$20,000.
- a. Amends sections 15-6-138 and 15-6-201, MCA, section 27, Chapter 285, Laws of 1999, section 31, Chapter 285, Laws of 1999, and section 5, Chapter 577, Laws of 2003.
  - b. Effective April 28, 2005.
7. **Senate Bill No. 68 (Ch. 532).** Generally recodifies the laws exempting certain property from taxation.
- a. Amends sections 15-6-134, 15-6-138, 15-6-201, 15-6-204, 15-6-205, 15-6-207, 15-6-220, 15-7-102, 15-8-111, 15-32-405, 61-3-560, and 61-10-214, MCA.
  - b. Enacts sections 15-6-219, 15-6-222, 15-6-223, 15-6-224, and 15-6-228, MCA.
  - c. Effective October 1, 2005.
8. **Senate Bill No. 70 (Ch. 375).** Revises the notice requirements in an action to quiet title to a tax deed; requires that notice be given to all true owners whose names and addresses are reasonably ascertainable.
- a. Amends section 15-18-411, MCA.
  - b. Effective October 1, 2005.
9. **Senate Bill No. 74 (Ch. 376).** Provides that certain land that is not eligible for valuation, assessment, and taxation as agricultural land is considered to be nonqualified agricultural



- land; provides that land with covenants or other restrictions that prohibit agricultural use may not be classified or valued as nonqualified agricultural land.
- a. Amends sections 15-6-133, 15-7-202, and 15-10-420, MCA.
  - b. Effective October 1, 2005.
  - c. Applies to property tax years beginning after December 31, 2005.
10. **Senate Bill No. 75 (Ch. 533).** Clarifies the procedure when an applicant before a county tax appeal board has the application automatically granted because of the county tax appeal board's refusal or failure to hear the appeal; provides notice of the action to the Department of Revenue, state tax appeal board, and affected municipal corporations; authorizes an appeal to the State Tax Appeal Board by the Department of Revenue or a municipal corporation.
- a. Amends sections 15-15-103 and 15-15-104, MCA.
  - b. Effective October 1, 2005.
11. **Senate Bill No. 87 (Ch. 536).** Clarifies that property taxes or fees on centrally assessed property must be paid under protest in order for the taxpayer to receive a refund or credit of the property taxes; requires that the protested payment be reported to the Department of Revenue; establishes a centrally assessed property tax state special revenue fund for the deposit of 50 percent of the protested state property taxes held in reserve; provides that the Department of Revenue and not the state treasurer receive and disburse protested property tax payments; provides for the disbursement of funds upon completion of a protest action; transfers from the general fund to the centrally assessed property tax state special revenue fund 50 percent of the money received by the Department of Revenue from payments of property taxes or fees under protest.
- a. Amends sections 15-1-402 and 15-23-116, MCA.
  - b. Effective April 28, 2005.
12. **Senate Bill No. 92 (Ch. 379).** Clarifies the method of appraising residential and commercial condominium property for property tax purposes.
- a. Amends sections 15-8-111, 15-8-511, and 15-8-512, MCA.
  - b. Effective April 25, 2005.
  - c. Applies retroactively to property tax years beginning after December 31, 2004.
13. **Senate Bill No. 115 (Ch. 563. See also Energy- Related and Ecological Tax Incentives).** Creates class fourteen property to include wind generation facilities; provides a definition of "wind generation facilities"; provides that a facility is not eligible to be classified as class fourteen property unless the facility paid the standard prevailing rate of wages for heavy construction during the construction phase; taxes class fourteen property at 3 percent of its market value; allows a local governmental unit to assess an impact fee for local governmental units and school districts that are impacted by the construction of a commercial wind generation facility; allows interlocal impact agreements.

- a. Amends sections 15-6-137, 15-6-141, 15-6-156, 15-6-201, 15-24-3005, 15-24-3006, and 15-24-3007, MCA.
  - b. Enacts sections 15-6-157 and 15-24-3004, MCA.
  - c. Effective May 2, 2005.
  - d. Applies retroactively to property tax years beginning after December 31, 2004, and to wind generations facilities constructed after December 31, 2004.
14. **Senate Bill No. 167 (Ch. 566).** Authorizes the creation of technology districts; provides that a district is created to encourage development of technology infrastructure development projects; establishes that tenants of the district be primary sector companies; establishes that a technology district may use tax increment financing and issue bonds from tax increments.
- a. Amends sections 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4285, 7-15-4286, 7-15-4288, 7-15-4290, 7-15-4292, 7-15-4293, 7-15-4301, and 7-15-4304, MCA.
  - b. Enacts section 7-15-4295, MCA.
  - c. Effective May 2, 2005.
15. **Senate Bill No. 261 (Ch. 450).** Revises the procedures for declaring a manufactured home to be an improvement to real property for tax purposes; revises the procedures for reversing the declaration that a manufactured home is an improvement to real property for tax purposes.
- a. Amends sections 15-1-116 and 70-1-106, MCA.
  - b. Repeals section 15-1-117, MCA.
  - c. Effective October 1, 2005.
16. **Senate Bill No. 296 (Ch. 543).** Provides an alternative method for the owner of a parcel of land of 20 acres or more but less than 160 acres to have the parcel valued, assessed, and taxed as agricultural land under certain conditions.
- a. Amends section 15-7-202, MCA.
  - b. Effective January 1, 2006.
  - c. Applies to tax years beginning after December 31, 2005.
17. **Senate Bill No. 301 (Ch. 453).** Revises the laws governing local government mill levies; allows local governments to impose mill levies for public or governmental purposes rather than for statutorily enumerated purposes; removes restrictions on the county all-purpose levy; removes certain references to maximum mill levies; changes the contents of the property tax notice.
- a. Amends sections 7-1-2103, 7-1-4123, 7-6-2501, 7-6-2521, 7-6-2522, 7-6-2524, 7-6-4401, 7-6-4421, 7-7-4104, 7-13-144, 7-13-3027, 7-21-3410, 15-16-101, 15-16-117, 22-1-304, 50-2-111, 53-21-1010, 67-10-402, and 81-8-504, MCA.
  - b. Enacts 7-6-2527, MCA.
  - c. Repeals sections 7-6-2523, 7-6-2526, 7-6-4023, 7-14-2504, and 50-2-114, MCA.
  - d. Effective July 1, 2005.

18. **Senate Bill No. 524 (Ch. 554).** Delays by 1 year the revaluation of all taxable property within classes three, four, and ten.
  - a. Amends section 15-7-111, MCA.
  - b. Effective October 1, 2005.

### **TAXATION --TOBACCO PRODUCTS**

1. **House Bill No. 687 (Ch. 511).** Generally revises the tobacco laws; requires any person who regularly and systematically solicits business in this state to comply with all tobacco product laws; appoints the Secretary of State as agent for service of process for any person who regularly and systematically solicits business in this state; provides definitions; clarifies that the Department of Revenue may contract with the Department of Justice for enforcement of cigarette and other tobacco product taxes; revises laws for cigarette licensing to include licensing for sellers of all tobacco products; requires common carriers to report shipments of tobacco products to the Department of Revenue; allows Department of Justice agents to enforce both tobacco tax laws and laws related to the master settlement agreement; requires subjobbers, tobacco product vendors, and retailers to maintain records related to tobacco products; allows the Department of Revenue and the Department of Justice to examine records related to tobacco products; provides for individual liability for officers and directors of entities that sell tobacco products in violation of tobacco laws; requires tobacco product sellers to report sales to Montana tax authorities; requires labeling of tobacco products shipped into Montana; revises the penalty for using, consuming, or selling a pack of cigarettes that does not bear the required tax insignia; allows seizure of contraband tobacco products by Department of Justice agents; revises the forfeiture and destruction procedures for contraband; authorizes the Department of Revenue to adopt rules that relate to cigarette and other tobacco product taxes; generally revises the penalties for violations of the tobacco product tax laws; requires retailers who purchase tobacco products on which the Montana taxes have not been paid to pay the taxes; provides for a right to hearing on actions taken to enforce the tobacco products tax laws; provides for jurisdiction for tax violations.
  - a. Amends sections 16-10-306, 16-11-102, 16-11-103, 16-11-104, 16-11-111, 16-11-114, 16-11-118, 16-11-119, 16-11-120, 16-11-122, 16-11-131, 16-11-132, 16-11-133, 16-11-141, 16-11-142, 16-11-143, 16-11-144, 16-11-145, 16-11-146, 16-11-147, 16-11-148, 16-11-149, 16-11-150, 16-11-155, 16-11-158, 16-11-507, and 53-6-1201, MCA.
  - b. Enacts 16-11-106, 16-11-107, 16-11-108, 16-11-126, 16-11-128, 16-11-129, 16-11-159, MCA.
  - c. Repeals sections 16-11-157, 16-11-201, 16-11-202, 16-11-203, 16-11-204, 16-11-205, and 16-11-206, MCA.
  - d. Effective July 27, 2005 (90 days after passage and approval).

### **TAXATION -- VIDEO GAMBLING FEES**

1. **House Bill 89 (Ch. 319).** Changes the requirements of the electronic video gambling machine automated accounting and reporting system; defines "electronically captured data"; eliminates the tax credit and loan provisions for machine owners participating in the system; eliminates the pledge of machine taxes to guarantee repayment of the loans.
  - a. Amends sections 23-5-602, 23-5-610, 23-5-611, 23-5-621, and 23-5-637, MCA.
  - b. Repeals section 23-5-638, MCA and section 10, Chapter 424, Laws of 1999.
  - c. Effective July 1, 2005.
  
2. **House Bill No. 802 (Ch. 528).** Eliminates the annual permit surcharge fee for video gambling machines.
  - a. Amends section 23-5-612, MCA.
  - b. Effective April 28, 2005.
  - c. Applies to permit fees charged on or after June 30, 2005.

### **LOCAL GOVERNMENT IMPACT FEES**

1. **Senate Bill No. 185 (Ch. 299).** Authorizes counties, cities, towns, and consolidated local governments to impose impact fees upon new development to fund all or a portion of the public facility capital improvements affected by the new development; provides definitions; provides a method for calculating, imposing, and collecting impact fees.
  - a. Enacts 7-6-1601, 7-6-1602, 7-6-1603, 7-6-1604, MCA.
  - b. Effective April 19, 2005.

### **TAX AND FEE ADMINISTRATION -- STATE GOVERNMENT**

1. **House Bill No. 22 (Ch. 288).** Provides the findings and purpose of implementing a water adjudication fee; provides benchmarks and action, including elimination of the fee, that must be taken if benchmarks are not met by the Department of Natural Resources and Conservation; allows the reexamination, prior to the issuance of a final decree, of claims in basins that were verified; defines "owner" for purposes of the water adjudication fee; establishes water adjudication fees; provides that the fee does not apply to federal water rights and Indian reserved and aboriginal claims to water; providing that the Department of Revenue collect the fee on behalf of the Department of Natural Resources and Conservation; requires the Department of Natural Resources and Conservation to assign any unpaid fees to the Department of Revenue for collection; provides that a lien may be placed on a water right if the fee is not paid after collection efforts; establishes a water adjudication account; establishes the amount of revenue allocated each year from the account; provides that the fee may not be assessed once \$31 million has been deposited in the adjudication account; requires the Department of

- Natural Resources and Conservation and the Water Court to report to the Environmental Quality Council and the applicable legislative appropriation subcommittees; provides the process for examination of claims in verified basins prior to the issuance of a final decree; provides rulemaking authority.
- a. Amends sections 15-1-216, 85-2-231, and 85-2-237, MCA.
  - b. Enacts 85-2-270, 85-2-271, 85-2-272, 85-2-273, 85-2-276, 85-2-279, 85-2-280, 85-2-281, 85-2-282, and 85-2-283, MCA.
  - c. Effective July 1, 2005.
  - d. Terminates June 30, 2020.
2. **House Bill No. 54 (Ch. 47).** Allows the payment of all taxes administered by the Department of Revenue by credit card, debit card, or other commercially acceptable means; allows the payment of certain licensing fees by credit card, debit card, or other commercially acceptable means.
    - a. Amends sections 15-1-231 and 30-16-301, MCA.
    - b. Effective October 1, 2005.
  3. **House Bill No. 86 (Ch. 53).** Simplifies the apportionment of Taylor Grazing Act money to counties.
    - a. Amends section 17-3-222, MCA.
    - b. Effective July 1, 2005.
  4. **House Bill No. 167 (Ch. 273).** Increases the frequency at which the Secretary of State is required to provide a list of certain corporations, limited partnerships, limited liability companies, and limited liability partnerships to the Department of Revenue.
    - a. Amends section 15-31-603, MCA.
    - b. Effective October 1, 2005.
  5. **House Bill No. 528 (Ch. 293).** Removes seasonal restrictions on the beer and wine license for the Yellowstone airport; imposes an annual fee of \$400 on the lessee of a retail beer and wine license at the Yellowstone airport.
    - a. Amends sections 16-4-304 and 16-4-501, MCA.
    - b. Effective April 20, 2005.
  6. **Senate Bill No. 271 (Ch. 540).** Allows for an adjustment of the guaranteed tax base aid payment to a school district affected by a tax protest in the event that the final taxable valuation of the school district is reduced as a result of the resolution of the protest.
    - a. Effective April 28, 2005.
    - b. Applies retroactively to school fiscal years beginning after June 30, 2002.
  7. **Senate Bill No. 442 (Ch. 550).** Removes the Department of Revenue's authority to establish a fee to recover costs associated with the POINTS replacement system; provides a voidness provision contingent on repayment of the loan through state general fund money.

- a. Amends sections 15-1-501 and 17-5-2001, MCA.
- b. Repeals section 15-1-141, MCA.
- c. Effective July 1, 2005.

## ADMINISTRATION -- LOCAL GOVERNMENT

1. **House Bill No. 607 (Ch. 189).** Removes requirements for county treasurers to note tax receipts by certain deadlines and to demand payment of road taxes; changes reporting deadlines for county treasurers to comport with the fiscal year.
  - a. Amends sections 15-16-301, 15-24-210, and 15-24-302, MCA.
  - b. Repeals sections 15-16-115 and 15-16-117, MCA.
  - c. Effective April 8, 2005.
  
2. **Senate Bill No. 292 (Ch. 451).** Generally revises local government and state finance laws; changes the start of the period to contest the validity of certain bonds; clarifies the laws relating to local government issuance of bond or grant anticipation notes; provides a bond commencement date for certain bonds; provides that certain refunding bonds need not be subject to redemption after one-half of the bond's term; clarifies the term "serial bonds"; authorizes the submission of bids electronically at a public sale of bonds; clarifies that variable rate refunding bonds may be issued by a local governing body; clarifies the protest period for rural special improvement districts; clarifies the issuance of refunding bonds for special improvement districts; authorizes delinquent water service charges to become liens upon the property served or to be collected as a debt of the property owner; clarifies the authority of cities to issue sidewalk, curb, gutter, or alley approach bonds; clarifies the security of bonds following the dissolution of a county park district; clarifies the maximum interest rate on special assessments securing bonds; clarifies the authority of irrigation districts and drainage districts to levy taxes and assessments; authorizes the pooling of special improvement district bonds and sidewalk, curb, gutter, or alley approach bonds.
  - a. Amends sections 7-7-104, 7-7-109, 7-7-2206, 7-7-2207, 7-7-2211, 7-7-2304, 7-7-4206, 7-7-4210, 7-7-4304, 7-7-4502, 7-12-2113, 7-12-2193, 7-12-4194, 7-13-4309, 7-14-4109, 7-16-2443, 17-5-103, 20-9-408, 20-9-410, and 20-9-464, MCA.
  - b. Enacts sections 7-12-4195 and 17-5-111.
  - c. Effective April 28, 2005.

## REVENUE AND TRANSPORTATION INTERIM COMMITTEE

1. **House Bill No. 85 (Ch. 318).** Eliminates certain requirements for reporting by the Department of Revenue to the Revenue and Transportation Interim Committee and the Legislature.
  - a. Amends sections 15-6-218 and 15-30-1114, MCA.

- b. Effective April 21, 2005.
2. **Senate Bill No. 26 (Ch. 107).** Eliminates the requirement that the Revenue and Transportation Interim Committee analyze the amount of state and local tax revenue from previously regulated natural gas suppliers.
- a. Repeals section 69-3-1409, MCA.
  - b. Effective March 24, 2005.

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